Registration number: SC160821

BlackRock International Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2013

Group Package Accounts

BlackRock International Limited

Contents

Strategic Report ..... 1 to 4

Directors' Report ..... 5 to 7

Independent Auditor's Report ..... 8 to 9

Profit and Loss Account 10

Balance Sheet 11

Notes to the Financial Statements ..... 12 to 26

BlackRock International Limited

Strategic Report for the Year Ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

Fair review of the business

BlackRock International Limited ("the Company") is part of BlackRock, Inc. ("BlackRock"), a leading global asset management firm with USD 4.324 trillion in assets under management as at 31 December 2013. BlackRock offers a range of products across the risk spectrum to meet clients' needs, including active, enhanced and index strategies across markets and asset classes. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors. The directors are confident that this diversity in BlackRock's business model will continue to capture asset flows and revenues in 2014. There have not been any significant changes in the Company's principal activities in the period under review and the directors propose that the principal activities will continue during 2014.

Areas of Strategic focus

The Company, as part of the global group, will seek to achieve its mission of creating a better financial future for its clients through focusing on the following strategic areas:

- iShares Exchange Traded Funds
- Outcome investing
- Retirement solutions
- Income investment
- Alternatives
- Emerging Markets

Going concern

The directors believe that the Company is well placed to manage its business risks successfully. despite the current economic outlook. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Fee income

As shown in the Company's profit and loss account, the Company's turnover for the year ended 31 December 2013 was £39.3m (2012: £23.2m), an increase of 69.4%. This is primarily due to increased assets under management, along with the commencement of portfolio management and client servicing out of the Company's Dublin branch.

Administrative expenses

Administrative expenses have increased by 70.6% to £24.4m (2012: £14.3m). The increase is driven by a rise in staff costs, foreign exchange losses and property related lease expenses.

Profit after tax

Profit after tax increased by £20.5m from £33.0m in 2012 to £53.5m in 2013 from the Company, driven by increased dividends from investments in group companies which increased by £14.0m from £26.0m in 2012 to £40.0m in 2013.

Net assets

Net assets of the Company have increased from £488.6m in 2012 to £542.0m in 2013, the increase represents profit for the period. The majority of which was used in the repayment of remaining £49.0m of subordinated debt.

Assets under management

Assets under management ("AUM") have increased by £4.7bn (62.7%) from £7.5bn at 31 December 2012 to £12.2bn at 31 December 2013. The increase was driven by new product launches and net inflows.

The performance of the Company is included in the results of BlackRock, Inc. group which are disclosed in the BlackRock, Inc. group Annual Report and on Form 10-K to the United States Securities and Exchange Commission. BlackRock, Inc. manages its key performance indicators on a global basis but in consideration of individual legal entities. For this reason the Company's directors believe that providing further performance indicators for the Company itself would not enhance an understanding of the development, performance or position of the business of the Company.

Principal risks and uncertainties

Principal risks and uncertainties are managed by BlackRock at a global and regional level.

As a leading investment management firm, risk is an inherent part of BlackRock's business. BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring and managing risks, and invests in personnel and technology accordingly.

The specific risks and uncertainties relevant to the Company may be categorised under three broad categories:

- operational risk events, arising from inadequate or failed internal processes, people and systems, or from external events, may result in direct costs and/or subsequent litigation and reputational damage;
- balance sheet risk events, arising from a short-fall of readily realisable liquid assets which may cause the Company to default in respect of its payment obligations; and
- market risk events, whereby adverse economic conditions could lead to a decline in the value of clients' portfolios and hence associated revenues.

Operational risk

- One of the major risks faced by the Company is operational risk, which is the risk of direct or indirect impacts resulting from inadequate or failed internal processes, people and systems, or from external events. The Company has a well-established risk management framework that provides appropriate control and oversight over risk management arrangements. The risk management framework supports the firm's fiduciary obligations to clients and mitigates the potential impacts of poor customer outcomes. The strong management of risk also ensure that disruptions to delivering client services are at a minimum.

Operational risks are measured using an internal model. The model calculates unexpected losses arising from operational risk under a number of different key risk scenarios, utilising inputs derived from internal and external loss, client and market data. The internal model and approach have been reviewed by the Financial Conduct Authority ("FCA").

The Company operates in a competitive and highly regulated environment and there are a number of factors which could increase the number and severity of operational risks faced by the Company. A detailed model approach, based on scenario analysis and statistical modelling, is used to assess the operational risk capital requirement. The Company seeks to manage operational risk by means of a variety of controls to prevent or mitigate the occurrence of operational risk events and losses. Escalation procedures are in place and operational risks are regularly monitored and reported to senior management, the Board and relevant internal oversight Committees.

..... *continued*

- The Company also considers risk management when setting remuneration policies and practices to govern those staff whose professional activities could potentially have a material impact on the Company's risk profile. Whilst employees are compensated for strong performance in their management of client portfolios, they are required to manage risk within the risk profiles appropriate for their clients.

The list of Remuneration Code Staff is reviewed and agreed by the EMEA Compensation Committee, the Management Development and Compensation Committee, the EMEA Executive Committee and BlackRock, Inc.'s board of directors to ensure a culture of excellence, monitor the business and financial performance and protect the brand and reputation of the firm.

Balance Sheet risk

- Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due. The Company monitors cash flow projections and has regard to forthcoming liquidity when determining the amounts available for distribution to shareholders.

- Credit risk arises in relation to accounts receivable, surplus cash held in bank accounts or held on account with other BlackRock group companies as part of normal treasury operations, and other asset investments. The risk of default in relation to accounts receivable arising from fee income debtors is considered low. The Company minimises exposure to credit risk with respect to accounts receivable by actively pursuing settlement of outstanding management fee invoices and performance fees within the terms and conditions of the underlying agreement and in some circumstances retains the right to offset unpaid invoices against any client assets. Intercompany balances are managed centrally and agreed upon and settled on a regular basis. The Company manages its cash through a UK cash-pooling arrangement between BlackRock group entities, with any cash not required for working capital invested in money market instruments or highly rated and liquid sovereign debt.

Market risk

- Foreign exchange risk arises where the Company's foreign currency assets are not matched by liabilities denominated in the same currency. In addition, foreign exchange exposures arise on a transactional basis largely in relation to fee income which is denominated in non-functional currencies. The Company derives revenues from management and performance fees in three main currencies being Sterling, Euro and US Dollar. Expenses are mainly denominated in Sterling and as a consequence the Company's revenues may fluctuate as a result of Euro and US Dollar exchange movements. Foreign currency exposures are monitored regularly and minimised. Foreign currency exposures that arise in relation to non-operational items are usually large in nature and are managed on a case by case basis.

- Price risk is the risk that market prices for the investments held within clients' portfolios may fall. The Company earns revenue from investment management services, generally as a percentage of the value of client portfolios. The portfolios are constructed to meet clients' specified strategies and the Company's diversification across the entire population of portfolios partly mitigates exposure to price risk. The Company undertakes stress-testing analysis by modelling adverse economic scenarios and uses the results to test the robustness of its business plan.

- Interest rate risk relates only to the possibility that income from the Company's interest-bearing financial assets will fluctuate as interest rates fluctuate. The Company does not have any borrowings and so does not have any interest payable commitments.

..... *continued*

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern;
- to satisfy the requirements of its regulators; and
- to maintain financial strength to support new business growth.

The Company is subject to a minimum regulatory capital requirement imposed by the FCA. In order to ensure compliance with this requirement throughout the year and to fund continued business expansion and development, a surplus was maintained throughout the year as deemed appropriate by the Board.

The Company takes into account the amount of its distributable reserves and its cash flow position when making any decision to pay a dividend, thus ensuring that the Company is able to continue as a going concern and has a sufficient capital surplus to meet the regulatory requirement at all times during the year.

Internal Capital Adequacy Assessment Process ("ICAAP")

The Company's regulatory capital requirement is established by reference to the Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by its immediate parent, BlackRock Group Limited ("BGL"), as reviewed by the FCA. The detailed analysis therein encompasses all the subsidiaries of BGL.

In addition, details of BGL's approach to capital adequacy are included in its 'Pillar 3' Market disclosure document, which also provides information regarding the remuneration policies and practices for those staff whose professional activities could have a material impact on BGL's risk profile. This can be found at the following website address:

www.blackrock.co.uk/AboutUs/InvestorRelations/index.htm

Approved by the Board on 20 March 2014 and signed on its behalf by:

A Caban
Company secretary

BlackRock International Limited

Directors' Report for the Year Ended 31 December 2013

The board of directors (the "Board") present their report together with the audited financial statements of BlackRock International Limited (registered number: SC160821) for the year ended 31 December 2013.

Principal activites
The principal activities of the Company remain the provision of investment management, advisory and administrative services. The Company operates a branch outside the UK in Dublin.

The Company is authorised and regulated by the FCA.

Dividends
Interim dividends of £nil were paid in 2013 (2012: £nil). The directors do not recommend the payment of a final dividend (2012: £nil).

Directors and Officers of the Company
The directors who held office during the year and up to the date of signing this report were as follows:

J Charrington - Chairman

J DesMarais

E Fishwick

N Hall

E Hart (resigned 1 March 2013)

J Linhares (resigned 10 October 2013)

M Naylor

Q Price (resigned 12 March 2014)

C Prideaux

B Sklar (appointed 5 March 2013)

C Thomson

R Tooze (resigned 10 October 2013)

R Webb

T Webb

The following directors were appointed after the year end and to the date of signing:

D Blumer (appointed 5 March 2014)

K Ironmonger (appointed 30 January 2014)

Officers:

A Caban - Company secretary
G Craig - Company secretary

..... *continued*

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' third-party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2013 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Employee consultation

It is the Company's policy that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs or future prospects.

Disabled employees

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

..... *continued*

Independent auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director, in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Company has elected to dispense with the obligation to appoint its auditor annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditor for a further term.

Approved by the Board on 20 March 2014 and signed on its behalf by:

A Caban
Company secretary

Independent Auditor's Report to the Members of BlackRock International Limited

We have audited the financial statements of BlackRock International Limited for the year ended 31 December 2013, which comprise the Profit and Loss Account, Balance Sheet and the related notes set out on pages 12 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

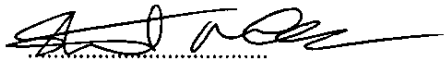
Independent Auditor's Report to the Members of BlackRock International Limited

..... continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Stuart McLaren (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor

London
United Kingdom

Date: 20 March 2014

BlackRock International Limited

Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Turnover	3	39,332	23,176
Administrative expenses		(24,299)	(14,268)
Other operating income		-	29
Operating profit	4	15,033	8,937
Dividends received from investments in group companies		40,000	26,000
Interest receivable and similar income	6	53	33
Interest payable and similar charges	7	(1,204)	(2,205)
Profit on ordinary activities before taxation		53,882	32,765
Tax on profit on ordinary activities	8	324	250
Profit on ordinary activities after taxation	17	54,206	33,015

Turnover and operating profit derive wholly from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

BlackRock International Limited
Balance Sheet at 31 December 2013
Registration number: SC160821

	Note	2013 £ 000	2012 £ 000
Fixed assets			
Tangible fixed assets	9	10,791	1,708
Investments	10	512,025	512,025
Current assets			
Debtors	11	31,115	35,403
Cash at bank		378	-
		31,493	35,403
Creditors: Amounts falling due within one year	13	(4,348)	(7,163)
Net current assets		27,145	28,240
Total assets less current liabilities		549,961	541,973
Creditors: Amounts falling due after more than one year	14	-	(49,000)
Provisions for liabilities and charges	15	(7,246)	(4,408)
Net assets		542,715	488,565
Capital and reserves			
Called up share capital	16	1,300	1,300
Share premium account	17	353,406	353,406
Capital contribution	17	8,019	8,019
Other reserves	17	-	43
Profit and loss account	17	179,990	125,797
Shareholders' funds	18	542,715	488,565

Approved by the Board on 20 March 2014 and signed on its behalf by:

C Thomson
Director

The notes on pages 12 to 26 form an integral part of these financial statements.

1 Reporting entity

These financial statements are prepared for BlackRock International Limited, the principal activities of which are the provision of investment management, advisory and administrative services. The Company is a wholly-owned subsidiary of BlackRock Group Limited ("BGL") and its ultimate parent company is BlackRock, Inc., a listed company incorporated in the state of Delaware in the United States of America.

The Company is a private limited company, incorporated and domiciled in Great Britain. The Registered Office is Exchange Place One, 1 Semple Street, Edinburgh, EH3 8BL.

2 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

Group accounts

The Company has taken advantage of the exemption in section 401 of the Companies Act 2006 from the obligation to prepare and deliver group accounts since the ultimate parent company BlackRock, Inc. prepared group accounts which include the Company. Accordingly, the Company's financial statements present information about it as an individual undertaking and not about its group.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 4, along with the key risks facing the Company. The financial statements include the financial and cash position of the Company in the balance sheet.

In assessing the Company's going concern status, the directors have taken into account the above factors, including the financial position of the Company and in particular the significant net assets position and dividend stream generated by its subsidiary. The Company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve months. This, together with its proven ability to generate cash from operations, provides the directors with the confidence that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Cash flow

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard ("FRS") 1 (Revised 1996) - Cash Flow Statements, as a consolidated cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, BlackRock, Inc.

Turnover
Turnover, net of VAT, represents investment management fees and income from advisory and administrative services provided in the normal course of business.

Investment management, investment advisory and administration services fees are recognised as the services are performed. Such fees are primarily based on predetermined percentages of the market value of the assets under management.

The Company also receives performance fees or an incentive allocation from alternative investment products and certain separate accounts. These performance fees are generally earned upon exceeding specified investment return thresholds. Such fees are recorded upon the completion of the measurement period.

Pensions
The Company operates a defined contribution pension scheme. The costs of defined contribution schemes are a percentage of each employee's annual salary based on their age and length of service with the Company.

The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown as either accruals or prepayments on the balance sheet.

Foreign currency
Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Leased assets
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as recoverable and where future taxable profits are anticipated.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Tangible fixed assets
Tangible fixed assets are stated at cost and are written down to their estimated residual value on a straight-line basis over their expected useful lives, as follows:

..... *continued*

Asset class	Depreciation method and rate
Short leasehold land and buildings	fifteen years or term of lease if shorter
Furniture, fittings and equipment	three to seven years

Fixed asset investments
Investments held as fixed assets are carried at cost less provisions for impairment. Investments in subsidiaries are held at cost less impairment provisions. At each reporting date an assessment is undertaken to determine if there is any impairment.

Current asset investments
Unlisted investments held as current assets are shown at the lower of cost and net realisable value. Listed investments held as current assets are shown at the lower of cost and market value.

Share-based payments
The Company has applied the requirements of FRS 20 Share-based payments to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006.

The ultimate parent company, BlackRock, Inc. issues equity-settled share-based payments to certain employees of the Company. The fair values of equity settled schemes, long-term incentive plan ("LTIP"), restricted stock grants and restricted stock units ("RSUs") are determined at the grant date and expensed on a straight-line method over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards, based on the group's estimate of awards that will eventually vest and adjusted for the effect of non market-based vesting conditions.

RSUs are an unsecured promise to pay value in the form of BlackRock, Inc. stock. They do not carry voting rights until they are converted to stock. For all awards granted prior to 1 January 2009, dividend equivalents are payable quarterly until RSUs convert to shares. For all RSUs granted post 1 January 2009, employees receive dividend equivalents when the award vests. An RSU is deemed equivalent in fair market value to one share of common stock. Substantially all awards are settled in shares of common stock. Under these plans, such RSUs are restricted from sale, transfer, or assignment until the end of the restricted period. Such shares and units are subject to forfeiture during the vesting period.

Government grants
Government grants are credited to the profit and loss account as the related expenditure is incurred.

3 Turnover

	2013 £ 000	2012 £ 000
Performance fees	1,480	2,728
Management Fees	37,852	20,448
	39,332	23,176

Turnover is derived from the following geographical areas:

	2013 £ 000	2012 £ 000
United Kingdom	36,621	23,123
Overseas	2,711	53
	39,332	23,176

Turnover includes net management fee income from other group companies of £20,860,000 (2012: £4,898,000).

4 Operating profit

Operating profit is stated after charging / (crediting):

	2013 £ 000	2012 £ 000
Depreciation of tangible fixed assets (Note 9)	1,299	1,028
Foreign currency losses	2,465	274
Operating leases - land and buildings	2,204	987
Profit on disposal of investments	-	(29)
Government grants received	-	(106)

Auditor's remuneration has been borne by another group company in the current and prior year. Fees payable to the Company's auditor, Deloitte LLP for the 2013 audit of the Company's annual accounts were £156,000 (2012: £156,000).

5 Employees and directors

Employee costs comprises:

	2013 £ 000	2012 £ 000
Wages and salaries	16,610	10,613
Social security costs	2,174	1,332
Pensions costs	264	268
	19,048	12,213

Employee costs include related share based payment expenses.

The average number of persons (including directors and seconded employees) employed by the Company during the year was:

	2013 No.	2012 No.
Office and management	41	43

During 2013, 13 employees (2012: 15) were seconded to the Company from BlackRock Investment Management (UK) Limited. The cost of these employees is borne by the Company through a management recharge. The management recharge to reflect the secondment charge is £14,308,000 (2012: £8,081,000). In addition, 15 employees (2012: 14) were seconded to the Company's Dublin branch, the management recharge in relation to the branch is £4,740,000 (2012: £3,457,000).

Directors' emoluments

Of the 14 (2012: 16) directors that served during the year, none were remunerated by the Company. The amounts included below relate to their services as directors, for all the directors of the Company based on an estimated time allocation basis, except for 2 non-executive directors, who were paid agreed fees. Emoluments in relation to services performed for other group companies are not disclosed in the Company's financial statements.

The aggregate emoluments of the directors of the Company disclosed in accordance with Schedule 8 of the Companies Act 2006 were as follows:

	2013 £ 000	2012 £ 000
Aggregate emoluments	793	702
Company contributions in respect of defined contribution pension schemes	26	20
	819	722

During the year retirement benefits were accruing to 6 directors (2012: 9) in respect of defined contribution pension schemes.

During the year the number of directors by whom BlackRock, Inc. shares are receivable or have been received under service condition based incentive schemes were 12 (2012: 14).

During the year the number of directors by whom BlackRock, Inc. shares are receivable or have been received under market performance based incentive schemes were 4 (2012: 8).

During the year no directors (2012: 1) exercised BlackRock, Inc. share options

Highest paid director

Remuneration of the highest paid director:

	2013 £ 000	2012 £ 000
Aggregate emoluments	442	171

The value of the Company's contributions to a defined contribution pension scheme in respect of the highest paid director amounted to £3,000 (2012: £4,000).

The highest paid director also received or was entitled to receive shares under a service condition based incentive scheme.

The highest paid director also received or was entitled to receive shares under a market performance based incentive scheme.

During the year the highest paid director did not exercise BlackRock, Inc. share options.

6 Interest receivable and similar income

	2013 £ 000	2012 £ 000
Other interest receivable	53	33

7 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest on loans from group undertakings	1,125	2,205
Other finance expenses	79	-
	1,204	2,205

8 Taxation

Tax on profit on ordinary activities

	2013 £ 000	2012 £ 000
Current tax		
UK corporation tax charge on profit for the year	-	211
Double taxation relief	-	(211)
Adjustment in respect of prior periods	(28)	-
Foreign taxes paid on profits for the year	-	285
Total current tax	(28)	285
Deferred tax		
Current year origination and reversal of timing differences	(342)	(514)
Previous period origination and reversal of timing differences	49	(21)
Effect of changes in tax rates	(2)	-
Total deferred tax	(296)	(535)
Tax on profit on ordinary activities	(324)	(250)

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2012: lower than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £ 000	2012 £ 000
Profit on ordinary activities before taxation	53,882	32,765
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%).	12,528	8,027
Expenses not deductible for tax purposes	57	32
Ineligible depreciation	22	43
Other short term timing differences	-	15
Depreciation in excess of capital allowances	(76)	53
Overseas branch profits not subject to UK tax	801	73
Adjustments to tax in respect of previous periods	(28)	-
Non-taxable income	(9,300)	(6,370)
Deductible amounts in respect of shares awarded	-	33
Group relief received for nil payment	(4,032)	(1,621)
Total current tax	(28)	285

Factors that may affect future tax charges

During the year, changes to the UK main corporation tax rate have resulted in the relevant deferred tax balances being re-measured. The corporation tax rate of 24% in effect at the start of the year reduced to a rate of 23% effective from 1 April 2013.

The March 2013 Budget announced further reductions to the UK corporation tax rate, which is proposed to reduce to 21% from 1 April 2014 and to 20% from 1 April 2015. Both changes were substantively enacted on 2 July 2013 and have therefore been reflected in the valuation of relevant deferred tax balances recognised in these financial statements.

9 Tangible fixed assets

	Short leasehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2013	3,895	2,259	6,154
Additions	9,010	1,622	10,632
Disposals	(3,567)	(1,517)	(5,084)
At 31 December 2013	9,338	2,364	11,702
Depreciation			
At 1 January 2013	2,576	1,870	4,446
Charge for the year	1,124	175	1,299
Eliminated on disposals	(3,556)	(1,278)	(4,834)
At 31 December 2013	144	767	911
Net book value			
At 31 December 2013	9,194	1,597	10,791
At 31 December 2012	1,319	389	1,708

10 Fixed asset investments

	Subsidiary undertakings £ 000
Cost	
At 1 January 2013	512,025
At 31 December 2013	512,025

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	% Holding	Principal activity
Subsidiary undertakings			
BlackRock Life Limited ('BLL')	UK	100%	Provider of investment management policies for occupational pension schemes for institutional and linked pension schemes
BlackRock Pensions Limited ('BPL')	UK	100%	Dormant

11 Debtors

	2013 £ 000	2012 £ 000
Trade debtors	9,699	10,310
Amounts due from group companies	19,412	22,941
Deferred tax (Note 12)	1,233	938
Other debtors	771	996
Corporation tax	-	218
	31,115	35,403

Cash management within the BlackRock group is governed by a UK cash-pooling arrangement. Surplus cash from BlackRock group companies is swept into HSBC accounts held by BlackRock Investment Management (UK) Limited ("BIM (UK)"). Any amounts contributed by the Company are treated as an intercompany loan receivable from BIM (UK). The balance receivable from BIM (UK) of £16,728,000 (2012: £19,233,000) is included within 'Amounts due from group companies'.

Excluding cash management balances, all other amounts due from group companies are unsecured, interest free and repayable on demand.

12 Deferred tax asset

The movement in the deferred tax asset in the year is as follows:

	£ 000
At 1 January 2013	938
Deferred tax credited to the profit and loss account in respect of current period	342
Adjustment to deferred tax in respect of change in tax rates	2
Deferred tax credited to the profit and loss account in respect of previous period	(49)
At 31 December 2013	1,233

The deferred tax asset is made up as follows:

	2013 £ 000	2012 £ 000
Accelerated capital allowances	(18)	105
Losses carried forward	1,251	833
	1,233	938

13 Creditors: Amounts falling due within one year

	2013 £ 000	2012 £ 000
Bank overdraft	-	30
Amounts due to group companies	2,996	6,953
Other taxes and social security	-	1
Other creditors	1,352	179
	4,348	7,163

Amounts due to group companies are unsecured, interest free and repayable on demand.

14 Creditors: Amounts falling due after more than one year

	2013 £ 000	2012 £ 000
Subordinated debt	-	49,000

On 1 December 2009 the Company received £120,000,000 on loan from BlackRock Finance Europe Limited. The loan was GBP denominated and bore fixed rate interest at 3.06% paid semi-annually. During the year capital repayments totalling £49,000,000 (2012: £32,000,000) were made, fully repaying the loan.

15 Provisions

	Property - related provisions £ 000
At 1 January 2013	4,408
Provided in the year	3,773
Utilised during the year	(790)
Change in estimate	(224)
Unwinding of discount	79
At 31 December 2013	7,246

Property-related provisions

During the year a dilapidations provision in respect of the Company's Exchange Place property was recognised at a value of £1,989,000. This was based on the estimated costs of returning the property to its original condition at the end of the lease term, discounted back to the current equivalent expense.

Property-related provisions also include a rent free period on the Company's Exchange Place property with £1,784,000 being provided for during the year.

The Company also recognises provisions in respect of onerous lease and dilapidations costs on its former Torphichen Street premises. A change in estimate was recognised in respect of the onerous lease provision during the year due to the availaiblity of updated information.

16 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	1,300	1,300	1,300	1,300

17 Reserves

	Share premium account £ 000	Capital contribution £ 000	Other reserves £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2013	353,406	8,019	43	125,797	487,265
Profit for the year	-	-	-	54,206	54,206
Movement in employee equity settled share schemes	-	-	(43)	(13)	(56)
At 31 December 2013	353,406	8,019	-	179,990	541,415

Other reserves relate to equity settled share schemes (see Note 19).

18 Reconciliation of movement in shareholders' funds

	2013 £ 000	2012 £ 000
Profit attributable to the members of the company	54,206	33,015
Other recognised gains and losses relating to the year	(43)	32
Deemed distribution related to share based payments	(13)	(48)
Net addition to shareholders' funds	54,150	32,999
Shareholders' funds at 1 January	488,565	455,566
Shareholders' funds at 31 December	542,715	488,565

19 Share-based payments

Employees of the company may be granted stock-based compensation in the form of restricted stock and Restricted Stock Unit ("RSU") award schemes. All schemes are accounted for on an equity-settled basis.

Restricted stock and RSUs

Restricted stock and RSUs are issued by the ultimate parent company, BlackRock, Inc., and RSUs are converted into shares of BlackRock, Inc. on each of the vesting dates. Substantially all restricted stock and RSUs vest over periods ranging from one to four years and are expensed over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards. Prior to 2009, the Company awarded restricted stock and RSUs with non-forfeitable dividend equivalent rights. Dividend equivalents on restricted stock and RSU awards granted from 2009 onwards are subject to forfeiture prior to vesting of the award, and as such are not paid to employees until that date.

The majority of stock-based compensation awards include a service condition and will be forfeited if the employee leaves BlackRock before the end of the service period. These awards are valued at their grant-date fair value as measured by BlackRock, Inc's common stock price. The total fair value amortised over the vesting period is adjusted for future forfeitures based on management's best estimate of restrictions and behavioural considerations.

	Restricted Stock and RSUs			
	Number of Units		Weighted average grant date price ($)	
	2013	2012	2013	2012
Outstanding at beginning of year	465	668		
Granted	-	156	-	$183.71
Vested	-	(359)	-	$168.10
Transfers	(465)	-		
Outstanding at end of year	-	465		

The Company recognised total expenses of £2,189,000 (2012: £175,000) in the profit and loss account related to equity-settled share-based payment transactions during the year.

Other share-based payment plans

The employee stock purchase plan ("ESPP") is open to almost all employees and provides for a purchase price equal to the fair value of a share of common stock on the last business day of the offering period, less five percent. The shares can be purchased during four offering periods; being 1 January, 1 April, 1 July and 1 October of each year during the term of the ESPP. This amount for the company is wholly immaterial and therefore has not been considered further in terms of FRS 20 Share-based Payment.

20 Contingent liabilities

The Company is an authorised institution and operates in the UK or overseas with the regulatory framework established in the UK by the FCA or overseas regulatory bodies.

In the normal course of business, the Company may, from time to time, be subject to claims, actions or proceedings. While there can be no assurances, the directors believe, based on infomation currently available to them, that the likelihood of a material outflow of economic benefits is not probable.

21 Commitments

Operating lease commitments

As at 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2013 £ 000	2012 £ 000
Land and buildings		
Within two and five years	1,025	1,034

22 Related party transactions

The Company is exempt from disclosing related party transactions, under paragraph 3c of Financial Reporting Standard 8 Related Party Disclosures, with members of the group, as it is a wholly-owned subsidiary and disclosures are therefore not required provided that any other subsidiary undertaking which is a party to the transactions is wholly-owned by a member of that group. The consolidated financial statements of the ultimate parent company are publicly available as detailed in Note 23.

23 Parent undertakings and ultimate controlling party

The Company's immediate parent company is BlackRock Group Limited and the ultimate parent company and controlling party is BlackRock, Inc., a company incorporated in the State of Delaware in the United States of America. The parent company of the largest and smallest group that includes the Company and for which group accounts are prepared is BlackRock, Inc. Copies of the group financial statements of BlackRock, Inc. are available from the Investor Relations website at www.blackrock.com or requests may be addressed to Investor Relations at 55 East 52nd Street, New York, NY 10055, USA or by e-mail at invrel@blackrock.com.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

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 No. 001-33099

BLACKROCK

BlackRock, Inc.

(Exact name of registrant as specified in its charter)

Delaware	32-0174431
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

55 East 52nd Street, New York, NY 10055
(Address of Principal Executive Offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known, seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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. (Check one)

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 ☒

The aggregate market value of the voting common stock and nonvoting common stock equivalents held by nonaffiliates of the registrant as of June 30, 2013 was approximately $42.8 billion.

As of January 31, 2014, there were 167,508,698 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference herein:

Portions of the definitive Proxy Statement of BlackRock, Inc. to be filed pursuant to Regulation 14A of the general rules and regulations under the Securities Exchange Act of 1934, as amended, for the 2014 annual meeting of stockholders to be held on May 29, 2014 ("Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

BlackRock, Inc.
Table of Contents

PART I

Item 1	Business	1
Item 1A	Risk Factors	16
Item 1B	Unresolved Staff Comments	25
Item 2	Properties	25
Item 3	Legal Proceedings	25
Item 4	Mine Safety Disclosures	25

PART II

Item 5	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	26
Item 6	Selected Financial Data	27
Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 7A	Quantitative and Qualitative Disclosures About Market Risk	58
Item 8	Financial Statements and Supplemental Data	59
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	59
Item 9A	Controls and Procedures	59
Item 9B	Other Information	62

PART III

Item 10	Directors, Executive Officers and Corporate Governance	62
Item 11	Executive Compensation	62
Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	62
Item 13	Certain Relationships and Related Transactions, and Director Independence	62
Item 14	Principal Accountant Fees and Services	62

PART IV

Item 15	Exhibits and Financial Statement Schedules	62
	Signatures	66

PART I

Item 1. Business

OVERVIEW

BlackRock, Inc. (NYSE: BLK; together, with its subsidiaries, unless the context otherwise indicates, "BlackRock" or the "Company") is the world's largest publicly traded investment management firm with employees in more than 30 countries who serve clients in over 100 countries across the globe. We provide a broad range of investment and risk management services and had $4.324 trillion of assets under management ("AUM") at December 31, 2013. Our clients include retail, including high net worth, and institutional investors, comprised of pension funds, official institutions, endowments, insurance companies, corporations, financial institutions, central banks and sovereign wealth funds. The Company is highly regulated and serves its clients as a fiduciary. We do not engage in proprietary trading activities that could conflict with the interests of our clients.

Our unique platform enables us to offer active and passive products and risk management capabilities to develop tailored solutions for clients. Our product range includes single- and multi-asset portfolios investing in equities, fixed income, alternatives and/or money market instruments. We offer our products directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs") and other exchange-traded products (together with ETFs, "ETPs"), collective investment funds and separate accounts. We also offer our *BlackRock Solutions*® ("BRS") risk management and advisory services primarily to institutional investors.

BlackRock is an independent, publicly traded company, with no single majority shareholder and over two-thirds of its Board of Directors consisting of independent directors. At December 31, 2013, The PNC Financial Services Group, Inc. ("PNC") held 20.9% of BlackRock's voting common stock and 21.9% of BlackRock's capital stock, which includes outstanding common stock and nonvoting preferred stock.

Management seeks to achieve attractive returns for stockholders over time by, among other things, capitalizing on the following factors:

- the Company's diversified active and passive product offerings, which enhance its ability to offer a variety of traditional and alternative investment products across the risk spectrum and to tailor single- and multi-asset investment solutions to address specific client needs;
- the Company's focus on strong performance providing alpha for active products and limited or no tracking error for passive products;
- the Company's longstanding commitment to risk management and the continued development of, and increased interest in, BRS products and services;
- the Company's positioning in the face of macro challenges driving trends in investor behavior, including the secular shift to passive investing and ETPs, a focus on income and retirement, and barbelling of risk using passive and active products, including alternatives;
- the Company's global presence and commitment to best practices around the world, with approximately 48% of employees outside the United States supporting local investment capabilities and serving clients, and approximately 44% of total AUM managed for clients domiciled outside the United States; and
- the growing recognition of the global BlackRock brand, and the depth and breadth of the Company's intellectual capital.

BlackRock operates in a global marketplace characterized by a high degree of market volatility and economic uncertainty, factors that can significantly affect earnings and stockholder returns in any given period.

The Company's ability to increase revenue, earnings and stockholder value over time is predicated on its ability to generate new business, including business in BRS products and services. New business efforts are dependent on BlackRock's ability to achieve clients' investment objectives in a manner consistent with their risk preferences and to deliver excellent client service. All of these efforts require the commitment and contributions of BlackRock employees. Accordingly, the ability to attract, develop and retain talented professionals is critical to the Company's long-term success.

FINANCIAL HIGHLIGHTS

	Selected GAAP Financial Results						
(in millions, except per share data)	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**5-Year CAGR[4]**
Total revenue	**$ 10,180**	$ 9,337	$ 9,081	$ 8,612	$ 4,700	$ 5,064	**15%**
Operating income	**$ 3,857**	$ 3,524	$ 3,249	$ 2,998	$ 1,278	$ 1,593	**19%**
Operating margin	**37.9%**	37.7%	35.8%	34.8%	27.2%	31.5%	**4%**
Nonoperating income (expense)[1]	**$ 97**	$ (36)	$ (116)	$ 36	$ (28)	$ (422)	**(175%)**
Net income attributable to BlackRock, Inc.	**$ 2,932**	$ 2,458	$ 2,337	$ 2,063	$ 875	$ 784	**30%**
Diluted earnings per common share	**$ 16.87**	$ 13.79	$ 12.37	$ 10.55	$ 6.11	$ 5.78	**24%**

	Selected Non-GAAP Financial Results						
(in millions, except per share data)	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**5-Year CAGR[4]**
As adjusted[2]:							
Operating income	**$ 4,024**	$ 3,574	$ 3,392	$ 3,167	$ 1,570	$ 1,662	**19%**
Operating margin[3]	**41.4%**	40.4%	39.7%	39.3%	38.2%	38.7%	**1%**
Nonoperating income (expense)[1]	**$ 7**	$ (42)	$ (113)	$ 25	$ (46)	$ (384)	**(145%)**
Net income attributable to BlackRock, Inc.	**$ 2,882**	$ 2,438	$ 2,239	$ 2,139	$ 1,021	$ 856	**27%**
Diluted earnings per common share	**$ 16.58**	$ 13.68	$ 11.85	$ 10.94	$ 7.13	$ 6.30	**21%**

(1) Net of net income (loss) attributable to noncontrolling interests ("NCI") (redeemable and nonredeemable).

(2) BlackRock reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"); however, management believes 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. GAAP reported results include certain significant items, the after-tax impact of which management deems nonrecurring, recurring infrequently or transactions that ultimately will not impact BlackRock's book value and, therefore, are excluded in calculating as adjusted results.

See reconciliation to GAAP measures in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures, for further information on as adjusted items for 2013, 2012 and 2011. Operating income, as adjusted, for 2009 excluded certain expenses incurred related to the integration of the acquisition of Barclays Global Investors ("BGI"), as well as advisory fees, legal fees and consulting transaction expenses related to the acquisition of BGI from Barclays on December 1, 2009 (the "BGI Transaction"), and restructuring charges. Operating income, as adjusted, for 2008 excluded restructuring charges. The portion of compensation expense associated with certain long-term incentive plans ("LTIP") funded or to be funded through share distributions to participants of BlackRock stock held by PNC and a Merrill Lynch cash compensation contribution has also been excluded because these charges do not impact BlackRock's book value. Compensation expense associated with appreciation (depreciation) on investments related to certain BlackRock deferred compensation plans has been excluded from operating and nonoperating income, as adjusted, as returns on investments set aside for these plans, which substantially offset this expense, are reported in nonoperating income (expense).

(3) 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 related commissions. Management believes the exclusion of such costs and related 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. Revenue used for operating margin, as adjusted, excludes distribution and servicing costs paid to related parties and other third parties. Management believes the exclusion of such costs is useful because it creates consistency in the treatment for certain contracts for similar services, which due to the terms of the contacts, are accounted for under GAAP on a net basis within investment advisory, administration fees and securities lending revenue. Amortization of deferred sales commissions is excluded from revenue used for operating margin measurement, as adjusted, because such costs, over time, substantially offset distribution fee revenue the Company earns. In addition, in 2008, revenue used for operating margin, as adjusted, excluded reimbursable property management compensation, which represented compensation and benefits paid to personnel of Metric Property Management, Inc. ("Metric"), a subsidiary of BlackRock Realty Advisors, Inc. ("Realty"). Prior to the transfer in 2008 to a third party, 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 did not bear an economic cost to BlackRock.

Net income attributable to BlackRock, Inc., as adjusted, and diluted earnings per common share, as adjusted exclude the after-tax impact of the items listed above and also include the effect on deferred income tax expense attributable to changes in corporate income tax rates as a result of income tax law changes and a state tax election.

(4) Percentage represents compounded annual growth rate ("CAGR").

ASSETS UNDER MANAGEMENT

A summary of the Company's AUM by product type for the years 2008 through 2013 is presented below:

	AUM by Product Type December 31,					
(in millions)	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Equity	**$ 2,317,695**	$ 1,845,501	$ 1,560,106	$ 1,694,467	$ 1,536,055	$ 203,292
Fixed income	**1,242,186**	1,259,322	1,247,722	1,141,324	1,055,627	481,365
Multi-asset	**341,214**	267,748	225,170	185,587	142,029	77,516
Alternatives	**111,114**	109,795	104,948	109,738	102,101	61,544
Long-term	**4,012,209**	**3,482,366**	**3,137,946**	**3,131,116**	**2,835,812**	**823,717**
Cash management	**275,554**	263,743	254,665	279,175	349,277	338,439
Advisory	**36,325**	45,479	120,070	150,677	161,167	144,995
Total	**$ 4,324,088**	**$ 3,791,588**	**$ 3,512,681**	**$ 3,560,968**	**$ 3,346,256**	**$ 1,307,151**

	Component Changes in AUM by Product Type Five Years Ended December 31, 2013					
(in millions)	**12/31/2008**	**Net New Business**	**Acquired AUM, net[1]**	**Market / FX**	**12/31/2013**	**5-Year CAGR**
Equity	$ 203,292	$ 260,503	$ 1,061,801	$ 792,099	**$ 2,317,695**	**63%**
Fixed income	481,365	17,779	502,988	240,054	**1,242,186**	**21%**
Multi-asset	77,516	139,077	45,907	78,714	**341,214**	**35%**
Alternatives	61,544	(19,722)	68,351	941	**111,114**	**13%**
Long-term	**823,717**	**397,637**	**1,679,047**	**1,111,808**	**4,012,209**	**37%**
Cash management	338,439	(118,341)	53,616	1,840	**275,554**	**(4%)**
Advisory	144,995	(112,263)	(10)	3,603	**36,325**	**(24%)**
Total	**$ 1,307,151**	**$ 167,033**	**$ 1,732,653**	**$ 1,117,251**	**$ 4,324,088**	**27%**

(1) Amounts include acquisition adjustments and reclassification of certain AUM acquired from BGI in December 2009, Swiss Re Private Equity Partners ("SRPEP") in September 2012, Claymore Investments, Inc. ("Claymore") in March 2012, Credit Suisse's ETF franchise ("Credit Suisse ETF Transaction") in July 2013, MGPA in October 2013 and other reclassifications to conform to current period combined AUM policy and presentation. Amounts also include BGI merger-related outflows due to manager concentration considerations prior to the third quarter of 2011 and outflows from scientific active equity performance prior to the second quarter of 2011. As a result of client investment manager concentration limits and the scientific active equity performance, outflows were expected to occur for a period of time subsequent to the close of the transaction.

AUM represents the broad ranges of financial assets we manage for clients on a discretionary basis pursuant to investment management agreements that are expected to continue for at least 12 months. In general, reported AUM reflects the valuation methodology that corresponds to the basis used for billing (for example, net asset value). Reported AUM does not include assets for which we provide risk management or other forms of non-discretionary advice, or assets that we are retained to manage on a short-term, temporary basis.

Investment management fees are typically expressed as a percentage of AUM. We also earn performance fees on certain portfolios relative to an agreed-upon benchmark or return hurdle. On some products, we also may earn securities lending fees. In addition, BlackRock offers its proprietary *Aladdin*® investment system as well as risk management, outsourcing and advisory services, to institutional investors under the BRS name. Revenue for these services may be based on several criteria including value of positions, number of users, accomplishment of specific deliverables or other objectives.

At December 31, 2013, total AUM was $4.324 trillion, representing a CAGR of 27% over the last five years. AUM growth during the period was achieved through the combination of net market valuation gains, net new business and acquisitions, including BGI, which added approximately $1.844 trillion of AUM in December 2009, Claymore and SRPEP, which added $13.7 billion of AUM in 2012 and Credit Suisse and MGPA, which added $26.9 billion of AUM in 2013. These acquisitions significantly changed our AUM mix, from predominantly active fixed income and equity in 2008 to a broadly diversified product range, as described below.

The Company considers the categorization of its AUM by client type, product type, investment style and client region useful to understanding its business. The following discussion of the Company's AUM will be organized as follows:

Client Type	Product Type	Client Region
▫ Retail	▫ Equity	▫ Americas
▫ *iShares*	▫ Fixed Income	▫ Europe, the Middle East and Africa ("EMEA")
▫ Institutional	▫ Multi-asset	▫ Asia-Pacific
	▫ Alternatives	
	▫ Cash Management	

CLIENT TYPE

We serve a diverse mix of institutional and retail investors worldwide. Clients include tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, foundations and endowments; official institutions, such as central banks, sovereign wealth funds, supranationals and other government entities; taxable institutions, including insurance companies, financial institutions, corporations and third-party fund sponsors; and retail investors. *iShares* is presented as a separate client type below, with investments in *iShares* by institutions and retail clients excluded from figures and discussions in their respective sections below.

Our organizational structure was designed to ensure that strong investment performance is our highest priority, and that we best align with our clients' needs to capitalize on broader industry trends. Furthermore, our structure facilitates strong teamwork globally across both functions and regions in order to enhance our ability to leverage best practices to serve our clients and continue to develop our talent. Specifically, the client side of our business is organized into two groups: one comprising Retail and *iShares* and another comprising Institutional and *BlackRock Solutions*. The separation of the client functions into these two teams allows us to focus on the unique needs of these client groups by bringing the full capabilities of the firm to bear in an organized, cohesive approach. Additionally, our investments functions are split into five distinct strategies: Alpha, Beta, Multi-Asset, Alternatives and Trading/Liquidity.

AUM by Investment Style & Client Type
December 31, 2013

(in millions)	Retail	iShares	Institutional	Total
Active	$ 458,833	$ —	$ 932,410	**$ 1,391,243**
Non-ETF Index	28,944	—	1,677,650	**1,706,594**
iShares	—	914,372	—	**914,372**
Long-term	**487,777**	**914,372**	**2,610,060**	**4,012,209**
Cash management	44,327	—	231,227	**275,554**
Advisory	11	—	36,314	**36,325**
Total AUM	**$ 532,115**	**$ 914,372**	**$ 2,877,601**	**$ 4,324,088**

Retail Investors

Component Changes in AUM — Retail

(in millions)	12/31/2012	Net New Business	Adjustments[1]	Acquisitions[2]	Market / FX	12/31/2013
Equity	$ 164,748	$ 3,641	$ 13,066	$ —	$ 21,580	**$ 203,035**
Fixed income	138,425	14,197	3,897	—	(5,044)	**151,475**
Multi-asset class	90,626	14,821	2,663	—	8,944	**117,054**
Alternatives	9,685	6,145	—	136	247	**16,213**
Long-term retail	**$ 403,484**	**$ 38,804**	**$ 19,626**	**$ 136**	**$ 25,727**	**$ 487,777**

(1) Amounts include $19.6 billion of AUM related to fund ranges reclassed from institutional to retail.

(2) Amounts represent AUM acquired in the MGPA acquisition in October 2013.

BlackRock serves retail investors globally through separate accounts, open-end and closed-end funds, unit trusts and private investment funds. Retail investors are served principally through intermediaries, including broker-dealers, banks, trust companies, insurance companies and independent financial advisors. Clients invest primarily in mutual funds, which totaled $402.2 billion, or 82%, of retail long-term AUM at year-end, with the remainder invested in private investment funds and separately managed accounts ("SMAs"). The majority (94%) of long-term retail AUM is invested in active products, although this is impacted by the fact that *iShares* is shown separately. Retail represented 12% of long-term AUM at December 31, 2013 and 34% of long-term base fees for 2013.

The client base is also diversified geographically, with 70% of long-term AUM managed for investors based in the Americas, 24% in EMEA and 6% in Asia-Pacific at year-end 2013.

- *U.S. retail* long-term net inflows of $21.3 billion, or 7% organic growth, were driven by flows into income products, with investors' continued attraction to yield in a low rate environment, and a growing appreciation for duration risk. Multi-asset class products led flows with $10.0 billion of net inflows, driven by demand for our flagship Global Allocation and Multi-Asset Income funds. Fixed income net inflows of $9.4 billion reflected growing interest in unconstrained fixed income, with our Strategic Income Opportunities fund raising $6.9 billion. Our suite of six retail alternatives mutual funds continued to gain traction, raising $4.6 billion of net inflows, largely driven by our zero-duration liquid Global Long/Short Credit fund. This range of alternatives mutual funds now stands at $5.6 billion in AUM, and we are committed to broadening the distribution of alternatives funds to bring institutional-quality alternatives products to retail investors. Net inflows across multi-asset class, fixed income and alternatives were partially offset by equity net outflows of $2.8 billion, driven by historical performance-related redemptions from U.S. large cap equities, where we have implemented management changes to better meet our high performance standards. As of December 31, 2013, we are the leading U.S. manager by AUM of SMAs,

the second largest closed-end fund manager and a top-ten manager by AUM and 2013 net flows of long-term open-end mutual funds[1]. In 2013, we were also the leading manager by net flows for long-dated fixed income mutual funds[1].

- We have fully integrated our legacy retail and *iShares* retail distribution teams to create a unified client-facing presence. As retail clients increasingly use BlackRock's capabilities in combination — active, alternative and passive — it is a strategic priority for BlackRock to coherently deliver these capabilities through one integrated team.

- *International retail* long-term net inflows of $17.5 billion, representing 15% organic growth, were positive across major regions and diversified across asset classes. Equity net inflows of $6.4 billion were driven by strong demand for our top-performing European Equities franchise as investor risk appetite for the sector improved. Multi-asset class and fixed income products each generated net inflows of $4.8 billion, as investors looked to manage duration and volatility in their portfolios. In 2013, we were ranked as the third largest cross border fund provider[2]. In the United Kingdom, we ranked among the five largest fund managers[2].

iShares

	Component Changes in AUM — iShares				
(in millions)	**12/31/2012**	**Net New Business**	**Acquisition[1]**	**Market / FX**	**12/31/2013**
Equity	$ 534,648	$ 74,119	$ 13,021	$ 96,347	**$ 718,135**
Fixed income	192,852	(7,450)	1,294	(7,861)	**178,835**
Multi-asset class	869	355	—	86	**1,310**
Alternatives[2]	24,337	(3,053)	1,645	(6,837)	**16,092**
Total *iShares*	**$ 752,706**	**$ 63,971**	**$ 15,960**	**$ 81,735**	**$ 914,372**

(1) Amounts represent $16.0 billion of AUM acquired in the Credit Suisse ETF acquisition in July 2013.

(2) Amounts include commodity *iShares*.

iShares is the leading ETF provider in the world, with $914.4 billion of AUM at December 31, 2013, and was the top asset gatherer globally in 2013[3] with $64.0 billion of net inflows for an organic growth rate of 8%. Equity net inflows of $74.1 billion were driven by flows into funds with broad developed market exposures, partially offset by outflows from emerging markets products. *iShares* fixed income experienced net outflows of $7.5 billion, as the continued low interest rate environment led many liquidity-oriented investors to sell long-duration assets, which made up the majority of the *iShares* fixed income suite. In 2013, we launched several funds to meet demand from clients seeking protection in a rising interest rate environment by offering an expanded product set that includes four new U.S. funds, including short-duration versions of our flagship high yield and investment grade credit products, and short maturity and liquidity income funds. *iShares* alternatives had $3.1 billion of net outflows predominantly out of commodities. *iShares* represented 23% of long-term AUM at December 31, 2013 and 35% of long-term base fees for 2013.

iShares offers the most diverse product set in the industry with 703 ETFs at year-end 2013, and serves the broadest client base, covering more than 25 countries on five continents. During 2013, *iShares* continued its dual commitment to innovation and responsible product structuring by introducing 42 new ETFs, acquiring Credit Suisse's 58 ETFs in Europe and entering into a critical new strategic alliance with Fidelity Investments to deliver Fidelity's more than 10 million clients increased access to *iShares* products, tools and support. Our alliance with Fidelity Investments and a successful full first year for the Core Series have deeply expanded our presence and offerings among buy-and-hold investors. Our broad product range offers investors a precise, transparent and low-cost way to tap market returns and gain access to a full range of asset classes and global markets that have been difficult or expensive for many investors to access until now, as well as the liquidity required to make adjustments to their exposures quickly and cost-efficiently.

- *U.S. iShares* AUM ended at $655.6 billion with $41.4 billion of net inflows driven by strong demand for developed markets equities and short-duration fixed income. During the fourth quarter of 2012, we debuted the Core Series in the United States, designed to provide the essential building blocks for buy-and-hold investors to use in constructing the core of their portfolio. The Core Series demonstrated solid results in its first full year, raising $20.0 billion in net inflows, primarily in U.S. equities. In the United States, *iShares* maintained its position as the largest ETF provider, with 39% share of AUM[3].

- *International iShares* AUM ended at $258.8 billion with robust net new business of $22.6 billion led by demand for European and Japanese equities, as well as a diverse range of fixed income products. At year-end 2013, *iShares* was the largest European ETF provider with 48% of AUM[3].

1 *Simfund*

2 *Lipper FERI*

3 *BlackRock; Bloomberg*

Institutional Investors

	Component Changes in AUM – Institutional					
(in millions)	**12/31/2012**	**Net New Business**	**Adjustments[1]**	**Acquisition[2]**	**Market / FX**	**12/31/2013**
Active:						
Equity	$ 129,024	$ (16,504)	$ —	$ —	$ 26,206	**$ 138,726**
Fixed income	518,102	(3,560)	—	—	(9,433)	**505,109**
Multi-asset class	166,708	28,955	3,335	—	16,278	**215,276**
Alternatives	70,861	(9,819)	—	10,836	1,421	**73,299**
Active subtotal	884,695	(928)	3,335	10,836	34,472	**932,410**
Non-ETF Index:						
Equity	1,017,081	8,001	(18,238)	—	250,955	**1,257,799**
Fixed income	409,943	8,321	(4,723)	—	(6,774)	**406,767**
Multi-asset class	9,545	(1,833)	—	—	(138)	**7,574**
Alternatives	4,912	777	—	—	(179)	**5,510**
Non-ETF Index subtotal	1,441,481	15,266	(22,961)	—	243,864	**1,677,650**
Long-term institutional	**$ 2,326,176**	**$ 14,338**	**$ (19,626)**	**$ 10,836**	**$ 278,336**	**$ 2,610,060**

(1) Amounts include $19.6 billion of AUM related to fund ranges reclassed from institutional to retail and $6.0 billion of AUM reclassed from non-ETF index equity and fixed income to multi-asset.

(2) Amounts represent AUM acquired in the MGPA acquisition in October 2013.

BlackRock's institutional AUM is well diversified by both product and region, and we serve institutional investors on six continents in sub-categories including: pensions, endowments and foundations, official institutions, and financial institutions, as described below.

Institutional active AUM ended the quarter at $932.4 billion, up $47.7 billion, or 5%, since year-end 2012. Institutional active represented 23% of long-term AUM and 21% of long-term base fees. Growth in AUM reflected continued strength in multi-asset class products with net inflows of $29.0 billion largely from defined contribution plans into target date offerings. Multi-asset class net inflows were offset by equity net outflows of $16.5 billion, with 70% of outflows coming from fundamental strategies, and fixed income net outflows of $3.6 billion, largely from U.S. intermediate duration mandates. Alternatives net outflows of $9.8 billion were primarily due to active currency redemptions of $6.5 billion and return of capital on opportunistic funds of $2.5 billion.

Institutional non-ETF index AUM totaled $1.678 trillion at December 31, 2013, reflecting net inflows of $15.3 billion. Flows were led by fixed income with net inflows of $8.3 billion, primarily into local currency, U.S. targeted duration and global bond mandates as clients rebalanced portfolios and captured gains in equity markets. Equities saw net inflows of $8.0 billion, primarily into global mandates, as clients increasingly looked to use passive vehicles for broad macro exposure. Institutional non-ETF index represented 42% of long-term AUM at December 31, 2013 and accounted for 10% of long-term base fees for 2013.

The Company's institutional clients consist of the following:

- Pensions, Foundations and Endowments. BlackRock is among the largest managers of pension plan assets in the world with $1.718 trillion, or 66%, of long-term institutional AUM managed for defined benefit, defined contribution and other pension plans for corporations, governments and unions at December 31, 2013.

Retirement is a key theme as longevity, aging populations and changing demographics worldwide are driving investment decisions. The market landscape is shifting from defined benefit to defined contribution, driving strong flows in our defined contribution channel, which had $30.0 billion of long-term net inflows for the year, or 7% organic growth. Defined contribution net inflows were led by $20.5 billion into multi-asset class products, with our *LifePath®* target-date suite serving as a key component of our retirement solutions. In 2013, our *LifePath* franchise raised $23.9 billion in net inflows, a 38% organic growth rate. We ended 2013 with $526.4 billion in defined contribution AUM, and remain well positioned to capitalize on the on-going evolution of the defined contribution market and demand for outcome-oriented investments. An additional $59.9 billion, or 3% of long-term institutional AUM, was managed for other tax-exempt investors, including charities, foundations and endowments.

- Official Institutions. We also managed $221.5 billion, or 8%, of long-term institutional AUM, for official institutions, including central banks, sovereign wealth funds, supranationals, multilateral entities and government ministries and agencies at year-end 2013. This specialty client group grew with long-term net new business of $22.7 billion for the year, primarily into passive equity mandates. These clients often require specialized investment policy advice, the use of customized benchmarks and training support.
- Financial and Other Institutions. BlackRock is a top independent manager of assets for insurance companies, which accounted for $237.3 billion, or 9%, of institutional long-term AUM at year-end 2013, and contributed $5.7 billion of long-term net inflows. Assets managed for other taxable institutions, including corporations, banks and third-party fund sponsors for which we provide sub-advisory services, totaled $373.3 billion, or 14%, of long-term institutional AUM at year-end.

PRODUCT TYPE

Component changes in AUM by product type and investment style for 2013 are presented below.

(in millions)	12/31/2012	Net New Business	Adjustments[1]	Acquisitions[2]	Market / FX	12/31/2013
Equity:						
Active	$ 287,215	$ (15,377)	$ —	$ —	$ 45,424	**$ 317,262**
iShares	534,648	74,119	—	13,021	96,347	**718,135**
Fixed income:						
Active	656,331	10,443	—	—	(14,565)	**652,209**
iShares	192,852	(7,450)	—	1,294	(7,861)	**178,835**
Multi-asset class	267,748	42,298	5,998	—	25,170	**341,214**
Alternatives:						
Core	68,367	2,703	—	10,972	2,984	**85,026**
Currency and commodities	41,428	(8,653)	—	1,645	(8,332)	**26,088**
Subtotal	**2,048,589**	**98,083**	**5,998**	**26,932**	**139,167**	**2,318,769**
Non-ETF Index:						
Equity	1,023,638	10,515	(5,172)	—	253,317	**1,282,298**
Fixed income	410,139	8,515	(826)	—	(6,686)	**411,142**
Subtotal non-ETF index	**1,433,777**	**19,030**	**(5,998)**	**—**	**246,631**	**1,693,440**
Long-term	**3,482,366**	**117,113**	**—**	**26,932**	**385,798**	**4,012,209**
Cash management	263,743	10,056	—	—	1,755	**275,554**
Advisory	45,479	(7,442)	—	—	(1,712)	**36,325**
Total AUM	**$ 3,791,588**	**$ 119,727**	**$ —**	**$ 26,932**	**$ 385,841**	**$ 4,324,088**

(1) Amounts include $6.0 billion of AUM reclassed from non-ETF index equity and fixed income to multi-asset.

(2) Amounts represent $16.0 billion of AUM acquired in the Credit Suisse ETF acquisition in July 2013 and $11.0 billion of AUM acquired in the MGPA acquisition in October 2013.

Long-term product offerings include active and passive strategies. Our active strategies seek to earn attractive returns in excess of a market benchmark or performance hurdle while maintaining an appropriate risk profile. We offer two types of active strategies: those that rely primarily on fundamental research and those that utilize primarily quantitative models to drive portfolio construction. In contrast, passive strategies seek to closely track the returns of a corresponding index, generally by investing in substantially the same underlying securities within the index or in a subset of those securities selected to approximate a similar risk and return profile of the index. Passive strategies include both our institutional non-ETF index products and *iShares* ETFs.

Although many clients use both active and passive strategies, the application of these strategies may differ. For example, clients may use index products to gain exposure to a market or asset class. In addition, institutional non-ETF index assignments tend to be very large (multi-billion dollars) and typically reflect low fee rates. This has the potential to exaggerate the significance of net flows in institutional index products on BlackRock's revenues and earnings.

Equity

Year-end 2013 equity AUM of $2.318 trillion increased by $472.2 billion, or 26%, from the end of 2012, largely due to flows into U.S. and a range of international equity mandates reflecting investors' increased risk appetite and the effect of higher market valuations. Equity AUM growth included $69.3 billion in net new business and $13.0 billion in new assets related to the Credit Suisse ETF acquisition in July 2013. Net new business of $69.3 billion was driven by net inflows of $74.1 billion and $10.5 billion into *iShares* and non-ETF index accounts, respectively. Passive inflows were offset by active net outflows of $15.4 billion, with net outflows of $9.9 billion and $5.5 billion from fundamental and scientific active equity products, respectively.

BlackRock's effective fee rates fluctuate due to changes in AUM mix. Approximately half of BlackRock's equity AUM is tied to international markets, including emerging markets, which tend to have higher fee rates than similar U.S. equity strategies. Accordingly, fluctuations in international equity markets, which do not consistently move in tandem with U.S. markets, may have a greater impact on BlackRock's effective equity fee rates and revenues.

Fixed Income

Fixed income AUM ended 2013 at $1.242 trillion, declining $17.1 billion, or 1%, relative to December 31, 2012. The decline in AUM reflected $29.1 billion in market and foreign exchange losses, partially offset by $11.5 billion in net new business and $1.3 billion in new assets related to the Credit Suisse ETF acquisition. In 2013, net new business was led by strong flows into unconstrained fixed income offerings, such as our Strategic Income Opportunities fund, which had net inflows of $6.9 billion during the year, despite overall industry outflows from U.S. bond funds. Fixed income net inflows of $14.8 billion and $8.5 billion into fundamental and non-ETF index products, respectively, were partially offset by net outflows of $7.5 billion and $4.3 billion from *iShares* and model based strategies, respectively.

Multi-Asset Class

	Component Changes in Multi-Asset Class AUM				
(in millions)	12/31/2012	Net New Business	Adjustments[1]	Market / FX	12/31/2013
Asset allocation and balanced	$ 140,160	$ 15,904	$ —	$ 13,540	**$ 169,604**
Target date/risk	69,884	26,073	5,998	9,453	**111,408**
Fiduciary	57,704	321	—	2,177	**60,202**
Multi-asset	**$ 267,748**	**$ 42,298**	**$ 5,998**	**$ 25,170**	**$ 341,214**

(1) Amounts include $6.0 billion of AUM reclassed from non-ETF index equity and fixed income to multi-asset.

BlackRock's multi-asset class team manages a variety of balanced funds and bespoke mandates for a diversified client base that leverages our broad investment expertise in global equities, currencies, bonds and commodities, and our extensive risk management capabilities. Investment solutions might include a combination of long-only portfolios and alternative investments as well as tactical asset allocation overlays.

Flows reflected ongoing institutional demand for our solutions-based advice with $27.1 billion, or 64%, of net inflows coming from institutional clients. Defined contribution plans of institutional clients remained a significant driver of flows, and contributed $20.5 billion to institutional multi-asset class net new business in 2013, primarily into target date and target risk product offerings. Retail net inflows of $14.8 billion were driven by particular demand for our Global Allocation suite, which saw $6.3 billion of net inflows, and our Multi-Asset Income fund which raised $4.1 billion in 2013.

The Company's multi-asset strategies include the following:

- *Asset allocation and balanced products* represented 50% of multi-asset class AUM at year-end, with growth in AUM driven by net new business of $15.9 billion. These strategies combine equity, fixed income and alternative components for investors seeking a tailored solution relative to a specific benchmark and within a risk budget. In certain cases, these strategies seek to minimize downside risk through diversification, derivatives strategies and tactical asset allocation decisions. Flagship products in this category include our Global Allocation and Multi-Asset Income suites.
- *Target date and target risk products* grew 37% organically in 2013. Institutional investors represented 90% of target date and target risk AUM, with defined contribution plans accounting for over 80% of AUM. The remaining 10% of target date and target risk AUM consisted of retail client investments. Flows were driven by defined contribution investments in our *LifePath* and *LifePath Retirement Income®* offerings, and included $10.4 billion of assets related to two large *LifePath* open-architecture assignments where we provide customized asset allocation glidepaths, direct asset management and model the use of third-party managers. *LifePath* products utilize a proprietary asset allocation model that seeks to balance risk and return over an investment horizon based on the investor's expected retirement timing.
- *Fiduciary management services* are complex mandates in which pension plan sponsors or endowments and foundations retain BlackRock to assume responsibility for some or all aspects of plan management. These customized services require strong partnership with the clients' investment staff and trustees in order to tailor investment strategies to meet client-specific risk budgets and return objectives.

Alternatives

	Component Changes in Alternatives AUM				
(in millions)	12/31/2012	Net New Business	Acquisitions[1]	Market / FX	12/31/2013
Core:					
Hedge Funds	$ 26,636	$ 4,440	$ —	$ 1,102	**$ 32,178**
Funds of Funds	29,083	(1,358)	—	1,111	**28,836**
Real Estate and Hard Assets	12,648	(379)	10,972	771	**24,012**
Subtotal Core	68,367	2,703	10,972	2,984	**85,026**
Currency and commodities	41,428	(8,653)	1,645	(8,332)	**26,088**
Alternatives	**$ 109,795**	**$ (5,950)**	**$ 12,617**	**$ (5,348)**	**$ 111,114**

(1) Amounts represent AUM acquired in the Credit Suisse ETF acquisition in July 2013 and AUM acquired in the MGPA acquisition in October 2013.

The BlackRock Alternative Investors ("BAI") group coordinates our alternative investment efforts, including product management, business development and client service. Our alternatives products fall into two main categories — core and currency and commodities. Core includes hedge funds, funds of funds (hedge funds and private equity), real estate and hard asset offerings. The products offered under the BAI umbrella are described below.

We continued to make significant investments in our alternatives platform as demonstrated by our acquisition of MGPA, which doubled the size of our real estate investment advisory platform in addition to extending our real estate debt and equity investment capabilities to Asia-Pacific and Europe, and the build out of our alternatives retail platform, which now stands at $16.2 billion in AUM. We believe that as alternatives become more conventional and investors adapt

their asset allocation strategies to best meet their investment objectives, they will further increase their use of alternative investments to complement core holdings, and as a top 10 alternative provider[4] our highly diversified $111.1 billion alternatives franchise is well positioned to meet growing demand from both institutional and retail investors.

Core.

- Hedge Funds net inflows of $4.4 billion were led by net inflows of $5.9 billion into single-strategy hedge funds. Single-strategy net inflows were driven by net inflows of $4.6 billion into retail alternative mutual funds, paced by our zero-duration liquid Global Long/Short Credit fund. Single-strategy net inflows were offset by return of capital of $2.5 billion on opportunistic funds, largely due to a partial liquidation of an opportunistic 2007 vintage closed-end mortgage fund. Hedge fund AUM includes a variety of single-strategy, multi-strategy, and global macro, as well as portable alpha, distressed and opportunistic offerings. Products include both open-end hedge funds and similar products, and closed-end funds created to take advantage of specific opportunities over a defined, often longer-term investment horizon.
- Funds of Funds AUM included $16.9 billion in funds of hedge funds and hybrid vehicles and $11.9 billion in private equity funds of funds. Net outflows of $1.4 billion were predominantly from funds of hedge funds.
- Real Estate and Hard Assets AUM grew 90% compared to year-end 2012, primarily due to $11.0 billion in new assets from the acquisition of MGPA. Offerings include high yield debt and core, value-added and opportunistic equity portfolios and renewable power funds. We continued to grow our real estate platform and product offerings with the acquisition of MGPA.

During 2013, we secured $6 billion of alternatives commitments in offerings including infrastructure, strategic credit and funds of funds. The majority of these commitments are unfunded and are expected to be deployed in future quarters.

Currency and Commodities. AUM in currency and commodities declined 37% compared to year-end 2012, reflecting net outflows of $8.7 billion, primarily from low fee active currency mandates. Currency and commodities products include a range of active and passive products. Our *iShares* commodities products represented $16.1 billion of AUM, including $1.6 billion acquired from Credit Suisse, and are not eligible for performance fees.

Cash Management

Cash management AUM totaled $275.6 billion at December 31, 2013, of which $114.7 billion was in prime strategies, up $11.8 billion, or 4%, from year-end 2012. Cash management products include taxable and tax-exempt money market funds and customized separate accounts. Portfolios are denominated in U.S. dollar, Canadian dollar, Australian dollar, Euro or British pound. We generated net inflows of $10.1 billion during 2013, and continue to face headwinds around the uncertainty of future regulatory changes and a near zero interest rate environment. We provided new solutions and choices for our clients by launching ultra-short duration products in the United States, which address the immediate challenge of a continuing low interest rate environment as well as provide valuable investment alternatives in the wake of money market fund regulatory change. In Europe, we launched a non-rated Euro liquidity fund. Further, some existing products were re-structured with features to address negative yields, should they occur.

CLIENT REGION

AUM by Product Type & Client Region
December 31, 2013

(in millions)	Americas	EMEA	Asia-Pacific	Total
Equity	**$ 1,467,252**	**$ 660,602**	**$ 189,841**	**$ 2,317,695**
Fixed income	**702,608**	**436,124**	**103,454**	**1,242,186**
Multi-asset class	**214,895**	**110,524**	**15,795**	**341,214**
Alternatives	**56,490**	**35,923**	**18,701**	**111,114**
Long-term	**2,441,245**	**1,243,173**	**327,791**	**4,012,209**
Cash management	**189,359**	**83,207**	**2,988**	**275,554**
Advisory	**24,925**	**9,397**	**2,003**	**36,325**
Total	**$ 2,655,529**	**$ 1,335,777**	**$ 332,782**	**$ 4,324,088**

Component Changes in AUM – Client Region

(in millions)	12/31/2012	Net New Business	Acquisitions[1]	Market / FX	12/31/2013
Americas	$ 2,326,482	$ 76,017	$ 4,282	$ 248,748	**$ 2,655,529**
EMEA	1,158,261	38,743	20,536	118,237	**1,335,777**
Asia-Pacific	306,845	4,967	2,114	18,856	**332,782**
Total AUM	**$ 3,791,588**	**$ 119,727**	**$ 26,932**	**$ 385,841**	**$ 4,324,088**

(1) Amounts represent $16.0 billion of AUM acquired in the Credit Suisse ETF acquisition in July 2013 and $11.0 billion of AUM acquired in the MGPA acquisition in October 2013.

4 *Towers Watson, July 2013*

Our footprint in each of these regions reflects strong relationships with intermediaries and an established ability to deliver our global investment expertise in funds and other products tailored to local regulations and requirements.

Americas. Net new business in long-term products of $72.1 billion was driven by equity and multi-asset class net inflows of $53.3 billion and $36.1 billion, respectively, which were partially offset by fixed income and alternatives net outflows of $13.0 billion and $4.3 billion, respectively. During the year, we served clients through offices in 33 states in the United States as well as Canada, Mexico, Brazil, Chile, Colombia and Spain.

EMEA. During the year, clients awarded us long-term net new business of $41.3 billion, including inflows from investors in 22 countries across the region. EMEA net new business was led by equity net inflows of $20.1 billion as clients began to re-risk in the face of improving confidence in European markets. Our offerings include fund families in the United Kingdom, the Netherlands, Luxembourg and Dublin and *iShares* listed on stock exchanges throughout Europe as well as separate accounts and pooled investment products.

Asia-Pacific. Clients in the Asia-Pacific region are served through offices in Japan, Australia, Hong Kong, Malaysia, Singapore, Taiwan and Korea, and joint ventures in China and India. Long-term net new business of $3.8 billion was led by fixed income and multi-asset class net inflows of $8.7 billion and $1.2 billion, respectively, partially offset by equity and alternatives net outflows of $4.2 billion and $1.9 billion, respectively.

INVESTMENT PERFORMANCE

Investment performance across active and passive products as of December 31, 2013 was as follows:

	One-year period	Three-year period	Five-year period
Fixed Income:			
Actively managed products above benchmark or peer median			
Taxable	70%	82%	87%
Tax-exempt	48%	65%	65%
Passively managed products within or above tolerance	97%	99%	91%
Equity:			
Actively managed products above benchmark or peer median			
Fundamental	52%	49%	50%
Scientific	93%	91%	85%
Passively managed products within or above tolerance	94%	98%	94%

Product Performance Notes. Past performance is not indicative of future results. Except as specified, the performance information shown is as of December 31, 2013 and is based on preliminarily data available at that time. The performance data shown reflects information for all actively and passively managed equity and fixed income accounts, including U.S. registered investment companies, European-domiciled retail funds and separate accounts for which performance data is available, including performance data for high net worth accounts available as of November 30, 2013. The performance data does not include accounts terminated prior to December 31, 2013 and accounts for which data has not yet been verified. If such accounts had been included, the performance data provided may have substantially differed from that shown.

Performance comparisons shown are gross-of-fees for U.S. retail, institutional and high net worth separate accounts as well as EMEA institutional separate accounts, and net of fee for European domiciled retail funds. The performance tracking shown for institutional index accounts is based on gross-of-fee performance and includes all institutional accounts and all *iShares* funds globally using an index strategy. AUM information is based on AUM available as of December 31, 2013 for each account or fund in the asset class shown without adjustment for overlapping management of the same account or fund. Fund performance reflects the reinvestment of dividends and distributions. The information reported may differ slightly from that reported previously due to the increased number of accounts that have been verified since the last performance disclosure. BlackRock considers these differences to be not material.

Source of performance information and peer medians is BlackRock, Inc. and is based in part on data from Lipper Inc. for U.S. funds and Morningstar, Inc. for non-U.S. funds.

BLACKROCK SOLUTIONS

BlackRock Solutions offers investment management technology systems, risk management services and advisory services on a fee basis. *Aladdin* is our proprietary technology platform, which serves as the risk management system for both BlackRock and a growing number of sophisticated institutional investors around the world. BRS also offers comprehensive risk reporting capabilities via the Green Package® and risk management advisory services; interactive fixed income analytics through our web-based calculator, AnSer®; middle and back office outsourcing services; and investment accounting. BRS' Financial Markets Advisory ("FMA") group provides services such as valuation and risk assessment of illiquid assets, portfolio restructuring, workouts and dispositions of distressed assets and financial and balance sheet strategies, for a wide range of global clients.

BlackRock Solutions record revenues of $577 million were up 11% year over year. Our *Aladdin* business, which represented 73% of BRS revenue for the year, signed more than 15 new clients in 2013, and continues to benefit from trends favoring global investment platform consolidation and multi-asset risk solutions. *Aladdin* business assignments are typically long-term contracts that provide significant recurring revenue.

Our FMA group signed more than 50 new assignments during the year and continued to post strong revenues, even as the business transitions from a "crisis management" emphasis to a more institutionalized advisory business model, with a strong focus on helping clients navigate and implement requirements for the new regulatory environment. Advisory AUM decreased 20% to $36.3 billion, driven by $7.4 billion of planned client distributions reflecting our continued success in disposing of assets for clients at, or above, targeted levels.

At year-end, BRS served clients, including banks, insurance companies, official institutions, pension funds, asset managers and other institutional investors across North America, Europe, Asia and Australia.

SECURITIES LENDING

Securities lending is managed by a dedicated team, supported by quantitative analysis, proprietary technology and disciplined risk management. The cash management team invests the cash we receive as collateral for securities on loan in other portfolios. Fees for securities lending can be structured as a share of earnings and/or as a management fee based on a percentage of the value of the cash collateral. The value of the securities on loan and the revenue earned is captured in the corresponding asset class being managed. The value of the collateral is not included in AUM.

Outstanding loan balances ended the year at approximately $156 billion, up from $134 billion at year-end 2012. Liability spreads declined from elevated 2012 levels, as the proportion of "special collateral," securities commanding premium lending fees, declined due to low idiosyncratic risk, low single stock volatility and lack of M&A activity.

BlackRock employs a conservative investment style for cash and securities lending collateral that emphasizes quality, liquidity and interest rate risk management. Disciplined risk management, including a rigorous credit surveillance process, is an integral part of the investment process. BlackRock's Cash Management Credit Committee has established risk limits, such as aggregate issuer exposure limits and maturity limits, across many of the products BlackRock manages, including over all of its cash management products. In the ordinary course of our business, there may be instances when a portfolio may exceed an internal risk limit or when an internal risk limit may be changed. No such instances, individually or in the aggregate, have been material to the Company. To the extent that daily evaluation/reporting of the profile of the portfolios identifies that a limit has been exceeded, the relevant portfolio will be adjusted. To the extent a portfolio manager would like to obtain a temporary waiver of a risk limit, the portfolio manager must obtain approval from the credit research team, which is independent from the cash management portfolio managers. While a risk limit may be waived, such temporary waivers are infrequent.

RISK & QUANTITATIVE ANALYSIS

Across all asset classes, in addition to the efforts of the portfolio management teams, the Risk & Quantitative Analysis ("RQA") group at BlackRock draws on extensive analytical systems and proprietary and third-party data to identify, measure and manage a wide range of risks. RQA provides risk management advice and independent risk oversight of the investment management processes, identifies and helps manage counterparty and operational risks, coordinates standards for firm wide investment performance measurement and determines risk management-related analytical and information requirements. Where appropriate, RQA will work with portfolio managers and developers to facilitate the development or improvement of risk models and analytics.

COMPETITION

BlackRock competes with investment management firms, mutual fund complexes, insurance companies, banks, brokerage firms and other financial institutions that offer products that are similar to, or alternatives to, those offered by BlackRock. In order to grow its business, BlackRock must be able to compete effectively for AUM. Key competitive factors include investment performance track records, the efficient delivery of beta for passively managed products, investment style and discipline, client service and brand name recognition. Historically, the Company has competed principally on the basis of its long-term investment performance track record, its investment process, its risk management and analytic capabilities and the quality of its client service. These factors may place BlackRock at a competitive disadvantage and there can be no assurance that the Company's strategies and efforts to maintain its existing AUM and to attract new business will be successful.

GEOGRAPHIC INFORMATION

At December 31, 2013, BlackRock served clients in more than 100 countries across the globe, including the United States, the United Kingdom and Japan.

The following table illustrates the Company's total revenue for 2013, 2012 and 2011 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the customer resides.

(in millions)

Revenue	**2013**	**2012**	**2011**
Americas	**$ 6,829**	$ 6,429	$ 6,064
Europe	**2,832**	2,460	2,517
Asia-Pacific	**519**	448	500
Total revenue	**$ 10,180**	$ 9,337	$ 9,081

The following table illustrates the Company's long-lived assets, including goodwill and property and equipment at December 31, 2013, 2012 and 2011 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the asset is physically located.

(in millions)

Long-lived Assets	**2013**	**2012**	**2011**
Americas	**$ 13,204**	$ 13,238	$ 13,133
Europe	**214**	166	123
Asia-Pacific	**87**	63	73
Total long-lived assets	**$ 13,505**	$ 13,467	$ 13,329

Americas primarily is comprised of the United States, Canada, Brazil, Chile and Mexico, while Europe is primarily comprised of the United Kingdom. Asia-Pacific is comprised of Japan, Australia, Singapore, Hong Kong, Taiwan, Korea, India, Malaysia and China.

EMPLOYEES

At December 31, 2013, BlackRock had a total of approximately 11,400 employees, including approximately 5,400 located in offices outside the United States. Consistent with our commitment to continually expand and enhance our talent base to support our clients, we added approximately 900 employees during the year, including in strategic focus areas.

REGULATION

Virtually all aspects of BlackRock's business are subject to various laws and regulations both in and outside the United

States, some of which are summarized below. These laws and regulations are primarily intended to protect investment advisory clients, investors in registered and unregistered investment companies, trust customers of BlackRock Institutional Trust Company, N.A. ("BTC"), PNC and its bank subsidiaries and their customers, and the financial system. Under these laws and regulations, agencies that regulate investment advisers, investment funds and bank holding companies and other individuals and entities have broad administrative powers, including the power to limit, restrict or prohibit the regulated entity or person from carrying on business if it fails to comply with such laws and regulations. Possible sanctions for significant compliance failures include the suspension of individual employees, limitations on engaging in certain lines of business for specified periods of time, revocation of investment adviser and other registrations, censures and fines both for individuals and the Company. The rules governing the regulation of financial institutions and their holding companies and subsidiaries are very detailed and technical. Accordingly, the discussion below is general in nature, does not purport to be complete and is current only as of the date of this report.

REGULATORY REFORM

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "DFA") was signed into law in the United States. The DFA is expansive in scope and requires the adoption of extensive regulations and numerous regulatory decisions in order to be fully implemented. The continued adoption of these regulations and decisions will in large measure determine the impact of the DFA on BlackRock and other financial services firms. The DFA may significantly change BlackRock's operating environment and the financial markets in general in unpredictable ways. It is not possible to predict the ultimate effects that the DFA, or subsequent implementing regulations and decisions, will have upon BlackRock's business, financial condition, and results of operations. Among the potential impacts, provisions of the DFA referred to as the Volcker Rule will affect the extent to which BlackRock invests in and transacts with certain of its investment funds, including private equity funds, hedge funds and funds of funds. The impact of the Volcker Rule on liquidity and pricing in the broader financial markets is unknown at this time. For a further discussion of the Volcker Rule, see "Item 1A — Risk Factors — Legal and Regulatory Risks." In addition, BlackRock could be designated a systemically important financial institution ("SIFI") and become subject to direct supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). If BlackRock were designated a SIFI, it could be subject to enhanced prudential, supervisory and other requirements, such as risk-based capital requirements; leverage limits; liquidity requirements; resolution plan and credit exposure report requirements; concentration limits; a contingent capital requirement; enhanced public disclosures; short-term debt limits; and overall risk management requirements. Further, new regulations under the DFA relating to regulation of swaps and derivatives will impact the manner by which BlackRock-advised funds and accounts use and trade swaps and other derivatives, and may significantly increase the costs of derivatives trading. Similarly, BlackRock's management of funds and accounts that use and trade swaps and derivatives could be adversely impacted by recently adopted changes to the Commodity Futures Trading Commission's (the "CFTC") regulations. These rule changes include those concerning, among other things, the registration and regulation of commodity pool operators and commodity trading advisors (and the accompanying registration and regulation of such entities by the National Futures Association (the "NFA")), the registration status of dealer counterparties and other counterparties who are major participants in the swap markets, and requirements concerning mandatory clearing of certain swap transactions. Jurisdictions outside the United States in which BlackRock operates are also in the process of devising or considering more pervasive regulation of many elements of the financial services industry, which could have a similar impact on BlackRock and the broader markets.

The DFA and its regulations, and other new laws or regulations, or changes in enforcement of existing laws or regulations, could materially and adversely impact the scope or profitability of BlackRock's business activities; require BlackRock to change certain business practices; divert management's time and attention from BlackRock's business activities to compliance activities; and expose BlackRock to additional costs (including compliance and tax costs) and liabilities, as well as reputational harm. For example, in addition to regulatory changes mandated by the DFA, the Securities and Exchange Commission (the "SEC") continues to review the role of and risks related to, money market funds and has indicated that it may adopt additional regulations. Some of the proposed changes, if adopted, could significantly alter money market fund products and the entire money market fund industry. In 2012, the Office of the Comptroller of the Currency of the United States (the "OCC") amended the regulations governing bank-maintained short-term investment funds ("STIFs") to include new disclosure requirements regarding portfolio holdings and to more closely align portfolio limitations, such as maximum weighted average maturity and weighted average life, with those applicable to SEC registered money market funds. Similarly, the SEC continues to review the distribution fees paid to mutual fund distributors under Rule 12b-1 under the Investment Company Act of 1940 (the "Investment Company Act"), which are important to a number of the mutual funds BlackRock manages. Any changes to 12b-1 fees would alter the way BlackRock's distribution partners distribute BlackRock products. Additionally, the SEC, the Internal Revenue Service ("IRS") and the CFTC each continue to review the use of futures and derivatives by mutual funds, and such reviews could result in regulations that further limit the use of futures and derivatives by mutual funds. If adopted, these limitations could require BlackRock to change certain mutual fund business practices or to register additional entities with the CFTC, which could result in additional costs and/or restrictions. In addition, BlackRock has begun reporting certain information about a number of its private funds to the SEC and certain information about a number of its commodity pools to the CFTC, pursuant to systemic risk reporting requirements adopted by both agencies, which have required, and will continue to require, investments in people and systems to assure timely and accurate reporting. Still another example of changes in the regulatory landscape was the IRS' implementation of Foreign Account Tax Compliance Act ("FATCA"). FATCA was enacted in 2010 and is intended to address tax compliance issues associated with U.S. taxpayers with foreign accounts. FATCA requires foreign financial institutions to report to the IRS information about financial accounts held by U.S. taxpayers and imposes withholding, documentation and reporting requirements on foreign financial institutions. Final

regulations were issued by the IRS on January 17, 2013, with the earliest effective dates beginning on July 1, 2014. In many instances, however, the precise nature of what needs to be implemented will be governed by bilateral Intergovernmental Agreements ("IGAs") between the United States and the countries in which BlackRock does business. While many of these IGAs have been put into place, others have yet to be concluded. FATCA could cause the Company to incur significant administrative and compliance costs and subject clients to U.S. tax withholding.

An example of changes in the regulatory landscape in Europe is the European Union ("EU") Alternative Investment Fund Managers Directive ("AIFMD"), which became effective on July 21, 2011 and was required to be implemented by EU member states by July 22, 2013. The AIFMD regulates managers of, and service providers to, a broad range of alternative investment funds ("AIFs") domiciled within and (depending on the precise circumstances) outside the EU. The AIFMD also regulates the marketing of all AIFs inside the European Economic Area (the "EEA"). In general, the AIFMD will have a staged implementation between mid-2013 and 2018. Compliance with the AIFMD's requirements will restrict AIF marketing and will place additional compliance and disclosure obligations regarding remuneration, capital requirements, leverage, valuation, stakes in EU companies, depositaries, the domicile of custodians and liquidity management.

Globally, regulators are examining the potential risks in ETFs and may impose additional regulations on ETFs, including requirements to promote increased transparency and to limit the ability of ETFs to utilize derivatives. The International Organization of Securities Commissions published principles for regulatory oversight of financial benchmarks in 2013, with standards applying to methodologies for benchmark calculation, and transparency and governance issues in the benchmarking process; some national and regional regulators are currently reviewing how to apply these principles, with a draft European Regulation published in September 2013. Any of these regulatory changes could also lead to business disruptions, could materially and adversely impact the value of assets in which BlackRock has invested directly and/or on behalf of clients, and, to the extent the regulations strictly control the activities of financial services firms, could make it more difficult for BlackRock to conduct certain businesses or distinguish itself from competitors.

Additional legislation, changes in rules promulgated by regulators and self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and regulations may directly affect the method of operation and profitability of BlackRock. BlackRock's profitability also could be materially and adversely affected by modification of the rules and regulations that impact the business and financial communities in general, including changes to the laws governing taxation, antitrust regulation and electronic commerce. See the "— Non-U.S. Regulation" section below for a further discussion of regulatory reforms being considered and/or adopted outside of the United States.

U.S. REGULATION

BlackRock and certain of its U.S. subsidiaries are subject to regulation, primarily at the federal level, by the SEC, the Department of Labor (the "DOL"), the Federal Reserve, the OCC, the Financial Industry Regulatory Authority ("FINRA"), the NFA, the CFTC and other government agencies and regulatory bodies. Certain of BlackRock's U.S. subsidiaries are also subject to various anti-terrorist financing, privacy, anti-money laundering regulations and economic sanctions laws and regulations established by various agencies.

The Investment Advisers Act of 1940 (the "Advisers Act") imposes numerous obligations on registered investment advisers such as BlackRock, including record-keeping, operational and marketing requirements, disclosure obligations and prohibitions on fraudulent activities. The Investment Company Act imposes stringent governance, compliance, operational, disclosure and related obligations on registered investment companies and their investment advisers and distributors, such as BlackRock. The SEC is authorized to institute proceedings and impose sanctions for violations of the Advisers Act and the Investment Company Act, ranging from fines and censure to termination of an investment adviser's registration. Investment advisers also are subject to certain state securities laws and regulations. Non-compliance with the Advisers Act, the Investment Company Act or other federal and state securities laws and regulations could result in investigations, sanctions, disgorgement, fines and reputational damage.

BlackRock's trading and investment activities for client accounts are regulated under the Securities Exchange Act of 1934 (the "Exchange Act"), as well as the rules of various U.S. and non-U.S. securities exchanges and self-regulatory organizations, including laws governing trading on inside information, market manipulation and a broad number of technical requirements (e.g., short sale limits, volume limitations, reporting obligations) and market regulation policies in the United States and globally. Depending on the scope of the rules to be adopted by the SEC, provisions added to the Exchange Act by the DFA may require certain BlackRock subsidiaries to register as municipal advisors in relation to their services for state and local governments, pension plans and other investment programs, such as college savings plans. In addition, BlackRock manages a variety of investment funds listed on U.S. and non-U.S. exchanges, which are subject to the rules of such exchanges. Violation of these laws and regulations could result in restrictions on the Company's activities and damage its reputation.

BlackRock manages a variety of private pools of capital, including hedge funds, funds of hedge funds, private equity funds, CDOs, real estate funds, collective investment trusts, managed futures funds and hybrid funds. Congress, regulators, tax authorities and others continue to explore, on their own and in response to demands from the investment community and the public, increased regulation related to private pools of capital, including changes with respect to investor eligibility, certain limitations on trading activities, record-keeping and reporting, the scope of anti-fraud protections, safekeeping of client assets and a variety of other matters. BlackRock may be materially and adversely affected by new legislation, rule-making or changes in the interpretation or enforcement of existing rules and regulations imposed by various regulators.

Certain BlackRock subsidiaries are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), and to regulations promulgated thereunder by the DOL, insofar as they act as a "fiduciary" under ERISA with respect to benefit plan clients. ERISA and applicable provisions of the Internal Revenue Code impose certain duties on persons who are

fiduciaries under ERISA, prohibit certain transactions involving ERISA plan clients and impose excise taxes for violations of these prohibitions, mandate certain required periodic reporting and disclosures and require BlackRock to carry bonds ensuring against losses caused by fraud or dishonesty. ERISA also imposes additional compliance, reporting and operational requirements on BlackRock that otherwise are not applicable to non-benefit plan clients.

BlackRock has seven subsidiaries that are registered as commodity pool operators ("CPOs") and/or commodity trading advisors with the CFTC and are members of the NFA. Additional BlackRock entities may need to register as a CPO or commodity trading advisor as a result of recently enacted regulatory changes by the CFTC. The CFTC and NFA each administer a comparable regulatory system covering futures contracts and various other financial instruments, including swaps as a result of the DFA, in which certain BlackRock clients may invest. Two of BlackRock's other subsidiaries, BlackRock Investments, LLC ("BRIL") and BlackRock Execution Services, are registered with the SEC as broker-dealers and are member-firms of FINRA. Each broker-dealer has a membership agreement with FINRA that limits the scope of such broker-dealer's permitted activities. BRIL is also an approved person with the New York Stock Exchange ("NYSE") and a member of the Municipal Securities Rulemaking Board ("MSRB") subject to MSRB rules.

U.S. BANKING REGULATION

PNC is a bank holding company and regulated as a "financial holding company" by the Federal Reserve under the Bank Holding Company Act of 1956 (the "BHC Act"). As described in "Item 1-Business", PNC owns approximately 22% of BlackRock's capital stock. Based on the Federal Reserve's current interpretation of the BHC Act, this ownership interest causes BlackRock to be treated as a non-bank subsidiary of PNC for purposes of the BHC Act and therefore subject to the supervision and regulation of the Federal Reserve and to most banking laws, regulations and orders that apply to PNC, including the Volcker Rule. The supervision and regulation of PNC and its subsidiaries under applicable banking laws is intended primarily for the protection of its banking subsidiaries, its depositors, the Deposit Insurance Fund of the Federal Deposit Insurance Corporation, and the financial system as a whole, rather than for the protection of stockholders, creditors or clients of PNC or BlackRock. PNC's relationships and good standing with its regulators are important to the conduct of BlackRock's business. BlackRock may also be subject to foreign banking laws and supervision that could affect its business.

BTC is a limited purpose national trust company that does not accept deposits or make commercial loans and is a member of the Federal Reserve System. Accordingly, BTC is examined and supervised by the OCC and is subject to various banking laws and regulations enforced by the OCC, such as capital adequacy, regulations governing fiduciaries, conflicts of interest, self-dealing, and anti-money laundering laws and regulations. BTC is also subject to various Federal Reserve regulations applicable to member institutions, such as regulations restricting transactions with affiliates. Many of these laws and regulations are meant for the protection of BTC's customers and not BTC, BlackRock and its affiliates, or BlackRock's stockholders.

BlackRock generally may conduct only activities that are authorized for a financial holding company under the BHC Act. Investment management is an authorized activity, but must be conducted within applicable regulatory requirements, which in some cases are more restrictive than those BlackRock faces under applicable securities laws. BlackRock may also invest in investment companies and private investment funds to which it provides advisory, administrative or other services, only to the extent consistent with applicable law and regulatory interpretations. The Federal Reserve has broad powers to approve, deny or refuse to act upon applications or notices for BlackRock to conduct new activities, acquire or divest businesses or assets, or reconfigure existing operations. There are limits on the ability of bank subsidiaries of PNC to extend credit to or conduct other transactions with BlackRock or its funds. PNC and its subsidiaries are also subject to examination by various banking regulators, which results in examination reports and ratings that may adversely impact the conduct and growth of BlackRock's businesses.

The Federal Reserve has broad enforcement authority over BlackRock, including the power to prohibit BlackRock from conducting any activity that, in the Federal Reserve's opinion, is unauthorized or constitutes an unsafe or unsound practice in conducting BlackRock's business. The Federal Reserve may also impose substantial fines and other penalties for violations of applicable banking laws, regulations and orders. The DFA strengthened the Federal Reserve's supervisory and enforcement authority over a bank holding company's non-bank affiliates, such as BlackRock.

Any failure of PNC to maintain its status as a financial holding company could result in substantial limitations on certain BlackRock activities and its growth. Such a change of status could be caused by any failure of PNC or one of PNC's bank subsidiaries to remain "well capitalized" and "well managed," by any examination downgrade of one of PNC's bank subsidiaries, or by any failure of one of PNC's bank subsidiaries to maintain a satisfactory rating under the Community Reinvestment Act.

NON-U.S. REGULATION

BlackRock's international operations are subject to the laws and regulations of non-U.S. jurisdictions and non-U.S. regulatory agencies and bodies and, in certain cases, are affected by U.S. laws and regulations that have extra-territorial application. As BlackRock continues to expand its international presence, a number of its subsidiaries and international operations have become subject to regulatory frameworks comparable to those affecting its operations in the United States.

The Financial Conduct Authority (the "FCA") currently regulates certain BlackRock subsidiaries in the United Kingdom, and branches of its U.K. regulated entities in the EU, and the Prudential Regulation Authority (the "PRA") also regulates one BlackRock subsidiary in the United Kingdom. Authorization by the FCA and/or the PRA is required to conduct any financial services related business in the United Kingdom under the Financial Services and Markets Act 2000. The FCA's rules made under that Act govern a firm's capital resources requirements, senior management arrangements,

conduct of business, interaction with clients, and systems and controls, whereas the rules of the PRA focus solely on the prudential requirements imposed on firms. The FCA supervises the Company's U.K.-regulated subsidiaries through a combination of proactive engagement, event-driven and reactive supervision and thematic based reviews — in order to monitor the Company's compliance with regulatory requirements. Breaches of the FCA's rules may result in a wide range of disciplinary actions against the Company's U.K.-regulated subsidiaries and/or its employees.

In addition to the above, the Company's U.K.-regulated subsidiaries and other European subsidiaries and branches, must comply with the pan-European regulatory regime established by the Markets in Financial Instruments Directive ("MiFID"), which became effective on November 1, 2007 and regulates the provision of investment services and activities throughout the EEA, as well as the Capital Requirements Directive, which delineates regulatory capital requirements. Revised obligations on capital resources for banks and certain investment firms apply as of January 1, 2014. These include requirements not only on capital, but address matters of governance and remuneration as well. These will have a direct effect on some of BlackRock's European operations. MiFID sets out detailed requirements governing the organization and conduct of business of investment firms and regulated markets. It also includes pre- and post-trade transparency requirements for equity markets and extensive transaction reporting requirements.

The United Kingdom has adopted the MiFID rules into national legislation and FCA regulations, as have those other European jurisdictions in which BlackRock has a presence (excluding Switzerland which is not part of the EU or EEA). A review of MiFID by the European Commission has led to the publication of a draft amended Directive and a draft new Markets in Financial Instruments Regulation. The proposals, which are currently being finalized, are likely to result in changes to pre- and post-trade reporting obligations and an expansion of the types of instruments subject to these requirements. They may affect the buying and selling of derivatives by moving most derivative trading onto regulated trading venues and may control the activities of algorithmic trading. The proposals may also result in changes to conduct of business requirements including selling practices, intermediary inducements and client categorization. The proposals also envisage giving the European Commission power to ban certain products and services. A further EU regulation, Regulation (EU) No 648/2012 of the European Parliament and of the Council of July 4, 2012 on OTC derivatives, central counterparties and trade repositories, was adopted in August 2012, and requires (i) the central clearing of standardized OTC derivatives, (ii) the application of risk-mitigation techniques to non-centrally cleared OTC derivatives and (iii) the reporting of all derivative contracts from February 2014.

In addition, the FCA will introduce rules in April 2014 that ban payments by product providers to distribution platforms for both advised and non-advised business. These rules follow on from the retail distribution review that came into effect in December 2012 and changed how retail clients pay for investment advice. The FCA also has proposed a prohibition on the use of dealing commissions to pay for corporate access. Final rules are expected to be issued in mid-2014 along with a discussion paper on the broader use of dealing commissions.

In the aftermath of the financial crisis, the European Commission set out a detailed plan for EU financial reform, outlining a number of initiatives to be reflected in new or updated directives, regulations and recommendations of which the MiFID review (mentioned above) was a part. These, together with the changes contemplated by the AIFMD (mentioned above), will have direct and indirect effects on BlackRock's operations in the EEA.

The European Commission has also published proposals to replace the Market Abuse Directive with a regulation on insider dealing and market manipulation and with an accompanying directive on criminal sanctions. The Regulation has now been largely agreed, but an implementation date remains outstanding as it will be linked to the commencement of the revised MiFID rules.

The next iteration of the Undertakings for Collective Investment in Transferable Securities Directive ("UCITS IV"), was required to be adopted in the national law of each EU member state by July 1, 2011. The United Kingdom has adopted UCITS IV requirements into national legislation and FCA regulation. Luxembourg and Ireland have also adopted UCITS IV into their national legislation. However, several other EU member states are still in various stages of the adoption process. UCITS IV introduced new requirements including a requirement on UCITS funds to provide a key investor information document. Recent European Commission consultations have addressed retail investor protection issues, including UCITS V, which considers, among other items, custodial liability, and UCITS VI, which includes proposals on depositaries and product management. A separate proposed regulation on money market funds has also been published and would, if adopted, have a significant impact on BlackRock's European money market fund offerings.

Proposals on packaged retail investment products ("PRIPs") are to be implemented through the strengthening of MiFID standards (for non-insurance PRIPs), revisions to the Insurance Mediation Directive's selling standard (for all insurance-based PRIPs) and new investor disclosure requirements for all PRIPs though a separate EU legislative process.

The European Securities and Markets Authority ("ESMA") has published guidelines on ETFs and other UCITS issues in February 2013, which introduce new collateral management requirements for UCITS concerning collateral received in the context of derivatives using Efficient Portfolio Management techniques and OTC derivative transactions. These rules will require significant changes and implementation is due by February 2014.

Certain individual EU Member States, such as France and Italy, have enacted national financial transaction taxes ("FTTs"), and a group of Member States also could adopt a FTT under an EU Enhanced Cooperation procedure that would apply in those Member States. In general, any tax on securities and derivatives transactions would likely have a negative impact on the liquidity of the securities and derivatives markets, could diminish the attractiveness of certain types of products that we manage in those countries and could cause clients to shift assets away from such products. A FTT could significantly increase the operational costs of our entering into, on behalf of our clients, securities and derivatives transactions that would be subjected to a FTT, which would adversely impact our revenues.

For the insurance sector, the Solvency II process will increase the amount of capital that insurers will have to set

aside and will have an indirect effect on fund managers with insurance clients. The Solvency II process has been delayed from an original compliance date of January 1, 2014 but agreement has now been confirmed for implementation on January 1, 2016.

In addition to the FCA, the activities of certain BlackRock subsidiaries, branches, and representative offices are overseen by financial services regulators in Germany, The Netherlands, Ireland, Luxembourg, Switzerland, Isle of Man, Jersey, France, Belgium, Italy, Poland, South Africa, Spain and Sweden. Regulators in these jurisdictions have authority with respect to financial services including, among other things, the authority to grant or cancel required licenses or registrations. In addition, these regulators may subject certain BlackRock subsidiaries to net capital requirements. Other BlackRock subsidiaries, branches, and representative offices are regulated in Japan, Australia, China, Hong Kong, Singapore, Taiwan, South Korea, India, Dubai, Cayman Islands, Brazil, Chile, Mexico and Canada.

In Japan, a BlackRock subsidiary is subject to the Financial Instruments and Exchange Law (the "FIEL") and the Law Concerning Investment Trusts and Investment Corporations. These laws are administered and enforced by the Japanese Financial Services Agency (the "JFSA"), which establishes standards for compliance, including capital adequacy and financial soundness requirements, customer protection requirements and conduct of business rules. The JFSA is empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease and desist orders or the suspension or revocation of registrations and licenses granted under the FIEL.

In Australia, BlackRock's subsidiaries are subject to various Australian federal and state laws and certain subsidiaries are regulated by the Australian Securities and Investments Commission ("ASIC"). ASIC regulates companies and financial services in Australia and is responsible for promoting investor, creditor and consumer protection. Failure to comply with applicable law and regulations could result in the cancellation, suspension or variation of the regulated subsidiaries licenses in Australia.

The activities of certain BlackRock subsidiaries in Hong Kong are subject to the Securities and Futures Ordinance (the "SFO") which governs the securities and futures markets and regulates, among others, offers of investments to the public and provides for the licensing of intermediaries. The SFO is administered by the Securities and Futures Commission (the "SFC"). The SFC is also empowered under the SFO to establish standards for compliance as well as codes and guidelines. The relevant BlackRock subsidiaries and the employees conducting any of the regulated activities specified in the SFO are required to be licensed with the SFC, and are subject to the rules, codes and guidelines issued by the SFC from time to time. Failure to comply with the applicable laws, regulations, codes and guidelines issued by the SFC could result in the suspension or revocations of the licenses granted by the SFC.

There are parallel legal and regulatory arrangements in force in many other non-U.S. jurisdictions where BlackRock's subsidiaries are authorized to conduct business. Among the various international regulations to which BlackRock is subject, are the extensive and increasingly stringent regulatory reporting requirements that necessitate the monitoring and reporting of issuer exposure levels (thresholds) across the holdings of managed funds and accounts and those of the Company.

AVAILABLE INFORMATION

BlackRock files annual, quarterly and current reports, proxy statements and all amendments to these reports and other information with the SEC. BlackRock makes available free-of-charge, on or through its website at http://www.blackrock.com, the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and all amendments to those filings, as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The Company also makes available on its website the charters for the Audit Committee, Management Development and Compensation Committee, Nominating and Governance Committee and Risk Committee of the Board of Directors, its Code of Business Conduct and Ethics, its Code of Ethics for Chief Executive and Senior Financial Officers and its Corporate Governance Guidelines. Further, BlackRock will provide, without charge, upon written request, a copy of the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements and all amendments to those filings as well as the committee charters, its Code of Business Conduct and Ethics, its Code of Ethics for Chief Executive and Senior Financial Officers and its Corporate Governance Guidelines. Requests for copies should be addressed to Investor Relations, BlackRock, Inc., 55 East 52nd Street, New York, New York 10055. Investors may read and copy any document BlackRock files at the SEC's Public Reference Room at 100 F Street N.E., Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Reports, proxy statements and other information regarding issuers that file electronically with the SEC, including BlackRock's filings, are also available to the public from the SEC's website at http://www.sec.gov.

Item 1A. Risk Factors

As a leading investment management firm, risk is an inherent part of BlackRock's business. Global markets, by their nature, are prone to uncertainty and subject participants to a variety of risks. While BlackRock devotes significant resources across all of its operations to identify, measure, monitor, manage and analyze market, operating and compliance risks, BlackRock's business, financial condition, operating results and nonoperating results could be materially adversely affected and the Company's stock price could decline as a result of any of these risks and uncertainties, including the ones discussed below.

MARKET AND EXTERNAL RISKS

Changes in the value levels of the capital, commodities or currency markets or other asset classes could adversely impact revenues and earnings.

BlackRock's investment management revenues are primarily comprised of fees based on a percentage of the value of assets under management ("AUM") and, in some cases, performance fees normally expressed as a percentage of the returns in excess of a benchmark. Numerous factors, including movements in equity, debt, commodity, real estate and alternative investment asset prices, interest rates or foreign exchange rates could cause:

- the value of AUM to decrease;
- the returns realized on AUM to decrease;
- clients to withdraw funds in favor of products that they perceive offer greater opportunity than BlackRock's products;

- clients to rebalance assets away from products that BlackRock manages into products that it may not manage;
- clients to rebalance assets away from products that earn higher fees into products with lower fees; and
- an impairment to the value of intangible assets and goodwill.

The occurrence of any of these events could result in lower investment advisory, management, administration and performance fees and cause the Company's revenues and earnings to decline.

Competitive fee pressures could reduce revenues and profit margins.

The investment management industry is highly competitive and has relatively low barriers to entry. To the extent that BlackRock is forced to compete on the basis of price, fee reductions on existing or future new business could cause revenues and profit margins to decline.

Failure of other financial institutions could adversely affect BlackRock's earnings.

The products and accounts that BlackRock manages have exposure to many different industries and counterparties, and BlackRock routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, clearing organizations, mutual and hedge funds, and other institutional clients. Many of these transactions expose BlackRock's products and accounts to credit risk in the event of default of its counterparty. While BlackRock regularly assesses risks posed by these counterparties, such counterparties may be subject to sudden swings in the financial and credit markets that may impair their ability to perform. Such a failure could negatively impact the performance of BlackRock's products and accounts, which could lead to the loss of clients and a decline in BlackRock's revenues and earnings.

The failure or negative performance of products of other financial institutions could lead to reduced AUM in similar products of BlackRock without regard to the performance of BlackRock's products.

The failure or negative performance of products of other financial institutions could lead to a loss of confidence in similar products of BlackRock without regard to the performance of BlackRock's products. Such a negative perception could lead to withdrawals, redemptions and liquidity issues in such products and have a material adverse impact on the Company's AUM, revenues and earnings.

BlackRock's investment advisory contracts may be terminated or may not be renewed by clients and the liquidation of certain funds may be accelerated at the option of investors.

Separate account and commingled trust clients may terminate their investment management contracts with BlackRock or withdraw funds on short notice. The Company experiences routine turnover in commingled trust funds and separate accounts and could, in the future, lose significant AUM in funds and accounts due to various circumstances such as adverse market conditions, fee competition or poor performance.

Additionally, BlackRock manages its U.S. mutual funds, closed-end and exchange-traded funds under management contracts with the funds that must be renewed and approved by the funds' boards of directors annually and may be terminated by them without cause on short notice. Certain additional services, such as securities lending, also require approval by the funds' boards of directors annually. A majority of the directors of each such fund are independent from BlackRock. Consequently, there can be no assurance that the board of directors of each fund managed by the Company will not terminate BlackRock or will approve the fund's management contract each year or will not condition its approval on the terms of the management contract being revised in a way that is adverse to the Company.

Further, the governing agreements of many of the Company's private investment funds generally provide that, subject to certain conditions, investors in those funds, and in some cases independent directors of those funds, may remove BlackRock as the investment adviser, general partner or the equivalent of the fund or liquidate the fund without cause by a simple majority vote, resulting in a reduction in the management or performance fees as well as the total carried interest BlackRock could earn.

Operating in international markets increases BlackRock's operational, regulatory and other risks.

As a result of BlackRock's extensive international business activities, the Company faces associated operational, regulatory, reputational and foreign exchange rate risks. The failure of the Company's systems of internal control to properly mitigate such additional risks, or of its operating infrastructure to support such international activities, could result in operational failures and regulatory fines or sanctions, which could cause the Company's earnings to decline.

RISKS RELATED TO BLACKROCK'S BUSINESS AND INTERNAL OPERATIONS

Poor investment performance could lead to the loss of clients and a decline in revenues and earnings.

The Company's management believes that investment performance, including the efficient delivery of beta for passively managed products, is one of the most important factors for the growth and retention of AUM. Poor investment performance relative to applicable portfolio benchmarks or to competitors could reduce revenues and cause earnings to decline as a result of:

- existing clients withdrawing funds in favor of better performing products, which could result in lower investment advisory and administration fees;
- the diminishing ability to attract funds from existing and new clients;
- the Company earning minimal or no performance fees; and
- an impairment to the value of intangible assets and goodwill.

Performance fees may increase volatility of both revenue and earnings.

A portion of BlackRock's revenues is derived from performance fees on investment and risk management advisory assignments. Performance fees represented

$561 million, or 6%, of total revenue for the year ended December 31, 2013. In most cases, performance fees are based on relative or absolute investment returns, although in some cases they are based on achieving specific service standards. Generally, the Company is entitled to performance fees only if the returns on the related portfolios exceed agreed-upon periodic or cumulative return targets. If these targets are not exceeded, performance fees for that period will not be earned and, if targets are based on cumulative returns, the Company may not earn performance fees in future periods.

Changes in the value of seed and co-investments that BlackRock owns could affect BlackRock's nonoperating income or earnings and could increase the volatility of its earnings.

At December 31, 2013, BlackRock's net economic investment exposure of approximately $1.6 billion in its investments (see "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations-Investments") primarily resulted from co-investments and seed investments in its sponsored investment funds. A decline in the prices of equity or debt securities, or the value of real estate or other alternative investments could lower the value of these investments, increase the volatility of BlackRock's earnings and, if such prices decline or BlackRock realizes losses, could result in a decline in earnings.

Additionally, the Company may generate realized and unrealized capital losses on such seed investments and co-investments. U.S. Federal realized capital losses may be carried back three years and carried forward five years and offset against realized capital gains for federal income tax purposes. The Company has unrealized capital losses for which a deferred tax asset has been established. In the event such unrealized losses are realized, the Company may not be able to offset such losses within the carryback or carryforward period or from future realized capital gains, in which case the deferred tax asset will not be realized. The failure to utilize the deferred tax asset could materially increase BlackRock's income tax expense.

Failure to maintain adequate infrastructure and a technological advantage could lead to a loss of clients and could impede BlackRock's productivity and growth.

The Company's infrastructure, including its technological capacity, data centers, and office space, is vital to the competitiveness of its business. The failure to maintain an adequate infrastructure commensurate with the size and scope of its business, including any expansion, or the outage or failure of existing infrastructure, could materially impact operations and impede the Company's productivity and growth, which could cause the Company's earnings to decline or could impact the Company's ability to comply with regulatory obligations leading to regulatory fines and sanctions.

A key element to BlackRock's continued success is the ability to maintain a technological advantage in providing the sophisticated risk analytics incorporated into BlackRock's *Aladdin* technology platform that support investment advisory and BRS clients. Moreover, the Company's technological and software advantage is dependent on a number of third parties who provide various types of data and software. The failure of these third parties to provide such data or software could result in operational difficulties and adversely impact BlackRock's ability to provide services to its investment advisory and BRS clients. There can be no assurance that the Company will be able to maintain this technological advantage or be able to effectively protect and enforce its intellectual property rights in these systems and processes.

Failure to implement effective information and cyber security policies, procedures and capabilities could disrupt operations and cause financial losses that could result in a decrease in BlackRock's earnings.

BlackRock is dependent on the effectiveness of its information and cyber security policies, procedures and capabilities to protect its computer and telecommunications systems and the data that reside on or are transmitted through them. An externally caused information security incident, such as a hacker attack, virus or worm, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information and could result in material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could cause a decline in the Company's earnings.

Failure to maintain adequate business continuity plans could have a material adverse impact on BlackRock and its products.

A significant portion of BlackRock's critical business operations is concentrated in a few geographic areas, including San Francisco, California, New York, New York and London, England. A major earthquake, hurricane, fire, terrorist act or other catastrophic event in any of these locations could result in disruption to the business. The failure of the Company to maintain updated adequate business continuity plans, including secure backup facilities, systems and personnel could impede the Company's ability to operate during, or could effect, a disruption, which could cause the Company's earnings to decline.

Failure to maintain adequate liquidity for general business operations could adversely impact BlackRock's financial condition and growth prospects.

BlackRock's ability to meet anticipated cash needs depends upon a number of factors, including its ability to maintain and grow AUM, its creditworthiness and operating cash flows. Failure to maintain adequate liquidity could lead to unanticipated costs and force BlackRock to revise existing strategic and business initiatives. BlackRock's access to capital markets and its ability to issue public or private debt on reasonable terms may be limited by adverse market conditions, a reduction in its long- or short-term credit ratings as well as changes in government regulations, including tax and interest rates. Failure to obtain funds and/or financing could adversely impact BlackRock's financial condition and prospects for growth.

Failure to comply with client contractual requirements and/or guidelines could result in damage awards against BlackRock and loss of revenues due to client terminations.

When clients retain BlackRock to manage assets or provide products or services on their behalf, they typically specify guidelines or contractual requirements that the Company is required to observe in the provision of its services. A failure

to comply with these guidelines or contractual requirements could result in damage to BlackRock's reputation or in its clients seeking to recover losses, withdrawing their assets or terminating their contracts, any of which could cause the Company's AUM, revenues and earnings to decline.

Failure to identify errors in the quantitative models BlackRock utilizes to manage its business could adversely impact product performance and client relationships.

BlackRock employs various quantitative models to support its investment decisions and allocations, including those related to risk assessment, portfolio management, trading and hedging activities and product valuations. Any errors in the underlying models or model assumptions could have unanticipated and adverse consequences on BlackRock's business and reputation.

The determination to provide support to particular products from time to time may reduce earnings or other investments in the business.

BlackRock may, at its option, from time to time support investment products through capital or credit support or indemnifications. Such support and indemnifications utilize capital that would otherwise be available for other corporate purposes. Losses or prohibitions on such support and indemnifications, or failure to have or devote sufficient capital to support products, could have an adverse impact on revenues and earnings.

Failure to manage risks in operating BlackRock's securities lending program for clients could lead to a loss of clients and a decline in revenues and liquidity.

On behalf of certain clients, BlackRock lends securities to banks and broker-dealers. In these securities lending transactions, the borrower is required to provide and maintain collateral at or above regulatory minimums. Securities on loan are marked to market daily to determine if the borrower is required to pledge additional collateral. BlackRock must manage risks associated with (i) ensuring that the value of the collateral held against the securities on loan does not decline in value or become illiquid and that its nature and value complies with regulatory requirements and investment requirements; (ii) the potential that a borrower defaults or does not return a loaned security on a timely basis; and (iii) errors in the settlement of securities, daily mark-to-market valuations and collateral collection. The failure of the Company's controls to mitigate these risks could result in financial losses for the Company's clients that participate in its securities lending programs as well as for the Company.

The determination to provide securities lending indemnifications may reduce earnings or other investments in the business.

BlackRock has issued certain indemnifications to certain securities lending clients against potential loss resulting from a borrower's failure to fulfill its obligations should the value of the collateral pledged by the borrower at the time of a potential default be insufficient to cover the borrower's obligations under the securities lending agreement. These indemnifications cover only the collateral shortfall, and do not guarantee, assume or otherwise insure the investment performance or return of any cash collateral vehicle into which securities lending cash collateral is invested. The amount of securities on loan as of December 31, 2013 and subject to indemnification was $118.3 billion. BlackRock held, as agent, cash and securities totaling $124.6 billion as collateral for indemnified securities on loan at December 31, 2013. BlackRock expects indemnified balances to continue to increase over time. The failure of the Company to mitigate these risks could result in financial losses for the Company's clients that participate in its securities lending programs as well as for the Company.

Failure to establish adequate controls and risk management policies, or fraud, or the circumvention of controls and policies, could have an adverse effect on BlackRock's reputation and financial position.

Although BlackRock has adopted a comprehensive risk management process and continues to enhance various controls, procedures, policies and systems to monitor and manage risks, it cannot assure that such controls, procedures, policies and systems will successfully identify and manage internal and external risks to its businesses. BlackRock is subject to the risk that its employees, contractors or other third parties may deliberately seek to circumvent established controls to commit fraud or act in ways that are inconsistent with the Company's controls, policies and procedures. Persistent or repeated attempts involving fraud, conflicts of interests or circumvention of policies and controls could have a materially adverse impact on BlackRock's reputation and could lead to costly regulatory inquiries.

Additional acquisitions may decrease earnings and harm the Company's competitive position if not successful.

BlackRock employs a variety of strategies intended to enhance earnings and expand product offerings in order to improve profit margins. These strategies have included hiring smaller-sized investment teams, acquisitions of investment management businesses, such as MGPA and Credit Suisse's ETF franchise, and other small and medium-sized strategic acquisitions to expand geographical reach, access new clients or pursue other business and financial opportunities. These strategies may not be effective, and failure to successfully develop and implement these strategies may decrease earnings and harm certain aspects of the Company's competitive position in the investment management industry. These strategic transactions also involve a number of financial accounting, tax, regulatory and operational challenges and uncertainties, including the assumption of pre-existing liabilities, and failure to identify and mitigate associated risks through due diligence and indemnification provisions could adversely impact BlackRock's earnings and reputation. In the event BlackRock pursues additional acquisitions, it may not be able to find suitable businesses to acquire at acceptable prices, and it may not be able to successfully integrate or realize the intended benefits from such acquisitions.

The development of new products and services may expose BlackRock to additional costs or operational risk.

BlackRock's financial performance depends, in part, on its ability to develop, market and manage new investment products and services. The development and introduction of new products and services may require significant time and resources as well as ongoing support and investment. Substantial risk and uncertainties are associated with the introduction of new products and services, including the implementation of new and appropriate operational controls and procedures, shifting client and market preferences, the

introduction of competing products or services and compliance with regulatory requirements. Failure to successfully manage these risks may cause BlackRock's revenues and costs to fluctuate and could have an adverse impact on its business and reputation.

Loss of employees could lead to the loss of clients and a decline in revenues.

The ability to attract and retain quality personnel has contributed significantly to BlackRock's growth and success and is important to attracting and retaining clients. The market for qualified fund managers, investment analysts, financial advisers and other professionals is competitive. There can be no assurance that the Company will be successful in its efforts to recruit and retain required personnel. Loss of personnel could have a material adverse effect on the Company.

RISKS RELATED TO KEY RELATIONSHIPS

The failure of a key vendor to BlackRock to fulfill its obligations could have a material adverse effect on BlackRock and its products.

BlackRock depends on a number of key vendors for various fund administration, accounting, custody, risk analytics, market data, market indices and transfer agent roles and other operational needs. The failure or inability of BlackRock to diversify its sources for key services or the failure of any key vendors to fulfill their obligations could lead to operational and regulatory issues for the Company and in certain of its products, which could result in reputational harm and financial losses for the Company.

Bank of America/Merrill Lynch is an important distributor of BlackRock's products, and the Company is, therefore, subject to risks associated with the business of Bank of America/Merrill Lynch.

Under a global distribution agreement entered into with Merrill Lynch in 2006, Merrill Lynch, which merged with Bank of America on January 1, 2009, provides distribution, portfolio administration and servicing for certain BlackRock investment management products and services through its various distribution channels. The Company may not be successful in distributing products through Merrill Lynch or in distributing its products and services through other third-party distributors. If BlackRock is unable to distribute its products and services successfully or if it experiences an increase in distribution-related costs, BlackRock's business, results of operations or financial condition may be materially and adversely affected.

Loss of market share within Merrill Lynch's Global Wealth & Investment Management business could harm operating results.

A significant portion of BlackRock's revenue has historically come from AUM generated by Merrill Lynch's Global Wealth & Investment Management ("GWIM") business. BlackRock's ability to maintain a strong relationship within GWIM is material to the Company's future performance. If one of the Company's competitors gains significant additional market share within the GWIM retail channel at the expense of BlackRock, then BlackRock's business, results of operations or financial condition may be negatively impacted.

PNC has agreed to vote as a stockholder in accordance with the recommendation of BlackRock's Board of Directors, and certain actions will require special board approval or the prior approval of PNC.

As discussed in our proxy statement, PNC has agreed to vote all of its voting shares in accordance with the recommendation of BlackRock's Board of Directors in accordance with the provisions of its stockholder agreement with BlackRock. As a consequence, if the shares held by PNC constitute a substantial portion of the outstanding voting shares, matters submitted to a stockholder vote that require a majority or a plurality of votes for approval, including elections of directors, will have a substantial number of shares voted in accordance with the determination of the BlackRock Board of Directors. This arrangement has the effect of concentrating a significant block of voting control over BlackRock in its Board of Directors, whether or not stockholders agree with any particular determination of the Board. At December 31, 2013, PNC owned approximately 20.9% of BlackRock's voting common stock.

As discussed in our proxy statement, pursuant to our stockholder agreement with PNC, the following may not be done without prior approval of all of the independent directors, or at least two-thirds of the directors, then in office:

- appointment of a new Chief Executive Officer of BlackRock;
- any merger, issuance of shares or similar transaction in which beneficial ownership of a majority of the total voting power of BlackRock capital stock would be held by persons different than those currently holding such majority of the total voting power, or any sale of all or substantially all assets of BlackRock;
- any acquisition of any person or business which has a consolidated net income after taxes for its preceding fiscal year that equals or exceeds 20% of BlackRock's consolidated net income after taxes for its preceding fiscal year if such acquisition involves the current or potential issuance of BlackRock capital stock constituting more than 10% of the total voting power of BlackRock capital stock issued and outstanding immediately after completion of such acquisition;
- any acquisition of any person or business constituting a line of business that is materially different from the lines of business BlackRock and its controlled affiliates are engaged in at that time if such acquisition involves consideration in excess of 10% of the total assets of BlackRock on a consolidated basis;
- except for repurchases otherwise permitted under the stockholder agreement, any repurchase by BlackRock or any subsidiary of shares of BlackRock capital stock such that after giving effect to such repurchase BlackRock and its subsidiaries shall have repurchased more than 10% of the total voting power of BlackRock capital stock within the 12-month period ending on the date of such repurchase;
- any amendment to BlackRock's certificate of incorporation or bylaws; or
- any matter requiring stockholder approval pursuant to the rules of the NYSE.

Additionally, BlackRock may not enter into any of the following transactions without the prior approval of PNC:

- any sale of any subsidiary of BlackRock, the annualized revenues of which, together with the annualized revenues of any other subsidiaries disposed of within the same year, are more than 20% of the annualized revenues of BlackRock for the preceding fiscal year on a consolidated basis;
- for so long as BlackRock is a subsidiary of PNC for purposes of the BHC Act, entering into any business or activity that is prohibited for any such subsidiary under the BHC Act;
- any amendment of any provision of a stockholder agreement between BlackRock and any stockholder beneficially owning greater than 20% of BlackRock capital stock that would be viewed by a reasonable person as being adverse to PNC or materially more favorable to the rights of any stockholder beneficially owning greater than 20% of BlackRock capital stock than to PNC;
- any amendment, modification, repeal or waiver of BlackRock's certificate of incorporation or bylaws that would be viewed by a reasonable person as being adverse to the rights of PNC or more favorable to the rights of any stockholder beneficially owning greater than 20% of BlackRock capital stock, or any settlement or consent in a regulatory enforcement matter that would be reasonably likely to cause PNC or any of its affiliates to suffer regulatory disqualification, suspension of registration or license or other material adverse regulatory consequences; or
- a voluntary bankruptcy or similar filing by BlackRock.

PNC owns a large portion of BlackRock's capital stock. Future sales of our common stock in the public market by the Company or PNC could adversely affect the trading price of our common stock.

As of December 31, 2013, PNC owned 21.9% of the Company's capital stock. The Company has entered into a registration rights agreement with PNC. The registration rights agreement provides PNC with the right to cause us to file one or more registration statements for the resale of its shares of capital stock and cooperate in certain underwritten offerings. Sales of a substantial number of shares of our common stock in the public market pursuant to registration rights or otherwise, or the perception that these sales might occur, could cause the market price of our common stock to decline.

LEGAL AND REGULATORY RISKS

BlackRock is subject to extensive regulation in the United States and internationally.

BlackRock's business is subject to extensive regulation in the United States and around the world. See the discussion under "Item 1 – Business – Regulation." New laws or regulations, or changes in enforcement of existing laws or regulations in the United States or internationally, could adversely impact the scope or profitability of BlackRock's business activities. Violation of applicable laws or regulations could result in fines, temporary or permanent prohibition of the engagement in certain activities, reputational harm and related client terminations, suspensions of personnel or revocation of their licenses or bank charter, suspension or termination of investment adviser, broker-dealer or other registrations, or other sanctions, which could have a material adverse effect on BlackRock's reputation, business, results of operations or financial condition and cause the Company's earnings to decline.

BlackRock may be adversely impacted by legal and regulatory changes required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and other U.S. regulatory reform initiatives.

As previously mentioned, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "DFA") was signed into law. The DFA is expansive in scope and requires the adoption of extensive regulations and numerous regulatory decisions in order to be implemented. The adoption of these regulations and decisions will in large measure determine the impact of the DFA on BlackRock. BlackRock is continuing to review what impact the legislation and related rule-making will have on its business, financial condition and results of operations.

The DFA charges the Board of Governors of the Federal Reserve System (the "Federal Reserve") with establishing enhanced regulatory requirements for nonbank financial institutions designated as "systemically important" by the Financial Stability Oversight Council ("FSOC"). Should BlackRock be designated a systemically important financial institution (a "SIFI"), it could be subject to these enhanced prudential, capital, supervisory and other requirements, which, individually or in the aggregate, could adversely impact BlackRock's business and operations.

The DFA and its regulations could adversely impact the scope or profitability of BlackRock's business activities, could require BlackRock to change certain business practices and could expose BlackRock to additional costs (including compliance and tax costs).

Provisions of the DFA referred to as the "Volcker Rule" created a new section of the BHC Act that places limitations on the ability of banks and their subsidiaries to engage in proprietary trading and to invest in and transact with certain private investment funds, including hedge funds, private equity funds and funds of funds (collectively "covered funds"). Final regulations implementing the Volcker Rule were issued on December 10, 2013; entities subject to the Volcker Rule must conform their activities to the requirements of the final implementing regulations no later than July 21, 2015, subject to the granting of extensions that are available in limited circumstances. Because BlackRock is treated as a non-bank subsidiary of PNC under the Federal Reserve's current interpretation of the BHC Act, BlackRock will be required to comply with the Volcker Rule. The Volcker Rule will limit BlackRock's ability to invest in covered funds, require BlackRock to remove its name from the name of its covered funds, and limit investments in covered funds by BlackRock employees, among other restrictions. Depending on the availability of statutory extensions, BlackRock could be required to sell certain seed and co-investments that it holds, including at a discount, depending on market conditions. These limitations and restrictions could disadvantage BlackRock against competitors that are not subject to the Volcker Rule in our ability to attract clients into BlackRock covered funds and to retain employees. Finally, the restrictions on proprietary

trading in the Volcker Rule could impact the ability of our trading counterparties to make markets and provide liquidity in certain securities, which could have a negative impact on our ability to manage funds and client accounts that transact in those securities.

Further, the full implementation of regulations under the DFA relating to regulation of swaps and derivatives could impact the manner by which BlackRock-advised funds and accounts use and trade swaps and other derivatives, and could significantly increase the costs of derivatives trading conducted by BlackRock on behalf of its clients. BlackRock will also need to build new compliance mechanisms to monitor compliance with SEC and Commodity Futures Trading Commission ("CFTC") rules concerning, among other things, the registration and regulation of commodity pool operators and commodity trading advisors (and the accompanying registration and regulation of such entities by the National Futures Association), the applicability of CFTC rules and regulations to offshore funds, accounts and counterparties, and requirements to centrally clear certain swap transactions and to execute certain swap transaction only on or through CFTC-registered trading venues. BlackRock, on behalf of its clients, is also preparing for the implementation of trade reporting, documentation, and mandated central clearing of swaps requirements in the EU and other jurisdictions globally. Inconsistencies and potential contradictions in the rules adopted by various global regulators will increase the operational and legal risks associated with trading in derivatives.

In addition, BlackRock has begun reporting certain information about a number of its private funds to the SEC and certain information about a number of its commodity pools to the CFTC, pursuant to systemic risk reporting requirements adopted by both agencies, which have required, and will continue to require, investments in people and systems to assure timely and accurate reporting.

The SEC, the Internal Revenue Service and the CFTC each continue to review the use of futures and derivatives by mutual funds, which could result in regulations that further limit the use of such instruments by mutual funds. If adopted, these limitations could require BlackRock to change certain mutual fund business practices or to register additional entities with the CFTC, which could result in additional costs and/or restrictions.

The SEC has recently promulgated new rules that give effect to a section of the DFA that requires municipal advisors (as that term is defined in the statute) to register with the SEC. The new rules require entities that provide certain types of advice to, or on behalf of, or solicit municipal entities or certain other persons, to register with the SEC and the Municipal Securities Rulemaking Board ("MSRB") as municipal advisors, thereby subjecting those entities to new or additional regulation by the SEC and MSRB. BlackRock is reviewing what impact the new rules will have on its business, financial condition and results of operation.

The foregoing regulatory changes, and other reforms globally, could also lead to business disruptions, could adversely impact the value of assets in which BlackRock has invested on behalf of clients and/or via seed or co-investments, and, to the extent the regulations strictly control the activities of financial services firms, could make it more difficult for BlackRock to conduct certain business activities or distinguish itself from competitors. See "Item 1 – Business" above for additional information regarding certain laws and regulations that affect BlackRock's business.

BlackRock may be adversely impacted by legal and regulatory changes related to money market mutual funds.

Regulatory authorities, including the SEC, the FSOC and the International Organization of Securities Commissions, continue to focus on the need for additional regulations for money market mutual funds. In June 2013, the SEC issued for public comment a proposal to reform the regulatory structure governing money market funds and address the perceived systemic risks that money market funds present. The SEC's proposal also proposes many other changes to disclosure and portfolio construction requirements for money market funds. If adopted by the SEC, these reform proposals could significantly affect money market fund products and the entire money market fund industry. In light of the uncertainty regarding what changes may ultimately be adopted in a final SEC rule, the Company cannot predict what investor appetite will be for money market mutual fund products following the adoption of any such reforms or the impact of such reforms on BlackRock.

Failure to comply with the Investment Advisers Act of 1940 (the "Advisers Act") or the Investment Company Act of 1940 (the "Investment Company Act") and related regulations could result in substantial harm to BlackRock's reputation and results of operations.

Certain BlackRock subsidiaries are registered with the SEC under the Advisers Act and BlackRock's U.S. mutual funds, closed-end funds and exchange-traded funds are registered with the SEC under the Investment Company Act. The Advisers Act imposes numerous obligations and fiduciary duties on registered investment advisers, including record-keeping, operating and marketing requirements, disclosure obligations and prohibitions on self-dealing. The Investment Company Act imposes similar obligations, as well as additional detailed operational and compliance requirements on investment advisers to registered investment companies. The failure of any of BlackRock's relevant subsidiaries to comply with the Advisers Act or the Investment Company Act could cause the SEC to institute proceedings and impose sanctions for violations of either of these acts, including censure, termination of an investment adviser's registration or prohibition to serve as adviser to SEC-registered funds, and could lead to litigation by investors in those funds or harm to the Company's reputation, any of which could cause its earnings to decline.

Failure to comply with ERISA regulations could result in penalties and cause the Company's earnings to decline.

Certain BlackRock subsidiaries are subject to the Employee Retirement Income Security Act of 1974 ("ERISA") and to regulations promulgated thereunder, insofar as they act as a "fiduciary" under ERISA with respect to benefit plan clients. ERISA and applicable provisions of the Internal Revenue Code impose duties on persons who are fiduciaries under ERISA, prohibit specified transactions involving ERISA plan clients and provide monetary penalties for violations of these prohibitions. The failure of any of BlackRock's relevant subsidiaries to comply with these requirements could result in significant penalties that could reduce the Company's earnings to decline.

BlackRock is subject to banking regulations that may limit its business activities.

As described in "Item 1-Business", PNC owns approximately 22% of BlackRock's capital stock. Based on the Federal Reserve's current interpretation of the Bank Holding Company Act of 1956 (the "BHC Act"), this ownership interest causes BlackRock to be treated as a non-bank subsidiary of PNC for purposes of the BHC Act. As a non-bank subsidiary of PNC, BlackRock is subject to banking regulation, including the supervision and regulation of the Federal Reserve. Such banking regulation limits the activities and the types of businesses that BlackRock may conduct. The Federal Reserve has broad enforcement authority over BlackRock, including the power to prohibit BlackRock from conducting any activity that, in the Federal Reserve's opinion, is unauthorized or constitutes an unsafe or unsound practice, and to impose substantial fines and other penalties for violations. PNC is regulated as a "financial holding company" under the BHC Act, which allows PNC and BlackRock to engage in a much broader set of activities than would otherwise be permitted under the BHC Act; any failure of PNC to maintain its status as a financial holding company could result in substantial limitations on certain BlackRock activities and its growth. Furthermore, the Volcker Rule, which is a part of the BHC Act, will affect the method by which BlackRock invests in and operates its private investment funds, including private equity funds, hedge funds and funds of funds. BlackRock's trust bank subsidiary is also subject to regulation by the OCC, and is subject to capital requirements established by the OCC. The OCC has broad enforcement authority over BlackRock's trust bank subsidiary. Being subject to banking regulation, including the Volcker Rule, may put BlackRock at a competitive disadvantage because most of its competitors are not subject to these limitations.

Failure to comply with laws and regulations in the European Union in which BlackRock operates could result in substantial harm to BlackRock's reputation and results of operations.

In the aftermath of the financial crisis, the European Commission set out a detailed plan for EU financial reform, outlining a number of initiatives to be reflected in new or updated directives, regulations and recommendations of which the review of the Markets in Financial Instruments Directive ("MiFID") was a part. These, together with the changes introduced by the Alternative Investment Fund Managers Directive ("AIFMD"), will have direct and indirect effects on BlackRock's operations in the European Economic Area, including increased compliance, disclosure and other obligations, which could adversely impact BlackRock's ability to expand in these markets.

The Financial Conduct Authority (the "FCA") regulates BlackRock's subsidiaries in the United Kingdom and branches in the European Union and the Prudential Regulation Authority the ("PRA") also regulates one BlackRock subsidiary in the United Kingdom. Authorization by the FCA and/or the PRA is required to conduct any financial services related business in the United Kingdom under the Financial Services and Markets Act 2000. BlackRock's U.K. subsidiaries require authorization by the FCA under the Financial Services and Markets Act 2000 in order to conduct their financial services-related business in the United Kingdom. The FCA's rules govern the Company's U.K.-regulated subsidiaries' capital resources requirements, senior management arrangements, conduct of business, interaction with clients and systems and controls, while the rules of the PRA focus solely on the prudential requirements imposed on firms. Breaches of these rules may result in a wide range of disciplinary actions against the Company's U.K.-regulated subsidiaries or employees.

In addition, these subsidiaries, and other European subsidiaries, branches or representative offices, must comply with the pan-European regime established by MiFID, which regulates the provision of investment services and activities throughout the EEA, as well as the Capital Requirements Directive, which delineates regulatory capital requirements. As discussed under "Item 1 - Business - Regulation," in the aftermath of the financial crisis the European Commission adopted a detailed plan to complete the EU's financial reform, outlining a number of initiatives to be reflected in new or updated directives, regulations and recommendations. The AIFMD has been implemented in some EU countries, including the United Kingdom, Ireland, France, Germany, the Netherlands and Luxembourg, but several other EU member states are still in various stages of the adoption process. Compliance with the AIFMD's requirements is likely to restrict marketing by funds subject to the AIFMD and place additional compliance and disclosure obligations regarding remuneration, capital requirements, leverage, valuation, stakes in EU companies, depositaries, the domicile of custodians and liquidity management. In addition, UCITS IV was adopted into national law of each EU member state (except Portugal).

There are also European Commission consultations in process that are intended to improve retail investor protection including: (i) UCITS V, which addresses, among other items, custodial liability and remuneration of UCITS managers, which are intended to be consistent with the equivalent provisions of the AIFMD; (ii) UCITS VI, which will address, among other items, the eligible assets which a UCITS fund can invest in, efficient portfolio management techniques and extraordinary liquidity management tools; and (iii) Regulation on Money Market Funds ("MMFs"), which will introduce new regulatory measures that will apply to European MMFs. The European Commission's proposals on packaged retail investment products ("PRIPs") are to be implemented through the strengthening of MiFID standards (for non-insurance PRIPs), revisions to the Insurance Mediation Directive's selling standard (for all insurance-based PRIPs) and new investor disclosure requirements for all PRIPs through a separate EU legislative process, which is expected to be adopted in 2014 and come into effect in 2016. In the United Kingdom, the Bribery Act 2010 came into force in July 2011 and has required the implementation of additional procedures on the Company's U.K.-regulated subsidiaries.

In addition, rules introduced in the United Kingdom following a retail distribution review initiated by the FCA's predecessor, the Financial Services Authority, changed how investment advice is paid for in the United Kingdom for all retail investment products. Regulation (EU) no 648/2012 of the European Parliament and of the Council of July 4, 2012 on OTC derivatives, central counterparties and trade repositories ("EMIR"), was adopted in August 2012, and requires (i) the central clearing of standardized OTC derivatives, (ii) the application of risk-mitigation techniques to non-centrally cleared OTC derivatives and (iii) the reporting of all derivative contracts from February 2014. Finally, the CRD IV package of reforms on prudential requirements for credit institutions and

investment firms, which became effective on January 1, 2014, will have direct and indirect impacts on the Company's EU-regulated subsidiaries.

Failure to comply with laws and regulations in the Asia-Pacific region and other non-U.S. jurisdictions in which BlackRock operates could result in substantial harm to BlackRock's reputation and results of operations.

In Japan, a BlackRock subsidiary is subject to the Financial Instruments and Exchange Law (the "FIEL") and the Law Concerning Investment Trusts and Investment Corporations. These laws are administered and enforced by the Japanese Financial Services Agency (the "JFSA"), which establishes standards for compliance, including capital adequacy and financial soundness requirements, customer protection requirements and conduct of business rules. The JFSA is empowered to conduct administrative proceedings that can result in censure, fines, the issuance of cease and desist orders or the suspension or revocation of registrations and licenses granted under the FIEL. In addition, the BlackRock subsidiary has recently obtained a license for real estate broker business from the Tokyo governor and, therefore, must comply with various regulations set forth in the Real Estate Brokerage Business Act.

In Australia, BlackRock's subsidiaries are subject to various Australian federal and state laws and certain subsidiaries are regulated by the Australian Securities and Investments Commission ("ASIC"). ASIC regulates companies and financial services in Australia and is responsible for promoting investor, creditor and consumer protection. Failure to comply with applicable law and regulations could result in the cancellation, suspension or variation of the relevant subsidiaries' licenses in Australia.

The activities of certain BlackRock subsidiaries in Hong Kong are subject to the Securities and Futures Ordinance (the "SFO"), which governs the securities and futures markets and regulates, among others, offers of investments to the public and provides for the licensing of intermediaries. The SFO is administered by the Securities and Futures Commission (the "SFC"). The SFC is also empowered under the SFO to establish standards for compliance as well as codes and guidelines. The relevant BlackRock subsidiaries and the employees conducting any of the regulated activities specified in the SFO are required to be licensed with the SFC, and are subject to the rules, codes and guidelines issued by the SFC from time to time. Failure to comply with the SFO and other applicable laws, regulations, codes and guidelines issued by the SFC could result in penalties, sanctions and the suspension or revocations of the licenses granted by the SFC.

There are similar legal and regulatory arrangements in force in many other non-U.S. jurisdictions where BlackRock's subsidiaries conduct business or where the funds and products it manages are organized. Failure to comply with laws and regulations in any of these jurisdictions could result in substantial harm to BlackRock's reputation and results of operation and result in fines or sanctions for BlackRock or its employees.

Failure to comply with ownership reporting requirements could result in harm to BlackRock's reputation and results of operations.

Of note among the various international regulations to which BlackRock is subject, are the extensive and increasingly stringent regulatory reporting requirements that necessitate the monitoring and reporting of issuer exposure levels (thresholds) across the holdings of managed funds and accounts and those of the Company. The specific triggers and the reporting methods that these threshold filings entail vary significantly by regulator and across jurisdictions. BlackRock continues to invest in technology, training and personnel to enhance its monitoring and reporting functions and improve the timeliness and accuracy of its disclosures. Despite these investments, the complexity of the various threshold reporting requirements combined with the breadth of the assets managed by the Company and high volume of securities trading pose a risk that errors or omissions will occasionally occur, which could have an adverse effect on BlackRock's reputation and results of operation.

Changes in U.S. and non-U.S. tax laws and regulations or challenges to BlackRock's tax positions with respect to historical transactions may adversely affect BlackRock's effective tax rate, business and overall financial condition.

BlackRock's businesses may be directly or indirectly affected by new tax legislation and regulation, or the modification of existing tax laws and regulations by U.S. or non-U.S. authorities. The Company manages significant assets in products and accounts that have specific tax and after-tax related objectives, which could be adversely impacted by changes in tax policy, particularly with respect to U.S. municipal income, the U.S. individual income tax rate on qualified dividends and, globally, alternative products.

Additionally, any new legislation, modification or interpretation of tax laws could also impact BlackRock's corporate tax position. The application of complex tax regulations involves numerous uncertainties and in the normal course of business U.S. and non-U.S. tax authorities may review and challenge tax positions adopted by BlackRock. These challenges may result in adjustments to, or impact the timing or amount of, taxable income, deductions or other tax allocations, which may adversely affect BlackRock's effective tax rate and overall financial condition.

Legal proceedings could adversely affect operating results, financial condition and cash flows for a particular period.

Many aspects of BlackRock's business involve substantial risks of legal liability. The Company, certain of its subsidiaries and employees have been named as defendants in various legal actions, including arbitrations, class actions and other litigation arising in connection with BlackRock's activities. Certain BlackRock subsidiaries are subject to periodic examination, special inquiries and potential proceedings' by regulatory authorities, including the SEC, OCC, DOL, CFTC and FCA. These examinations, inquiries and proceedings could if compliance failures or other violations are found, cause the SEC to institute proceedings and impose sanctions for violations, including censure, termination of an investment adviser's registration or prohibition to serve as adviser to SEC-registered funds, and could lead to litigation by investors in those funds or harm to the Company's reputation, any of which could cause its earnings to decline. From time to time, BlackRock receives subpoenas or other requests for information from various U.S. and non-U.S. governmental and regulatory authorities in connection with certain industry-wide, company-specific or other investigations or proceedings. Additionally, certain of the

investment funds that the Company manages are subject to lawsuits, any of which could potentially harm the investment returns of the applicable fund or result in the Company being liable to the funds for any resulting damages.

Item 1B. Unresolved Staff Comments

The Company has no unresolved comments from the SEC staff relating to BlackRock's periodic or current reports filed with the SEC pursuant to the Exchange Act.

Item 2. Properties

BlackRock's principal office, which is leased, is located at 55 East 52nd Street, New York, New York. BlackRock leases additional office space in New York City at 40 East 52nd Street and throughout the world, including Boston, Chicago, Edinburgh, Gurgaon (India), Hong Kong, London, Melbourne, Munich, Princeton (New Jersey), San Francisco, Seattle, Singapore, Sydney, Taipei and Tokyo. The Company also owns an 84,500 square foot office building in Wilmington (Delaware).

Item 3. Legal Proceedings

From time to time, BlackRock receives subpoenas or other requests for information from various U.S. federal, state governmental and domestic and international 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 BlackRock-sponsored 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.

Italian Securities Regulator Proceeding

The Italian securities regulator, Commissione Nazionale per le Societa e la Borsa ("Consob"), initiated a civil proceeding on January 3, 2014 against Nigel Bolton, a portfolio manager and head of BlackRock Investment Management (UK) Limited's European Equity Team ("EET"), in connection with the sale of shares in the Italian oil and gas services company Saipem, SpA in January 2013.

Consob alleges that Mr. Bolton, on behalf of certain BlackRock clients, sold, or influenced the sale of, approximately 10.7 million shares of Saipem using material, non-public information thereby avoiding client losses of over €114.5 million. The EET's sale of Saipem shares occurred between January 25 and January 29, 2013, and Saipem announced negative news following the market close on January 29, 2013. While BlackRock is not charged in the proceeding, it may be liable for the actions of its employee.

BlackRock conducted a thorough investigation and found no evidence to support the allegations. As a result of the investigation, BlackRock believes that the sale of Saipem shares was made as a fiduciary based on publicly available information that was widely disseminated in the marketplace, including negative publicity and a third-party analyst research report reducing earnings estimates, which was issued to the market before trading on January 25, 2013.

Consob also alleges that BlackRock declined to provide Consob with information and was an obstacle to Consob's investigation. BlackRock believes it has fully cooperated with Consob, and it will continue to do so.

While under Italian law the potential penalty could be greater than the loss actually avoided, BlackRock believes that Mr. Bolton will not be found liable and, as a result, neither Mr. Bolton nor BlackRock will incur any penalty.

All Legal Proceedings

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 effect on BlackRock's results of operations, financial position, or cash flows. However, there is no assurance as to whether any such pending or threatened matters will have a material effect on BlackRock's results of operations, financial position or cash flows in any future reporting period. Due to uncertainties surrounding the outcome of these matters, management cannot reasonably estimate the possible loss or range of loss that may arise from these matters.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

BlackRock's common stock is listed on the NYSE and is traded under the symbol "BLK". At the close of business on January 31, 2014, there were 320 common stockholders of record. Common stockholders include institutional or omnibus accounts that hold common stock for multiple underlying investors.

The following table sets forth for the periods indicated the high and low reported sale prices, period-end closing prices for the common stock and dividends declared per share for the common stock as reported on the NYSE:

	Common Stock Price Ranges			
	High	Low	Closing Price	Cash Dividend Declared
2013				
First Quarter	**$ 258.70**	**$ 212.77**	**$ 256.88**	**$ 1.68**
Second Quarter	**$ 291.69**	**$ 245.30**	**$ 256.85**	**$ 1.68**
Third Quarter	**$ 286.62**	**$ 255.26**	**$ 270.62**	**$ 1.68**
Fourth Quarter	**$ 316.47**	**$ 262.75**	**$ 316.47**	**$ 1.68**
2012				
First Quarter	$ 205.60	$ 179.13	$ 204.90	$ 1.50
Second Quarter	$ 206.57	$ 163.37	$ 169.82	$ 1.50
Third Quarter	$ 183.00	$ 164.06	$ 178.30	$ 1.50
Fourth Quarter	$ 209.29	$ 177.17	$ 206.71	$ 1.50

BlackRock's closing common stock price as of February 27, 2014 was $305.81.

DIVIDENDS

On January 15, 2014, the Board of Directors approved BlackRock's quarterly dividend of $1.93 to be paid on March 24, 2014 to stockholders of record on March 7, 2014.

PNC and their respective affiliates that hold nonvoting participating preferred stock receive dividends on these shares, which are equivalent to the dividends received by common stockholders.

ISSUER PURCHASES OF EQUITY SECURITIES

During the three months ended December 31, 2013, the Company made the following purchases of its common stock, which is 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 or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs[1]
October 1, 2013 through October 31, 2013	**277,354[2]**	**$ 303.58**	**267,000**	**7,093,355**
November 1, 2013 through November 30, 2013	**514,075[2]**	**$ 302.38**	**513,000**	**6,580,355**
December 1, 2013 through December 31, 2013	**65,905[2]**	**$ 305.46**	**44,800**	**6,535,555**
Total	**857,334**	**$ 303.01**	**824,800**	

(1) In January 2013, the Board of Directors approved an increase in the availability under the Company's existing share repurchase program to allow for the repurchase of up to 10.2 million shares of BlackRock common stock with no stated expiration date.

(2) Includes purchases made by the Company primarily to satisfy income tax withholding obligations of employees and members of the Company's Board of Directors related to the vesting of certain restricted stock or restricted stock unit awards and purchases made by the Company as part of the publicly announced share repurchase program.

Item 6. Selected Financial Data

The selected financial data presented below has been derived in part from, and should be read in conjunction with, the consolidated financial statements of BlackRock and Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in this Form 10-K.

	Year ended December 31,				
(in millions, except per share data)	**2013**	**2012**	**2011**	**2010[1]**	**2009**
Income statement data:					
Revenue					
Related parties[2]	**$ 6,260**	$ 5,501	$ 5,431	$ 5,025	$ 2,716
Other third parties	**3,920**	3,836	3,650	3,587	1,984
Total revenue	**10,180**	9,337	9,081	8,612	4,700
Expenses					
Restructuring charges	**—**	—	32	—	22
Other operating expenses	**6,323**	5,813	5,800	5,614	3,400
Total expenses	**6,323**	5,813	5,832	5,614	3,422
Operating income	**3,857**	3,524	3,249	2,998	1,278
Total nonoperating income (expense)	**116**	(54)	(114)	23	(6)
Income before income taxes	**3,973**	3,470	3,135	3,021	1,272
Income tax expense	**1,022**	1,030	796	971	375
Net income	**2,951**	2,440	2,339	2,050	897
Less: Net income (loss) attributable to noncontrolling interests	**19**	(18)	2	(13)	22
Net income attributable to BlackRock, Inc.	**$ 2,932**	$ 2,458	$ 2,337	$ 2,063	$ 875
Per share data:[3]					
Basic earnings	**$ 17.23**	$ 14.03	$ 12.56	$ 10.67	$ 6.24
Diluted earnings	**$ 16.87**	$ 13.79	$ 12.37	$ 10.55	$ 6.11
Book value[4]	**$ 156.69**	$ 148.20	$ 140.07	$ 136.09	$ 128.86
Common and preferred cash dividends	**$ 6.72**	$ 6.00	$ 5.50	$ 4.00	$ 3.12

(in millions)	December 31, 2013	2012	2011	2010	2009
Balance sheet data:					
Cash and cash equivalents	**$ 4,390**	$ 4,606	$ 3,506	$ 3,367	$ 4,708
Goodwill and intangible assets, net	**30,481**	30,312	30,148	30,317	30,346
Total assets[5]	**219,873**	200,451	179,896	178,459	178,124
Less:					
Separate account assets[6]	**155,113**	134,768	118,871	121,137	119,629
Collateral held under securities lending agreements[6]	**21,788**	23,021	20,918	17,638	19,335
Consolidated investment vehicles[7]	**2,714**	2,813	2,006	1,610	282
Adjusted total assets	**$ 40,258**	$ 39,849	$ 38,101	$ 38,074	$ 38,878
Short-term borrowings	**$ —**	$ 100	$ 100	$ 100	$ 2,234
Convertible debentures	**—**	—	—	67	243
Long-term borrowings	**4,939**	5,687	4,690	3,192	3,191
Total borrowings	**$ 4,939**	$ 5,787	$ 4,790	$ 3,359	$ 5,668
Total BlackRock, Inc. stockholders' equity	**$ 26,460**	$ 25,403	$ 25,048	$ 26,094	$ 24,329
Assets under management:					
Equity:					
Active	**$ 317,262**	$ 287,215	$ 275,156	$ 334,532	$ 348,574
iShares	**718,135**	534,648	419,651	448,160	381,399
Fixed income:					
Active	**652,209**	656,331	614,804	592,303	595,580
iShares	**178,835**	192,852	153,802	123,091	102,490
Multi-asset	**341,214**	267,748	225,170	185,587	142,029
Alternatives:					
Core	**85,026**	68,367	63,647	63,603	66,058
Currency and commodities[8]	**26,088**	41,428	41,301	46,135	36,043
Subtotal	**2,318,769**	2,048,589	1,793,531	1,793,411	1,672,173
Non-ETF Index:					
Equity	**1,282,298**	1,023,638	865,299	911,775	806,082
Fixed income	**411,142**	410,139	479,116	425,930	357,557
Subtotal Non-ETF Index	**1,693,440**	1,433,777	1,344,415	1,337,705	1,163,639
Long-term	**4,012,209**	**3,482,366**	**3,137,946**	**3,131,116**	**2,835,812**
Cash management	**275,554**	263,743	254,665	279,175	349,277
Advisory[9]	**36,325**	45,479	120,070	150,677	161,167
Total	**$ 4,324,088**	**$ 3,791,588**	**$ 3,512,681**	**$ 3,560,968**	**$ 3,346,256**

(1) Significant increases in 2010 (for income statement data) were primarily the result of the BGI Transaction that closed on December 1, 2009.

(2) BlackRock's related party revenue includes fees for services provided to registered investment companies that it manages, which include mutual funds and exchange-traded funds, as a result of the Company's advisory relationship. In addition, equity method investments are considered related parties due to the Company's influence over the financial and operating policies of the investee. See Note 16 to the consolidated financial statements for more information on related parties.

(3) Participating preferred stock is considered to be a common stock equivalent for purposes of earnings per share calculations.

(4) Total BlackRock stockholders' equity, excluding appropriated retained earnings, divided by total common and preferred shares outstanding at December 31 of the respective year-end.

(5) Includes separate account assets that are segregated funds held for purposes of funding individual and group pension contracts and collateral held under securities lending agreements related to these assets that have equal and offsetting amounts recorded in liabilities and ultimately do not impact BlackRock's stockholders' equity or cash flows.

(6) Equal and offsetting amounts, related to separate account assets and collateral held under securities lending agreements, are recorded in liabilities.

(7) Includes assets held by consolidated variable interest entities and consolidated sponsored investments funds.

(8) Amounts include commodity *iShares*.

(9) Advisory AUM represents long-term portfolio liquidation assignments.

Item 7. 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" and 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, foreign exchange rates or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management ("AUM"); (3) the relative and absolute investment performance of BlackRock's investment products; (4) the impact of increased competition; (5) the impact of future acquisitions or divestitures; (6) the unfavorable resolution of legal proceedings; (7) the extent and timing of any share repurchases; (8) the impact, extent and timing of technological changes and the adequacy of intellectual property, information and cyber security protection; (9) the impact of legislative and regulatory actions and reforms, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, and regulatory, supervisory or enforcement actions of government agencies relating to BlackRock or The PNC Financial Services Group, Inc. ("PNC"); (10) terrorist activities, international hostilities and natural disasters, which may adversely affect the general economy, domestic and local financial and capital markets, specific industries or BlackRock; (11) the ability to attract and retain highly talented professionals; (12) fluctuations in the carrying value of BlackRock's economic investments; (13) the impact of changes to tax legislation, including income, payroll and transaction taxes, and taxation on products or transactions, which could affect the value proposition to clients and, generally, the tax position of the Company; (14) BlackRock's success in maintaining the distribution of its products; (15) the impact of BlackRock electing to provide support to its products from time to time and any potential liabilities related to securities lending or other indemnification obligations; and (16) the impact of problems at other financial institutions or the failure or negative performance of products at other financial institutions.

OVERVIEW

BlackRock, Inc. ("BlackRock" or the "Company") is the world's largest publicly traded investment management firm. BlackRock has portfolio managers located around the world, including the United States, the United Kingdom, the Netherlands, Japan, Hong Kong, Singapore, Australia and Germany. At December 31, 2013, the Company managed $4.324 trillion of AUM on behalf of institutional and individual investors worldwide. The Company provides a wide array of products, including passively and actively managed products in various equity, fixed income, multi-asset, alternative investment and cash management products. BlackRock offers clients diversified access to global markets through separate accounts, collective investment trusts, open-end and closed-end mutual funds, exchange-traded products, hedge funds and funds of funds. BlackRock also provides global advisory services for private investment funds and retail products. The Company's non-U.S. investment funds are based in a number of domiciles and cover a range of asset classes, including equities, fixed income, cash management and alternatives. 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 services relating to illiquid securities, dispositions and workout assignments (including long-term portfolio liquidation assignments), risk management and strategic planning and execution.

In the United States, retail offerings include various open-end and closed-end funds, including *iShares®*, the global product leader in exchange-traded products for institutional, retail, including high net worth, investors. *iShares* global AUM totaled $914.4 billion at December 31, 2013. The BlackRock Global Funds, the Company's primary retail fund group offered outside the United States, are authorized for distribution in 35 jurisdictions worldwide. Additional fund offerings include structured products, real estate funds, hedge funds, hedge funds of funds, private equity funds and funds of funds, and managed futures funds. These products are sold to both U.S. and non-U.S., retail and institutional investors in a wide variety of active and passive strategies covering equity, fixed income and alternative assets.

BlackRock's client base consists of financial institutions and other corporate clients, pension plans, charities, official institutions, such as central banks, sovereign wealth funds, supranational authorities and other government entities 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 investors directly and through financial professionals, pension consultants and establishing third-party distribution relationships, including the distribution of BlackRock products and services through Merrill Lynch under a global distribution agreement, which was automatically renewed for a three-year extension after the initial term ending on January 1, 2014.

At December 31, 2013, PNC held 20.9% of the Company's voting common stock and 21.9% of the Company's capital stock, which includes outstanding common and nonvoting preferred stock.

Summarized financial information concerning the Company's results of operations for the years ended December 31, 2013 ("2013"), December 31, 2012 ("2012") and December 31, 2011 ("2011") is included below.

EXECUTIVE SUMMARY

(in millions, except per share data)	2013	2012	2011
GAAP basis:			
Total revenue	**$ 10,180**	$ 9,337	$ 9,081
Total expenses	**6,323**	5,813	5,832
Operating income	**$ 3,857**	$ 3,524	$ 3,249
Operating margin	**37.9%**	37.7%	35.8%
Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests[1]	**97**	(36)	(116)
Income tax expense	**(1,022)**	(1,030)	(796)
Net income attributable to BlackRock	**$ 2,932**	$ 2,458	$ 2,337
% attributable to common shares	**100.0%**	99.9%	99.1%
Net income attributable to common shares	**$ 2,932**	$ 2,455	$ 2,315
Diluted earnings per common share	**$ 16.87**	$ 13.79	$ 12.37
Effective tax rate	**25.8%**	29.5%	25.4%
As adjusted[2]:			
Total revenue	**$ 10,180**	$ 9,337	$ 9,081
Total expenses	**6,156**	5,763	5,689
Operating income	**$ 4,024**	$ 3,574	$ 3,392
Operating margin	**41.4%**	40.4%	39.7%
Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests[1]	**7**	(42)	(113)
Income tax expense	**(1,149)**	(1,094)	(1,040)
Net income attributable to BlackRock	**$ 2,882**	$ 2,438	$ 2,239
% attributable to common shares	**100.0%**	99.9%	99.1%
Net income attributable to common shares	**$ 2,882**	$ 2,435	$ 2,218
Diluted earnings per common share	**$ 16.58**	$ 13.68	$ 11.85
Effective tax rate	**28.5%**	31.0%	31.7%
Other:			
Assets under management (end of period)	**$ 4,324,088**	$ 3,791,588	$ 3,512,681
Diluted weighted-average common shares outstanding[3]	**173,828,902**	178,017,679	187,116,410
Shares outstanding (end of period)	**168,724,763**	171,215,729	178,309,109
Book value per share[4]	**$ 156.69**	$ 148.20	$ 140.07
Cash dividends declared and paid per share	**$ 6.72**	$ 6.00	$ 5.50

(1) Net of net income (loss) attributable to noncontrolling interests ("NCI") (redeemable and nonredeemable).

(2) As adjusted items are described in more detail in *Non-GAAP Financial Measures*.

(3) Nonvoting participating preferred stock is considered to be a common stock equivalent for purposes of determining basic and diluted earnings per share calculations. In addition, unvested restricted stock units ("RSUs") that contain nonforfeitable rights to dividends are not included for 2012 and 2011 as they were deemed to be participating securities in accordance with accounting principles generally accepted in the United States ("GAAP"). Upon vesting of the participating RSUs, the shares were added to the weighted-average shares outstanding that resulted in an increase to the percentage of net income attributable to common shares. The Company's remaining participating securities vested in January 2013.

(4) Total BlackRock stockholders' equity, excluding appropriated retained earnings, divided by total common and preferred shares outstanding at December 31 of the respective year-end.

2013 COMPARED WITH 2012

GAAP. Operating income of $3,857 million increased $333 million from 2012. In the second quarter of 2013, as a result of an initial public offering of PennyMac Financial Services, Inc. (the "PennyMac IPO"), the Company recorded a noncash, nonoperating pre-tax gain of $39 million related to the carrying value of its equity method investment. Subsequent to the PennyMac IPO, the Company made a charitable contribution of 6.1 million units of its equity method investment with a fair value of $124 million to a new donor advised fund (the "Charitable Contribution"). In connection with the Charitable Contribution, the Company also recorded a noncash, nonoperating pre-tax gain of $80 million related to the contributed investment. For further information, see Note 11, *Other Assets*, to the consolidated financial statements.

Operating income reflects growth in base fees and strong performance fees and higher *BlackRock Solutions* and advisory revenue, partially offset by higher expenses, primarily due to the $124 million expense related to the Charitable Contribution and higher revenue-related expenses. The results for 2013 also included $43 million of organizational alignment costs, reflecting compensation and severance costs associated with the alignment of staffing with the Company's strategic priorities and growth opportunities. Operating income in 2012 included a $30 million charge related to a contribution to certain of the Company's bank-managed short-term investment funds ("STIFs"). Nonoperating income (expense), less net income (loss) attributable to NCI increased $133 million due to the $39 million pre-tax gain related to the PennyMac IPO and the $80 million gain related to the Charitable Contribution and higher net positive marks on investments during 2013 compared with 2012. Income tax expense included a $69 million net noncash benefit for 2013 and a $30 million net noncash benefit for 2012. The net noncash benefits for both periods primarily related to the revaluation of certain deferred income tax liabilities, including the effect of legislation enacted in the United Kingdom and domestic state and local income tax changes. In addition, 2013 income tax expense included an approximately $48 million tax benefit recognized in connection with the Charitable Contribution, a tax benefit of approximately $29 million, primarily due to the realization of tax loss carryforwards and benefits from certain nonrecurring items. Earnings per diluted common share rose $3.08, or 22%, compared with 2012 due to higher net income and the benefit of share repurchases.

As Adjusted. Operating income of $4,024 million and operating margin of 41.4% increased $450 million and 100 basis points, respectively, from 2012. The current year results included the previously mentioned organizational alignment costs of $43 million and the $39 million pre-tax gain related to the PennyMac IPO. Income tax expense on an as adjusted basis included a tax benefit of approximately $29 million, primarily due to the realization of tax loss carryforwards, and benefits from certain nonrecurring items and excluded the $69 million net noncash benefit in 2013 and the $30 million net noncash benefit in 2012 described above. Earnings per diluted common share rose $2.90, or 21%, from 2012. The financial impact related to the Charitable Contribution has been excluded from as adjusted results for 2013.

2012 COMPARED WITH 2011

GAAP. Operating income of $3,524 million and operating margin of 37.7% increased $275 million and 190 basis points, respectively, from 2011 reflecting growth in base fees and higher performance fees. Operating income in 2012 included a $30 million charge related to the contribution to the Company's STIFs. Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests, increased $80 million due to higher net positive marks on investments in 2012 compared with 2011, partially offset by higher interest expense resulting from long-term debt issuances in May 2012 and May 2011. In 2012, income tax expense included a $21 million benefit related to the resolution of certain outstanding tax positions and a $50 million net noncash benefit related to the revaluation of certain deferred income tax liabilities, including the effect of tax legislation enacted in the United Kingdom and the state and local income tax effect resulting from changes in the Company's organizational structure. In 2011, income tax expenses included a $24 million benefit related to the resolution of certain outstanding tax positions and $198 million of net noncash tax benefits due to a state tax election and enacted U.K., Japan, U.S. state and local tax legislation. Earnings per diluted common share rose $1.42 from 2011 due to higher net income and the benefit of share repurchases. During 2012, the Company repurchased 9.1 million shares.

As Adjusted. Operating income of $3,574 million and operating margin of 40.4% increased $182 million and 70 basis points, respectively, from 2011 reflecting higher revenues. Operating income on an as adjusted basis excluded non-GAAP expense adjustments totaling $50 million in 2012 and $143 million in 2011. Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests, increased $71 million. Income tax expense on an as adjusted basis excluded the $50 million and $198 million noncash benefits for 2012 and 2011, respectively, described above. Earnings per diluted common share rose $1.83 from 2011 reflecting the improvement in net income and the benefit of share repurchases.

See *Non-GAAP Financial Measures* for further information on as adjusted items.

For further discussion of BlackRock's revenue, expenses, nonoperating results and income tax expense, see *Discussion of Financial Results* herein.

BUSINESS OUTLOOK

BlackRock's highly diversified multi-product platform was created to meet the needs of its clients in all market environments. BlackRock is positioned to provide active and passive investment solutions across asset classes and geographies and leverage *BlackRock Solutions'* world-class risk management, analytics and advisory capabilities on behalf of clients.

BlackRock's key client themes — Income, Alternatives, Outcome Investing, Strategic Beta, Emerging Markets and Retirement Solutions — are expected to drive the Company's organic growth across its businesses.

BlackRock's Retail strategy is focused on an outcome-oriented approach to creating client solutions, including active, passive and alternative products, and enhanced distribution. In the United States, BlackRock is leveraging its integrated wholesaler force to further penetrate wire house distribution platforms and gain share amongst Registered Investment Advisors. Internationally, BlackRock continues to diversify the range of investment solutions available to clients, penetrate new distribution segments and capitalize on regulatory change impacting retrocession arrangements.

iShares will be driven by the continued shift from active to passive investment strategies and adoption of ETFs. *iShares* is positioned to benefit from global market expansion, growth in fixed income ETFs and continued product innovation, while focusing on increasing U.S. market share, especially in the "buy-and-hold" segment.

BlackRock believes Institutional results will be driven by strength in specialty areas, including Defined Contribution, Financial Institutions and Official Institutions, more effective cross-selling efforts and leveraging *BlackRock Solutions'* analytical and risk management expertise.

Assuming a stable market environment, BlackRock anticipates that organic growth, coupled with the benefits of scale, should result in increasing operating margins over time.

BlackRock believes that earnings growth and shareholder returns should also be positively impacted by the Company's commitment to a consistent and predictable capital management strategy.

NON-GAAP FINANCIAL MEASURES

BlackRock reports its financial results in accordance with GAAP; however, management believes 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.

Computations for all periods are derived from the 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 management deems nonrecurring, recurring infrequently or transactions that ultimately will not impact BlackRock's book value, as indicated in the table below. Management believes operating income, as adjusted, and operating margin, as adjusted, are effective indicators of BlackRock's financial performance over time and, therefore, provide useful disclosure to investors.

(in millions)	2013	2012	2011
Operating income, GAAP basis	**$ 3,857**	$ 3,524	$ 3,249
Non-GAAP expense adjustments:			
PNC LTIP funding obligation	**33**	22	44
Charitable Contribution	**124**	—	—
U.K. lease exit costs	**—**	(8)	63
Contribution to STIFs	**—**	30	—
Merrill Lynch compensation contribution	**—**	—	7
Restructuring charges	**—**	—	32
Compensation expense related to appreciation (depreciation) on deferred compensation plans	**10**	6	(3)
Operating income, as adjusted	**4,024**	3,574	3,392
Closed-end fund launch costs	**16**	22	26
Closed-end fund launch commissions	**2**	3	3
Operating income used for operating margin measurement	**$ 4,042**	$ 3,599	$ 3,421
Revenue, GAAP basis	**$ 10,180**	$ 9,337	$ 9,081
Non-GAAP adjustments:			
Distribution and servicing costs	**(353)**	(364)	(386)
Amortization of deferred sales commissions	**(52)**	(55)	(81)
Revenue used for operating margin measurement	**$ 9,775**	$ 8,918	$ 8,614
Operating margin, GAAP basis	**37.9%**	37.7%	35.8%
Operating margin, as adjusted	**41.4%**	40.4%	39.7%

- **Operating income, as adjusted,** includes non-GAAP expense adjustments. The portion of compensation expense associated with certain long-term incentive plans ("LTIP") funded or to be funded through share distributions to participants of BlackRock stock held by PNC and a Merrill Lynch & Co., Inc. ("Merrill Lynch") cash compensation contribution has been excluded because it ultimately does not impact BlackRock's book value. The expense related to the Merrill Lynch cash compensation contribution ceased at the end of third quarter 2011. In 2013, the $124 million expense related to the Charitable Contribution has been excluded from operating income, as adjusted, due to its nonrecurring nature and because the noncash, nonoperating pre-tax gain of $80 million directly related to the contributed PennyMac investment is reported in nonoperating income (expense). The U.K. lease exit costs represent costs to exit two locations in London in 2011. The amount in 2012 represents an adjustment related to the estimated lease exit costs initially recorded in 2011. The contribution to STIFs represents a contribution to certain of the Company's bank-managed STIFs. Restructuring charges consist of compensation costs and professional fees. Compensation expense associated with appreciation (depreciation) on investments 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 nonoperating income (expense).

  Management believes operating income exclusive of these items is a useful measure in evaluating BlackRock's operating performance and helps enhance the comparability of this information for the reporting periods presented.

- ***Operating margin, as adjusted,*** allows BlackRock to compare performance from period to period by adjusting for items that may not recur, recur infrequently or may have an economic offset in

nonoperating income (expense). BlackRock also uses operating margin, as adjusted, to monitor corporate performance and efficiency and as a benchmark to compare its performance with other companies. Management uses both GAAP and non-GAAP financial measures in evaluating BlackRock's financial performance. The non-GAAP measure by itself may pose limitations because it does not include all of BlackRock's revenues and expenses.

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 related commissions. Management believes the exclusion of such costs and related commissions is useful because these costs can fluctuate considerably and revenues associated with the expenditure of these costs will not fully impact BlackRock's results until future periods.

Revenue used for operating margin, as adjusted, excludes distribution and servicing costs paid to related parties and other third parties. Management believes the exclusion of such costs is useful because it creates consistency in the treatment for certain contracts for similar services, which due to the terms of the contracts, are accounted for under GAAP on a net basis within investment advisory, administration fees and securities lending revenue. Amortization of deferred sales commissions is excluded from revenue used for operating margin measurement, as adjusted, because such costs, over time, substantially offset distribution fee revenue the Company earns. 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 offsetting revenues.

(b) Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests, as adjusted, is presented below. The compensation expense offset is recorded in operating income. This compensation expense has been included in nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted, to offset returns on investments set aside for these plans, which are reported in nonoperating income (expense), GAAP basis.

Management believes nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted, provides comparability of information among reporting periods and is an effective measure for reviewing BlackRock's nonoperating contribution to results. As compensation expense associated with (appreciation) depreciation on investments related to certain deferred compensation plans, which is included in operating income, substantially offsets the gain (loss) on the investments set aside for these plans, management believes nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted, provides a useful measure, for both management and investors, of BlackRock's nonoperating results that impact book value. During 2013, the noncash, nonoperating pre-tax gain of $80 million related to the contributed PennyMac investment has been excluded from nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted due to its nonrecurring nature and because the more than offsetting associated Charitable Contribution expense of $124 million is reported in operating income.

(in millions)	**2013**	**2012**	**2011**
Nonoperating income (expense), GAAP basis	**$ 116**	$ (54)	$ (114)
Less: Net income (loss) attributable to NCI	**19**	(18)	2
Nonoperating income (expense)	**97**	(36)	(116)
Gain related to Charitable Contribution	**(80)**	—	—
Compensation expense related to (appreciation) depreciation on deferred compensation plans	**(10)**	(6)	3
Nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted	**$ 7**	$ (42)	$ (113)

(c) Net income attributable to BlackRock, as adjusted: Management believes net income attributable to BlackRock, Inc., as adjusted, and diluted earnings per common 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 nonrecurring items, charges that ultimately will not impact BlackRock's book value or certain tax items that do not impact cash flow.

See note (a) Operating income, as adjusted, and operating margin, as adjusted, for information on the PNC LTIP funding obligation, Merrill Lynch compensation contribution, Charitable Contribution, U.K. lease exit costs, contribution to STIFs and restructuring charges.

The 2013 results included a tax benefit of approximately $48 million recognized in connection with the Charitable Contribution. The tax benefit has been excluded from net income attributable to BlackRock, Inc., as adjusted due to the nonrecurring nature of the Charitable Contribution. During 2013, income tax changes included adjustments related to the revaluation of certain deferred income tax liabilities, including the effect of legislation enacted in the United Kingdom and domestic state and local income tax changes. During 2012, income tax changes included adjustments related to the revaluation of certain deferred income tax liabilities, including the effect of legislation enacted in the United Kingdom and the state and local income tax effect resulting from changes in the Company's organizational structure. During 2011, income tax changes included adjustments related to the revaluation of certain deferred income tax liabilities due to a state tax election and enacted U.K., Japan, U.S. state and local tax legislation. The resulting decrease in income taxes has been excluded from net income attributable to BlackRock, Inc., as adjusted, as these items will not have a cash flow impact and to ensure comparability among periods presented.

(in millions, except per share data)	2013	2012	2011
Net income attributable to BlackRock, GAAP basis	**$ 2,932**	$ 2,458	$ 2,337
Non-GAAP adjustments, net of tax:[d]			
PNC LTIP funding obligation	**23**	14	30
Amount related to the Charitable Contribution	**(4)**	—	—
U.K. lease exit costs	**—**	(5)	43
Contribution to STIFs	**—**	21	—
Merrill Lynch compensation contribution	**—**	—	5
Restructuring charges	**—**	—	22
Income tax changes	**(69)**	(50)	(198)
Net income attributable to BlackRock, as adjusted	**$ 2,882**	$ 2,438	$ 2,239
Allocation of net income, as adjusted, to common shares[e]	**$ 2,882**	$ 2,435	$ 2,218
Diluted weighted-average common shares outstanding[f]	**173.8**	178.0	187.1
Diluted earnings per common share, GAAP basis[f]	**$ 16.87**	$ 13.79	$ 12.37
Diluted earnings per common share, as adjusted[f]	**$ 16.58**	$ 13.68	$ 11.85

(d) For each period presented, the non-GAAP adjustments, including the PNC LTIP funding obligation, Merrill Lynch compensation contribution, U.K. lease exit costs, contribution to STIFs and restructuring charges were tax effected at the respective blended rates applicable to the adjustments. Amounts for 2013 also included the tax benefit of approximately $48 million related to the Charitable Contribution.

(e) Amounts for 2012 and 2011 exclude net income attributable to participating securities (see below).

(f) Nonvoting participating preferred stock is considered to be a common stock equivalent for purposes of determining basic and diluted earnings per share calculations.

Prior to 2013, certain unvested restricted stock units were not included in diluted weighted-average common shares outstanding as they were deemed participating securities in accordance with required provisions of Accounting Standards Codification ("ASC") 260-10, *Earnings per Share*. In 2012 and 2011, average outstanding participating securities were 0.2 million and 1.8 million, respectively. For further information, see Note 22, *Earnings per Share*, to the consolidated financial statements.

Assets Under Management

AUM for reporting purposes generally is 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.

AUM and Net Subscriptions (Redemptions) by Client Type

	AUM			Net Subscriptions (Redemptions)		
(in millions)	**2013**	**2012**	**2011**	**2013**	**2012[1]**	**2011[2]**
Retail	**$ 487,777**	$ 403,484	$ 363,359	$ 38,804	$ 11,556	$ 13,409
iShares	**914,372**	752,706	593,356	63,971	85,167	53,000
Institutional:						
Active	**932,410**	884,695	831,275	(928)	(24,046)	(16,897)
Index	**1,677,650**	1,441,481	1,349,956	15,266	(75,142)	17,837
Total institutional	**2,610,060**	2,326,176	2,181,231	14,338	(99,188)	940
Total long-term	**4,012,209**	**3,482,366**	**3,137,946**	**117,113**	**(2,465)**	**67,349**
Cash management	**275,554**	263,743	254,665	10,056	5,048	(22,899)
Advisory[3]	**36,325**	45,479	120,070	(7,442)	(74,540)	(29,903)
Total	**$ 4,324,088**	**$ 3,791,588**	**$ 3,512,681**	**$ 119,727**	**$ (71,957)**	**$ 14,547**

AUM and Net Subscriptions (Redemptions) by Product Type

	AUM			Net Subscriptions (Redemptions)		
(in millions)	**2013**	**2012**	**2011**	**2013**	**2012[1]**	**2011[2]**
Equity	**$ 2,317,695**	$ 1,845,501	$ 1,560,106	$ 69,257	$ 54,016	$ 24,139
Fixed income	**1,242,186**	1,259,322	1,247,722	11,508	(66,829)	4,326
Multi-asset	**341,214**	267,748	225,170	42,298	15,817	42,654
Alternatives						
Core	**85,026**	68,367	63,647	2,703	(3,922)	48
Currency and commodities[4]	**26,088**	41,428	41,301	(8,653)	(1,547)	(3,818)
Subtotal	**111,114**	109,795	104,948	(5,950)	(5,469)	(3,770)
Total long-term	**4,012,209**	**3,482,366**	**3,137,946**	**117,113**	**(2,465)**	**67,349**
Cash management	**275,554**	263,743	254,665	10,056	5,048	(22,899)
Advisory[3]	**36,325**	45,479	120,070	(7,442)	(74,540)	(29,903)
Total	**$ 4,324,088**	**$ 3,791,588**	**$ 3,512,681**	**$ 119,727**	**$ (71,957)**	**$ 14,547**

(1) Amounts include the effect of two single client low-fee institutional index fixed income outflows of $36.0 billion and $74.2 billion.

(2) Amounts exclude BGI merger-related outflows due to manager concentration considerations prior to the third quarter of 2011 and outflows from scientific active equity performance prior to the second quarter of 2011 of $26.3 billion. As a result of client investment manager concentration limits and the scientific active equity performance, outflows were expected to occur for a period of time subsequent to the close of the BGI transaction.

(3) Advisory AUM represents long-term portfolio liquidation assignments. Redemptions include planned client distributions.

(4) Amounts include commodity *iShares*.

The following table presents the component changes in BlackRock's AUM for 2013, 2012 and 2011.

	December 31,		
(in millions)	**2013**	**2012**	**2011**
Beginning assets under management	**$ 3,791,588**	$ 3,512,681	$ 3,560,968
Net subscriptions (redemptions)			
Long-term[1]	**117,113**	(2,465)	67,349
Cash management	**10,056**	5,048	(22,899)
Advisory[2]	**(7,442)**	(74,540)	(29,903)
Total net subscriptions (redemptions)	**119,727**	(71,957)	14,547
BGI merger-related outflows[3]	**—**	—	(28,251)
Acquisitions[4]	**26,932**	13,742	—
Market appreciation (depreciation)	**398,707**	321,377	(27,513)
Foreign exchange[5]	**(12,866)**	15,745	(7,070)
Total change	**532,500**	278,907	(48,287)
Ending assets under management	**$ 4,324,088**	$ 3,791,588	$ 3,512,681

(1) Amounts include the effect of two single client low-fee institutional index fixed income outflows of $36.0 billion and $74.2 billion in 2012.

(2) Advisory AUM represents long-term portfolio liquidation assignments. Redemptions include planned client distributions.

(3) Amounts include outflows due to manager concentration considerations prior to the third quarter of 2011 and outflows from scientific active equity performance prior to the second quarter of 2011. As a result of client investment manager concentration limits and the scientific active equity performance, outflows were expected to occur for a period of time subsequent to the close of the BGI transaction.

(4) Amounts include AUM acquired from the Company's acquisition of MGPA in October 2013 of $11.0 billion, the Credit Suisse's ETF franchise in July 2013 (the "Credit Suisse ETF Transaction") of $16.0 billion, the Swiss Re Private Equity Partners acquisition (the "SRPEP Transaction") in September 2012 of $6.2 billion and the Claymore Investments, Inc. acquisition (the "Claymore Transaction") in March 2012 of $7.6 billion.

(5) Foreign exchange reflects the impact of converting non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.

BlackRock has historically grown aggregate AUM through organic growth and acquisitions. Management believes that the Company will be able to continue to grow AUM by focusing on strong investment performance, efficient delivery of beta for passive products, client service, developing new products and optimizing distribution capabilities.

Component Changes in AUM for 2013

The following table presents the component changes in AUM by client type and product for 2013.

(in millions)	December 31, 2012	Net subscriptions (redemptions)	Adjustments[1]	Acquisitions[2]	Market change	FX impact[3]	December 31, 2013	Full Year Average AUM[4]
Retail:								
Equity	$ 164,748	$ 3,641	$ 13,066	$ —	$ 20,743	$ 837	**$ 203,035**	$ 173,886
Fixed income	138,425	14,197	3,897	—	(5,338)	294	**151,475**	143,929
Multi-asset	90,626	14,821	2,663	—	9,039	(95)	**117,054**	102,276
Alternatives	9,685	6,145	—	136	136	111	**16,213**	12,585
Retail subtotal	403,484	38,804	19,626	136	24,580	1,147	**487,777**	432,676
iShares:								
Equity	534,648	74,119	—	13,021	95,335	1,012	**718,135**	620,113
Fixed income	192,852	(7,450)	—	1,294	(8,477)	616	**178,835**	186,264
Multi-asset	869	355	—	—	96	(10)	**1,310**	1,115
Alternatives	24,337	(3,053)	—	1,645	(6,863)	26	**16,092**	20,084
iShares subtotal	752,706	63,971	—	15,960	80,091	1,644	**914,372**	827,576
Institutional:								
Active:								
Equity	129,024	(16,504)	—	—	27,930	(1,724)	**138,726**	131,254
Fixed income	518,102	(3,560)	—	—	(6,247)	(3,186)	**505,109**	504,769
Multi-asset	166,708	28,955	3,335	—	14,193	2,085	**215,276**	184,958
Alternatives	70,861	(9,819)	—	10,836	2,593	(1,172)	**73,299**	68,364
Active subtotal	884,695	(928)	3,335	10,836	38,469	(3,997)	**932,410**	889,345
Index:								
Equity	1,017,081	8,001	(18,238)	—	260,333	(9,378)	**1,257,799**	1,145,499
Fixed income	409,943	8,321	(4,723)	—	(4,840)	(1,934)	**406,767**	405,502
Multi-asset	9,545	(1,833)	—	—	476	(614)	**7,574**	8,913
Alternatives	4,912	777	—	—	(259)	80	**5,510**	5,440
Index subtotal	1,441,481	15,266	(22,961)	—	255,710	(11,846)	**1,677,650**	1,565,354
Institutional subtotal	2,326,176	14,338	(19,626)	10,836	294,179	(15,843)	**2,610,060**	2,454,699
Long-term	**3,482,366**	**117,113**	**—**	**26,932**	**398,850**	**(13,052)**	**4,012,209**	**$ 3,714,951**
Cash management	263,743	10,056	—	—	395	1,360	**275,554**	
Advisory[5]	45,479	(7,442)	—	—	(538)	(1,174)	**36,325**	
Total	**$ 3,791,588**	**$ 119,727**	**$ —**	**$ 26,932**	**$ 398,707**	**$ (12,866)**	**$ 4,324,088**	

(1) Amounts include $19.6 billion of AUM related to fund ranges reclassed from institutional to retail and $6.0 billion of AUM reclassed from non-ETF index equity and fixed income to multi-asset.

(2) Amounts represent $16.0 billion of AUM acquired in the Credit Suisse ETF Transaction in July 2013 and $11.0 billion of AUM acquired in the MGPA acquisition in October 2013.

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

(4) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing thirteen months.

(5) Advisory AUM represents long-term portfolio liquidation assignments. Redemptions include planned client distributions.

The following table presents component changes in AUM by product for 2013.

(in millions)	December 31, 2012	Net subscriptions (redemptions)	Adjustments[1]	Acquisitions[2]	Market change	FX impact[3]	December 31, 2013	Full Year Average AUM[4]
Equity:								
Active	$ 287,215	$ (15,377)	$ —	$ —	$ 46,530	$ (1,106)	**$ 317,262**	$ 295,776
iShares	534,648	74,119	—	13,021	95,335	1,012	**718,135**	620,113
Fixed income:								
Active	656,331	10,443	—	—	(11,584)	(2,981)	**652,209**	648,143
iShares	192,852	(7,450)	—	1,294	(8,477)	616	**178,835**	186,264
Multi-asset	267,748	42,298	5,998	—	23,804	1,366	**341,214**	297,262
Alternatives:								
Core	68,367	2,703	—	10,972	3,012	(28)	**85,026**	73,827
Currency and commodities[6]	41,428	(8,653)	—	1,645	(7,405)	(927)	**26,088**	32,646
Subtotal	**2,048,589**	**98,083**	**5,998**	**26,932**	**141,215**	**(2,048)**	**2,318,769**	**2,154,031**
Non-ETF Index:								
Equity	1,023,638	10,515	(5,172)	—	262,476	(9,159)	**1,282,298**	1,154,863
Fixed income	410,139	8,515	(826)	—	(4,841)	(1,845)	**411,142**	406,057
Subtotal Non-ETF Index	**1,433,777**	**19,030**	**(5,998)**	—	257,635	**(11,004)**	**1,693,440**	**1,560,920**
Long-term	**3,482,366**	**117,113**	—	**26,932**	**398,850**	**(13,052)**	**4,012,209**	**$ 3,714,951**
Cash management	263,743	10,056	—	—	395	1,360	**275,554**	
Advisory[5]	45,479	(7,442)	—	—	(538)	(1,174)	**36,325**	
Total	**$ 3,791,588**	**$ 119,727**	**$ —**	**$ 26,932**	**$ 398,707**	**$ (12,866)**	**$ 4,324,088**	

(1) Amounts include $6.0 billion of AUM reclassed from non-ETF index equity and fixed income to multi-asset.

(2) Amounts represent $16.0 billion of AUM acquired in the Credit Suisse ETF Transaction in July 2013 and $11.0 billion of AUM acquired in the MGPA acquisition in October 2013.

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

(4) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing thirteen months.

(5) Advisory AUM represents long-term portfolio liquidation assignments. Redemptions include planned client distributions.

(6) Amounts include commodity *iShares*.

AUM increased $532.5 billion, or 14%, to $4.324 trillion at December 31, 2013 from $3.792 trillion at December 31, 2012. The increase in AUM was driven by net market appreciation of $398.7 billion, net inflows of $119.7 billion and acquired AUM related to the MGPA acquisition and the Credit Suisse ETF Transaction, partially offset by foreign exchange net losses.

Net market appreciation of $398.7 billion included $404.3 billion from equity products, primarily due to positive movements in U.S. and global equity markets.

The $12.9 billion decrease in AUM from foreign exchange movements was due to the strengthening of the U.S. dollar, primarily against the Japanese yen and the Canadian dollar, partially offset by the weakening of the U.S. dollar against the pound sterling and the euro.

The following table presents the component changes in AUM by client type and product for 2012.

(in millions)	December 31, 2011	Net subscriptions (redemptions)[1]	Acquisitions[2]	Market change	FX impact[3]	December 31, 2012
Retail:						
Equity	$ 156,412	$ (5,359)	$ 68	$ 12,835	$ 792	$ 164,748
Fixed income	115,055	15,965	—	7,350	55	138,425
Multi-asset	82,785	630	—	7,146	65	90,626
Alternatives	9,107	320	164	16	78	9,685
Retail subtotal	363,359	11,556	232	27,347	990	403,484
iShares:						
Equity	419,651	52,973	3,517	56,433	2,074	534,648
Fixed income	153,802	28,785	3,026	6,325	914	192,852
Multi-asset	562	178	78	50	1	869
Alternatives	19,341	3,231	701	1,047	17	24,337
iShares subtotal	593,356	85,167	7,322	63,855	3,006	752,706
Institutional:						
Active:						
Equity	125,515	(14,139)	—	16,766	882	129,024
Fixed income	499,927	(15,060)	—	33,179	56	518,102
Multi-asset	135,678	12,333	—	16,826	1,871	166,708
Alternatives	70,155	(7,180)	6,161	2,284	(559)	70,861
Active subtotal	831,275	(24,046)	6,161	69,055	2,250	884,695
Index:						
Equity	858,528	20,541	27	137,679	306	1,017,081
Fixed income	478,938	(96,519)	—	20,986	6,538	409,943
Multi-asset	6,145	2,676	—	1,050	(326)	9,545
Alternatives	6,345	(1,840)	—	226	181	4,912
Index subtotal	1,349,956	(75,142)	27	159,941	6,699	1,441,481
Institutional subtotal	2,181,231	(99,188)	6,188	228,996	8,949	2,326,176
Long-term	**3,137,946**	**(2,465)**	**13,742**	**320,198**	**12,945**	**3,482,366**
Cash management	254,665	5,048	—	1,983	2,047	263,743
Advisory[4]	120,070	(74,540)	—	(804)	753	45,479
Total	**$ 3,512,681**	**$ (71,957)**	**$ 13,742**	**$ 321,377**	**$ 15,745**	**$ 3,791,588**

(1) Amount includes the effect of two single client low-fee institutional index fixed income outflows of $36.0 billion and $74.2 billion.

(2) Amounts represent AUM acquired in the SRPEP Transaction in September 2012 of $6.2 billion and the Claymore Transaction in March 2012 of $7.6 billion.

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

(4) Advisory AUM represents long-term portfolio liquidation assignments. Redemptions include planned client distributions.

The following table presents component changes in AUM by product for 2012.

(in millions)	December 31, 2011	Net subscriptions (redemptions)[1]	Acquisitions[2]	Market change	FX impact[3]	December 31, 2012
Equity:						
Active	$ 275,156	$ (18,111)	$ —	$ 28,550	$ 1,620	$ 287,215
iShares	419,651	52,973	3,517	56,433	2,074	534,648
Fixed income:						
Active	614,804	892	—	40,524	111	656,331
iShares	153,802	28,785	3,026	6,325	914	192,852
Multi-asset	225,170	15,817	78	25,072	1,611	267,748
Alternatives:						
Core	63,647	(3,922)	6,166	2,266	210	68,367
Currency and commodities[4]	41,301	(1,547)	860	1,307	(493)	41,428
Subtotal	**1,793,531**	**74,887**	**13,647**	**160,477**	**6,047**	**2,048,589**
Non-ETF Index:						
Equity	865,299	19,154	95	138,730	360	1,023,638
Fixed income	479,116	(96,506)	—	20,991	6,538	410,139
Subtotal Non-ETF Index	**1,344,415**	**(77,352)**	**95**	**159,721**	**6,898**	**1,433,777**
Long-term	**3,137,946**	**(2,465)**	**13,742**	**320,198**	**12,945**	**3,482,366**
Cash management	254,665	5,048	—	1,983	2,047	263,743
Advisory[5]	120,070	(74,540)	—	(804)	753	45,479
Total	**$ 3,512,681**	**$ (71,957)**	**$ 13,742**	**$ 321,377**	**$ 15,745**	**$ 3,791,588**

(1) Amount includes the effect of two single client low-fee institutional index fixed income outflows of $36.0 billion and $74.2 billion.

(2) Amounts represent AUM acquired in the SRPEP Transaction in September 2012 of $6.2 billion and Claymore Transaction in March 2012 of $7.6 billion.

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

(4) Amounts include commodity *iShares*.

(5) Advisory AUM represents long-term portfolio liquidation assignments. Redemptions include planned client distributions.

AUM increased $278.9 billion, or 8%, to $3.792 trillion at December 31, 2012 from $3.513 trillion at December 31, 2011. The increase in AUM was driven largely by market gains and positive net new business, excluding the effect of two single client low-fee, institutional index fixed income outflows of $36.0 billion and $74.2 billion in the first quarter of 2012 and the third quarter of 2012, respectively. Total flows included $74.5 billion of planned advisory distributions and acquired AUM related to the SRPEP and the Claymore Transactions of $13.7 billion.

Net market appreciation of $321.4 billion reflected growth in U.S. and global equity markets and $67.8 billion appreciation in fixed income products across the majority of strategies.

The $15.7 billion net increase in AUM from converting non-U.S. dollar denominated AUM into U.S. dollars was primarily due to the weakening of the U.S. dollar against the pound sterling and the euro, partially offset by the strengthening of the U.S. dollar against the Japanese yen.

DISCUSSION OF FINANCIAL RESULTS

Introduction

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 predetermined percentages of the market value of AUM or percentages of committed capital during investment periods of certain alternative products and are affected by changes in AUM, including market appreciation or depreciation, foreign exchange translation 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 distributions to investors representing return of capital and return on investments to investors. Market appreciation or depreciation includes current income earned on, and changes in the fair value of, securities held in client accounts. Foreign exchange translation reflects the impact of converting non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.

BlackRock also earns revenue by lending securities on behalf of clients to highly rated banks and broker-dealers. The securities loaned are secured by collateral in the form of cash or securities, with minimum collateral generally ranging from approximately 102% to 112% of the value of the loaned securities. Generally, the revenue earned is shared between BlackRock and the funds or accounts managed by the Company from which the securities are borrowed. Historically, securities lending revenue in the second quarter exceeds the other quarters during the year driven by higher seasonal demand.

Investment advisory agreements for certain separate accounts and investment funds 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 and 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. Historically, the magnitude of performance fees in the third and fourth quarters generally exceeds that of the first two calendar quarters in a year due to the greater number of products with performance measurement periods that end on either September 30 or December 31.

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. The Company's *Aladdin®* operating platform serves as the investment/risk solutions system for BlackRock and other institutional investors. Fees earned for *BlackRock Solutions* and advisory services are determined using some, or all, of the following methods: (i) percentages of various attributes of advisory AUM or value of positions on the *Aladdin* platform, (ii) fixed fees and (iii) performance fees if contractual thresholds are met.

BlackRock builds upon its leadership position to meet the growing need for investment and risk management solutions. Through its scale and diversity of products, it is able to provide its clients with customized solutions including fiduciary outsourcing for liability-driven investments and overlay strategies for pension plan sponsors, balance sheet management and related services for insurance companies and target date and target return funds, as well as asset allocation portfolios, for retail investors. BlackRock is also able to service these clients via its *Aladdin* platform to provide risk management and other outsourcing services for institutional investors and custom and tailored solutions to address complex risk exposures.

The Company earns fees for transition management services primarily comprised of commissions from acting as a broker-dealer in connection with buying and selling securities on behalf of its customers. Commissions related to transition management services are recorded on a trade-date basis as securities transactions occur.

The Company also earns revenue related to certain strategic investments accounted for as equity method investments.

Operating expenses reflect employee compensation and benefits, distribution and servicing costs, amortization of deferred sales commissions, direct fund expenses, general and administration expenses and amortization of finite-lived intangible assets.

- Employee compensation and benefits expense includes salaries, commissions, temporary help, deferred and incentive compensation, employer payroll taxes, severance and related benefit costs.
- Distribution and servicing costs, which are primarily AUM driven, include payments made to Merrill Lynch-affiliated entities under a global distribution agreement, to PNC and Barclays, as well as other third parties, primarily associated with obtaining and retaining client investments in certain BlackRock products.
- Direct fund expenses primarily consist of third-party nonadvisory expenses incurred by BlackRock related to certain funds for the use of index trademarks, reference data for indices, custodial services, fund administration, fund accounting, transfer agent services, shareholder reporting services, legal expenses, audit and tax services as well as other fund-related expenses directly attributable to the nonadvisory operations of the fund. These expenses may vary over time with fluctuations in AUM, number of shareholder accounts, or other attributes directly related to volume of business.
- General and administration expenses include marketing and promotional, occupancy and office-related costs, portfolio services (including clearing expenses related to transition management services), technology, professional services, communications, closed-end fund launch costs and other general and administration expenses, including the impact of foreign currency remeasurement.

Nonoperating income (expense) includes the effect of changes in the valuations on investments (excluding available-for-sale investments) and earnings on equity method investments as well as interest and dividend income and interest expense. Other comprehensive income includes changes in valuations related to available-for-sale investments. BlackRock primarily holds seed and co-investments in sponsored investment products that invest in a variety of asset classes, including private equity, distressed credit/mortgage debt securities, hedge funds and real estate. Investments generally are made for co-investment purposes, to establish a performance track record, to hedge exposure to certain deferred compensation plans or for regulatory purposes, including Federal Reserve Bank stock. BlackRock does not engage in proprietary trading activities that could conflict with the interests of its clients.

In addition, nonoperating income (expense) includes the impact of changes in the valuations of consolidated sponsored investment funds and consolidated collateralized loan obligations ("CLOs"). The portion of nonoperating income (expense) not attributable to BlackRock is allocated to NCI on the consolidated statements of income.

Revenue

(in millions)	2013	2012	2011
Investment advisory, administration fees and securities lending revenue:			
Equity:			
Active	**$ 1,741**	$ 1,753	$ 1,967
iShares	**2,390**	1,941	1,847
Fixed income:			
Active	**1,269**	1,182	1,104
iShares	**464**	441	317
Multi-asset	**1,039**	957	894
Alternatives:			
Core	**576**	525	557
Currency and commodities	**107**	131	136
Subtotal	**7,586**	6,930	6,822
Non-ETF Index:			
Equity	**594**	552	488
Fixed income	**238**	229	203
Subtotal Non-ETF Index	**832**	781	691
Long-term	**8,418**	7,711	7,513
Cash management	**321**	361	383
Total base fees	**8,739**	8,072	7,896
Investment advisory performance fees:			
Equity	**91**	88	145
Fixed income	**25**	48	35
Multi-asset	**24**	15	20
Alternatives	**421**	312	171
Total	**561**	463	371
BlackRock Solutions and advisory	**577**	518	510
Distribution fees	**73**	71	100
Other revenue	**230**	213	204
Total revenue	**$ 10,180**	$ 9,337	$ 9,081

The table below lists the asset type mix of investment advisory, administration fees and securities lending revenue (collectively "base fees") and mix of average AUM by asset class:

	Mix of Base Fees			Mix of Average AUM by Asset Class[1]		
	2013	2012	2011	2013	2012	2011
Equity:						
Active	**20%**	22%	25%	**7%**	8%	9%
iShares	**26%**	23%	23%	**16%**	13%	13%
Fixed income:						
Active	**15%**	15%	14%	**16%**	18%	19%
iShares	**5%**	5%	4%	**5%**	5%	4%
Multi-asset	**12%**	12%	11%	**7%**	7%	6%
Alternatives:						
Core	**7%**	7%	7%	**2%**	2%	2%
Currency and commodities	**1%**	2%	2%	**1%**	1%	1%
Subtotal	**86%**	86%	86%	**54%**	54%	54%
Non-ETF Index:						
Equity	**7%**	7%	6%	**29%**	26%	26%
Fixed income	**3%**	3%	3%	**10%**	13%	13%
Subtotal Non-ETF Index:	**10%**	10%	9%	**39%**	39%	39%
Long-term	**96%**	**96%**	**95%**	**93%**	**93%**	**93%**
Cash management	**4%**	4%	5%	**7%**	7%	7%
Total excluding Advisory AUM	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing thirteen months.

2013 Compared with 2012

Revenues increased $843 million, or 9%, from 2012, reflecting growth in markets, long-term net inflows and strength in performance fees and *BlackRock Solutions* and advisory revenue.

Investment advisory, administration fees and securities lending revenue of $8,739 million for 2013 increased $667 million from $8,072 million in 2012 due to growth in long-term average AUM. Securities lending fees decreased $63 million from 2012 to $447 million in 2013 driven by lower spreads consistent with industry trends, partially offset by an increase in average balances of securities on loan.

Investment advisory performance fees were $561 million in 2013 compared with $463 million in 2012, primarily reflecting higher fees from alternative products, including fund of funds and single-strategy hedge funds. Both years reflected significant fees from the liquidation of opportunistic funds.

BlackRock Solutions and advisory revenue in 2013 totaled $577 million compared with $518 million in 2012. The current year reflected a $47 million increase in *Aladdin* business revenues to $421 million and higher advisory assignments revenue.

Other revenue increased $17 million, largely reflecting higher transition management service fees and higher earnings from certain strategic investments.

2012 Compared with 2011

Revenues increased $256 million, or 3%, from 2011 reflecting market growth, positive flows, improvements in securities lending revenue and strength in performance fees.

Investment advisory, administration fees and securities lending revenue totaled $8,072 million in 2012 compared with $7,896 million in 2011, reflecting an improvement in securities lending revenue and higher advisory fees reflecting higher long-term average AUM. Securities lending fees were $510 million in 2012 compared with $397 million in 2011, reflecting higher lending rates and an increase in average balances of securities on loan.

Investment advisory performance fees were $463 million in 2012 compared with $371 million in 2011, primarily reflecting higher performance fees from alternative products, including fees from a disposition-related opportunistic fund, which were partially offset by lower fees from equity products.

BlackRock Solutions and advisory revenue in 2012 increased $8 million, or 2%, from 2011, primarily due to a $51 million increase in *Aladdin* business revenue to $374 million, partially offset by the run off of revenues associated with a lower level of advisory assets and lower one-time revenue from advisory assignments.

Distribution fees of $71 million in 2012 decreased $29 million, or 29%, from $100 million in 2011, primarily due to lower AUM in certain share classes of BlackRock funds.

Other revenue increased $9 million, largely reflecting higher earnings from certain strategic investments, partially offset by lower sales commissions and marketing fees earned for services to distribute *iPath®* products.

Expenses

(in millions)	2013	2012	2011
Expenses, GAAP:			
Employee compensation and benefits	**$ 3,560**	$ 3,287	$ 3,199
Distribution and servicing costs	**353**	364	386
Amortization of deferred sales commissions	**52**	55	81
Direct fund expenses	**657**	591	563
General and administration:			
Marketing and promotional	**409**	384	315
Occupancy and office related	**277**	248	373
Portfolio services	**203**	196	189
Technology	**160**	150	146
Professional services	**128**	114	139
Communications	**37**	39	40
Regulatory, filing and license fees	**31**	17	16
Charitable Contribution	**124**	—	—
Closed-end fund launch costs	**16**	22	26
Other general and administration	**155**	189	171
Total general and administration expenses	**1,540**	1,359	1,415
Restructuring charges	**—**	—	32
Amortization of intangible assets	**161**	157	156
Total expenses, GAAP	**$ 6,323**	**$ 5,813**	**$ 5,832**
Less non-GAAP expense adjustments:			
Employee compensation and benefits:			
PNC LTIP funding obligation	**33**	22	44
Merrill Lynch compensation contribution	**—**	—	7
Compensation expense related to appreciation (depreciation) on deferred compensation plans	**10**	6	(3)
Subtotal	**43**	28	48
General and administration:			
Charitable Contribution	**124**	—	—
U.K. lease exit costs	**—**	(8)	63
Contribution to STIFs	**—**	30	—
Subtotal	**124**	22	63
Restructuring charges	**—**	—	32
Total non-GAAP expense adjustments	**167**	**50**	**143**
Expenses, as adjusted:			
Employee compensation and benefits	**3,517**	3,259	3,151
Distribution and servicing costs	**353**	364	386
Amortization of deferred sales commissions	**52**	55	81
Direct fund expenses	**657**	591	563
General and administration	**1,416**	1,337	1,352
Amortization of intangible assets	**161**	157	156
Total expenses, as adjusted	**$ 6,156**	**$ 5,763**	**$ 5,689**

2013 Compared with 2012

GAAP. Expenses increased $510 million, or 9%, from 2012, primarily reflecting higher revenue-related expenses and the $124 million expense related to the Charitable Contribution.

Employee compensation and benefits expense increased $273 million, or 8%, to $3,560 million in 2013 from $3,287 million in 2012, reflecting increased headcount and higher incentive compensation driven by higher operating income, including higher performance fees. Employees at December 31, 2013 totaled approximately 11,400 compared with approximately 10,500 at December 31, 2012.

Distribution and servicing costs totaled $353 million in 2013 compared with $364 million in 2012. These costs included payments to Bank of America/Merrill Lynch under a global distribution agreement and PNC, as well as other third parties, primarily associated with the distribution and servicing of client investments in certain BlackRock products. Distribution and servicing costs for 2013 and 2012 included $184 million and $195 million, respectively, of costs attributable to Bank of America/Merrill Lynch.

Direct fund expenses increased $66 million, reflecting higher average AUM, primarily related to *iShares*, where BlackRock pays certain nonadvisory expenses of the funds.

General and administration expenses increased $181 million, largely driven by the $124 million expense related to the Charitable Contribution, higher marketing and promotional costs and various lease exit costs. The full year 2012 included a one-time $30 million contribution to STIFs.

As Adjusted. Expenses, as adjusted, increased $393 million, or 7%, to $6,156 million in 2013 from $5,763 million in 2012. The increase in total expenses, as adjusted, is primarily attributable to increases in employee compensation and benefits, direct fund expenses and general and administration expenses.

2012 Compared with 2011

GAAP. Expenses decreased $19 million to $5,813 million from 2011, primarily reflecting a reduction in general and administration expenses, amortization of deferred sales commissions and distribution and servicing costs, partially offset by higher employee compensation and benefits and direct fund expenses. General and administration expenses in 2012 included a $30 million charge related to a contribution to STIFs.

Employee compensation and benefits expense increased $88 million, or 3%, to $3,287 million in 2012 from $3,199 million in 2011, reflecting an increase in incentive compensation driven by higher operating income, including higher performance fees. Employees at December 31, 2012 totaled approximately 10,500 compared with approximately 10,100 at December 31, 2011.

Distribution and servicing costs decreased $22 million, or 6%, to $364 million in 2012 from $386 million in 2011. The $22 million decrease related to lower service fees from variable annuities and lower cash management-related distribution costs. Distribution and servicing costs for 2012 and 2011 included $195 million and $207 million, respectively, of costs attributable to Bank of America/Merrill Lynch.

Amortization of deferred sales commissions decreased $26 million, or 32%, to $55 million in 2012 from $81 million in 2011, primarily related to lower sales in certain share classes of U.S. open-end mutual funds.

Direct fund expenses increased $28 million from 2011 million, primarily reflecting growth in average AUM for the funds (predominantly iShares) where BlackRock pays certain nonadvisory expenses of the funds.

General and administration expenses decreased $56 million, or 4%, to $1,359 million in 2012 from $1,415 million in 2011. Lower occupancy and office-related expenses, primarily due to $63 million of U.K. lease exit costs incurred in 2011, and lower professional services costs contributed to the overall net decrease in general and administration expenses. The decrease in general and administration expenses was partially offset by higher marketing and promotional expenses in connection with the brand campaign and a one-time contribution to STIFs.

Restructuring charges of $32 million recorded in 2011, primarily related to severance, accelerated amortization of certain previously granted stock awards, and legal and outplacement costs associated with a reduction in work force and reengineering efforts.

As Adjusted. Expenses, as adjusted, increased $74 million, or 1%, to $5,763 million in 2012 from $5,689 million in 2011. The increase in total expenses, as adjusted, is primarily attributable to increases in employee compensation and benefits and direct fund expenses, partially offset by a reduction in amortization of deferred sales commissions, distribution and servicing costs and general and administration expenses.

NONOPERATING RESULTS

Nonoperating income (expense), less net income (loss) attributable to NCI for 2013, 2012 and 2011 was as follows:

(in millions)	2013	2012	2011
Nonoperating income (expense), GAAP basis[1]	**$ 116**	$ (54)	$ (114)
Less: Net income (loss) attributable to NCI	**19**	(18)	2
Nonoperating income (expense)[2]	**97**	(36)	(116)
Gain related to the Charitable Contribution	**(80)**	—	—
Compensation expense related to (appreciation) depreciation on deferred compensation plans	**(10)**	(6)	3
Nonoperating income (expense), as adjusted[2]	**$ 7**	$ (42)	$ (113)

(1) During 2013, the Company did not record any nonoperating income (loss) or net income (loss) attributable to consolidated variable interest entities on the consolidated statements of income. Amounts included losses of $38 million and $18 million attributable to consolidated variable interest entities for 2012 and 2011, respectively.

(2) Net of net income (loss) attributable to NCI.

The components of nonoperating income (expense), less net income (loss) attributable to NCI for 2013, 2012 and 2011 were as follows:

(in millions)	2013	2012	2011
Net gain (loss) on investments[1]			
Private equity	**$ 52**	$ 36	$ 36
Real estate	**24**	14	10
Distressed credit/mortgage funds	**40**	69	(13)
Hedge funds/funds of hedge funds	**25**	20	(5)
Other investments[2]	**16**	(2)	1
Subtotal	**157**	137	29
Gain related to the PennyMac IPO	**39**	—	—
Gain related to the Charitable Contribution	**80**	—	—
Investments related to deferred compensation plans	**10**	6	(3)
Total net gain (loss) on investments	**286**	143	26
Interest and dividend income	**22**	36	34
Interest expense	**(211)**	(215)	(176)
Net interest expense	**(189)**	(179)	(142)
Total nonoperating income (expense)[1]	**97**	(36)	(116)
Gain related to the Charitable Contribution	**(80)**	—	—
Compensation expense related to (appreciation) depreciation on deferred compensation plans	**(10)**	(6)	3
Nonoperating income (expense), as adjusted[1]	**$ 7**	$ (42)	$ (113)

(1) Net of net income (loss) attributable to NCI.

(2) Amount included net gains (losses) related to equity and fixed income investments, and BlackRock's seed capital hedging program.

2013 Compared with 2012

Net gains on investments of $286 million in 2013 increased $143 million from 2012 due to the $39 million gain related to the PennyMac IPO and the $80 million gain related to the Charitable Contribution and higher net positive marks.

Net interest expense increased $10 million from 2012 primarily due to lower dividend income.

For further information on the Company's long-term debt, see *Liquidity and Capital Resources* herein.

2012 Compared with 2011

Net gains on investments increased $117 million from 2011 due to higher net positive marks in 2012 compared with 2011.

Net interest expense increased from 2011, primarily due to long-term debt issuances in May 2011 and May 2012.

Income Tax Expense

	GAAP			As adjusted		
(in millions)	2013	2012	2011	2013	2012	2011
Income before income taxes[1]	**$ 3,954**	$ 3,488	$ 3,133	**$ 4,031**	$ 3,532	$ 3,279
Income tax expense	**$ 1,022**	$ 1,030	$ 796	**$ 1,149**	$ 1,094	$ 1,040
Effective tax rate	**25.8%**	29.5%	25.4%	**28.5%**	31.0%	31.7%

(1) Net of net income (loss) attributable to NCI.

The Company's tax rate is affected by tax rates in foreign jurisdictions and the relative amount of income earned in those jurisdictions, which the Company expects to be fairly consistent in the near term. The significant foreign jurisdictions, which have lower statutory tax rates than the U.S. federal statutory rate of 35%, include the United Kingdom, Luxembourg, Canada and the Netherlands. U.S. income taxes were not provided for certain undistributed foreign earnings intended to be indefinitely reinvested outside the United States.

2013. The GAAP effective tax rate of 25.8% for 2013 included a $69 million net noncash benefit primarily related to the revaluation of certain deferred income tax liabilities, including the effect of legislation enacted in the United Kingdom and domestic state and local income tax changes. In addition, 2013 included the approximately $48 million tax benefit recognized in connection with the Charitable Contribution, a tax benefit of approximately $29 million, primarily due to the realization of tax loss carryforwards, and benefits from certain nonrecurring items.

The as adjusted effective tax rate of 28.5% for 2013 included a tax benefit of approximately $29 million, primarily due to the realization of tax loss carryforwards, and benefits from certain nonrecurring items and excluded the $69 million net noncash benefit and the $48 million tax benefit related to the Charitable Contribution mentioned above.

2012. The GAAP effective tax rate of 29.5% for 2012 included a $21 million benefit related to the resolution of certain outstanding tax positions and a $50 million net noncash benefit related to the revaluation of certain deferred income tax liabilities, including the effect of tax legislation enacted in the United Kingdom and the state and local income tax effect resulting from changes in the Company's organizational structure.

The as adjusted effective tax rate of 31.0% for 2012 excluded the $50 million net noncash tax benefit mentioned above.

2011. The GAAP effective tax rate of 25.4% for 2011 included a $24 million benefit related to the resolution of certain outstanding tax positions and $198 million of net noncash tax benefits due to a state tax election and enacted U.K., Japan, U.S. state and local tax legislation.

The 2011 as adjusted effective tax rate of 31.7% included the $24 million benefit related to the revaluation of certain deferred income tax liabilities and excluded the $198 million net noncash benefit.

BALANCE SHEET OVERVIEW

As Adjusted Balance Sheet

The following table presents a reconciliation of the consolidated statement of financial condition presented on a GAAP basis to the consolidated statement of financial condition, excluding the impact of separate account assets and separate account collateral held under securities lending agreements (directly related to lending separate account securities) and separate account liabilities and separate account collateral liabilities under securities lending agreements, consolidated variable interest entities ("VIEs") and consolidated sponsored investment funds.

The Company presents the as adjusted balance sheet as additional information to enable investors to exclude certain assets that have equal and offsetting liabilities or noncontrolling interests that ultimately do not have an impact on stockholders' equity (excluding appropriated retained earnings related to consolidated collateralized loan obligations ("CLOs")) or cash flows. Management views the as adjusted balance sheet, a non-GAAP financial measure, as an economic presentation of its total assets and liabilities; however, it 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.

Separate Account Assets and Liabilities and Separate Account Collateral Held under Securities Lending Agreements

Separate account assets are maintained by BlackRock Life Limited, a wholly owned subsidiary of the Company, which is a registered life insurance company in the United Kingdom, and represent segregated assets held for purposes of funding individual and group pension contracts. The Company records equal and offsetting separate account liabilities. The separate account assets are not available to creditors of the Company and the holders of the pension contracts have no recourse to the Company's assets. The net investment income attributable to separate account assets accrues directly to the contract owners and is not reported on the consolidated statements of income. While BlackRock has no economic interest in these assets or liabilities, BlackRock earns an investment advisory fee for the service of managing these assets on behalf of the clients.

In addition, the Company records on its consolidated statements of financial condition the separate account collateral received under securities lending arrangements as its own asset in addition to an equal and offsetting separate account collateral liability for the obligation to return the collateral.

Consolidated VIEs

At December 31, 2013, BlackRock's consolidated VIEs included multiple CLOs and one private investment fund. The assets of these VIEs are not available to creditors of the Company and the Company has no obligation to settle the liabilities of the VIEs. While BlackRock has no material economic interest in these assets or liabilities, BlackRock earns an investment advisory fee, as well as a potential performance fee, for the service of managing these assets on behalf of clients.

Consolidated Sponsored Investment Funds

The Company consolidates certain sponsored investment funds primarily because it is deemed to control such funds. 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 the Company's operations.

(in millions)	December 31, 2013				
		Segregated client assets generating advisory fees in which BlackRock has no economic interest or liability			
	GAAP Basis	Separate Account Assets/ Collateral	Consolidated VIEs	Consolidated Sponsored Investment Funds	As Adjusted
Assets					
Cash and cash equivalents	$ 4,390	$ —	$ —	$ 114	$ 4,276
Accounts receivable	2,247	—	—	—	2,247
Investments	2,151	—	—	94	2,057
Assets of consolidated VIEs	2,486	—	2,486	—	—
Separate account assets and collateral held under securities lending agreements	176,901	176,901	—	—	—
Other assets[1]	1,217	—	—	20	1,197
Subtotal	189,392	176,901	2,486	228	9,777
Goodwill and intangible assets, net	30,481	—	—	—	30,481
Total assets	$ 219,873	$ 176,901	$ 2,486	$ 228	$ 40,258
Liabilities					
Accrued compensation and benefits	$ 1,747	$ —	$ —	$ —	$ 1,747
Accounts payable and accrued liabilities	1,084	—	—	—	1,084
Borrowings	4,939	—	—	—	4,939
Liabilities of consolidated VIEs	2,443	—	2,443	—	—
Separate account liabilities and collateral liabilities under securities lending agreements	176,901	176,901	—	—	—
Deferred income tax liabilities	5,085	—	—	—	5,085
Other liabilities	1,004	—	—	39	965
Total liabilities	193,203	176,901	2,443	39	13,820
Equity					
Total stockholders' equity[2]	26,460	—	22	—	26,438
Noncontrolling interests	210	—	21	189	—
Total equity	26,670	—	43	189	26,438
Total liabilities and equity	$ 219,873	$ 176,901	$ 2,486	$ 228	$ 40,258

(1) Amounts include property and equipment and other assets.

(2) GAAP amount includes $22 million of appropriated retained earnings related solely to consolidated CLOs in which the Company has no equity exposure.

The following discussion summarizes the significant changes in assets and liabilities on a GAAP basis. The discussion does not include changes related to assets and liabilities that are equal and offsetting and have no impact on BlackRock's stockholders' equity.

Assets. Cash and cash equivalents at December 31, 2013 and 2012 included $114 million and $133 million, respectively, of cash held by consolidated sponsored investment funds (see *Liquidity and Capital Resources* for details on the change in cash and cash equivalents during 2013).

Investments increased $401 million from December 31, 2012 (for more information see *Investments* herein). Goodwill and intangible assets increased $169 million from December 31, 2012, primarily due to the MGPA acquisition and Credit Suisse ETF Transaction, partially offset by $161 million of intangible assets amortization expense. Other assets (including property, plant and equipment) increased $34 million from December 31, 2012, primarily related to an increase in strategic investments and other receivables, partially offset by a decrease in property and equipment due to depreciation and a decrease in current taxes receivable.

Liabilities. Accrued compensation and benefits at December 31, 2013 increased $200 million from December 31, 2012, primarily due to 2013 incentive compensation accruals. Accounts payable and accrued liabilities at December 31, 2013 increased $29 million from December 31, 2012 due to an increase in current income taxes payable and increased accruals, including direct fund expenses, partially offset by lower unit trust payables (substantially offset by a decrease in unit trust receivables recorded within accounts receivable). Borrowings decreased $848 million from December 31, 2012 resulting from the repayments of $750 million and $100 million of long-term and short-term borrowings, respectively.

Net deferred income tax liabilities at December 31, 2013 decreased $208 million, primarily due to the effects of temporary differences associated with stock compensation and investment income. The change also reflects the revaluation of certain deferred income tax liabilities due to legislation enacted in the United Kingdom, domestic state and local income tax changes, and realization of tax loss carryforwards. Other liabilities at December 31, 2013 increased $146 million from December 31, 2012, primarily resulting from an increase in liability of unrecognized tax benefits, a contingent liability related to the Credit Suisse ETF Transaction and other operating liabilities.

Investments

Investments totaled $2,151 million at December 31, 2013 and $1,750 million at December 31, 2012. Investments include consolidated investments held by sponsored investment funds deemed to be controlled by BlackRock. Management reviews BlackRock's investments on an "economic" basis, which eliminates the portion of investments that does not impact BlackRock's book value or net income attributable to BlackRock. 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.

The Company presents total investments, as adjusted, to enable investors to understand the portion of its investments that is owned by the Company, net of NCI, as a gauge to measure the impact of changes in net nonoperating gain (loss) on investments to net income (loss) attributable to BlackRock.

The Company further presents net "economic" investment exposure, net of deferred compensation investments and hedged investments, to reflect another gauge for investors as the economic impact of investments held pursuant to deferred compensation arrangements is substantially offset by a change in compensation expense and the impact of hedged investments is substantially mitigated by swap hedges. Carried interest capital allocations are excluded as there is no impact to BlackRock's stockholders' equity until such amounts are realized as performance fees. Finally, the Company's regulatory investment in Federal Reserve Bank stock, which is not subject to market or interest rate risk, is excluded from the Company's net economic investment exposure.

(in millions)	**December 31, 2013**	**December 31, 2012**
Total investments, GAAP	**$ 2,151**	$ 1,750
Investments held by consolidated sponsored investment funds[1]	**(826)**	(524)
Net exposure to consolidated investment funds	**732**	430
Total investments, as adjusted	**2,057**	1,656
Federal Reserve Bank stock	**(90)**	(89)
Carried interest	**(103)**	(85)
Deferred compensation investments	**(97)**	(62)
Hedged investments	**(184)**	(209)
Total "economic" investment exposure	**$ 1,583**	$ 1,211

(1) At December 31, 2013 and 2012, approximately $826 million and $524 million, respectively, of BlackRock's total GAAP investments were held in sponsored investment funds that were deemed to be controlled by BlackRock in accordance with GAAP, and, therefore, are consolidated even though BlackRock may not economically own a majority of such funds.

The following table represents the carrying value of the Company's economic investment exposure, by asset type, at December 31, 2013 and 2012:

(in millions)	**December 31, 2013**	**December 31, 2012**
Private equity	**$ 328**	$ 298
Real estate	**125**	122
Distressed credit/mortgage funds	**148**	214
Hedge funds/funds of hedge funds	**348**	159
Other investments[1]	**634**	418
Total "economic" investment exposure	**$ 1,583**	$ 1,211

(1) Other investments primarily include seed investments in fixed income and equity funds/strategies as well as U.K. government securities held for regulatory purposes.

As adjusted investment activity for 2013 was as follows:

(in millions)	
Investments, as adjusted, December 31, 2012	$ 1,656
Purchases/capital contributions	912
Sales/maturities	(469)
Distributions	(216)
Market valuations/earnings from equity method investments	156
Carried interest capital allocations	18
Investments, as adjusted, December 31, 2013	**$ 2,057**

The following table represents investments, as adjusted at December 31, 2013:

(in millions)	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[1]	Investments at December 31, 2013
Total investments, as adjusted[2]	$ 607	$ 545	$ 489	$ 416	$ 2,057

(1) Amount includes investments held at cost or amortized cost, carried interest and certain equity method investments, which include sponsored investment funds, which are not accounted for under a fair value measure. 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 investees may not represent fair value.

(2) Amounts include cash and cash equivalents, other assets and liabilities that are consolidated from non-VIE sponsored investment funds. See Note 5, *Fair Value Disclosures*, to the consolidated financial statements contained in Part II, Item 8 of this filing, for total GAAP investments.

LIQUIDITY AND CAPITAL RESOURCES

BlackRock Cash Flows Excluding the Impact of Consolidated Sponsored Investment Funds and VIEs

BlackRock consolidates certain of its sponsored investment funds and CLOs, notwithstanding the fact BlackRock may only have a minority interest, if any, in these funds or CLOs. As a result, the consolidated statements of cash flows include the cash flows of consolidated sponsored investment funds and CLOs. The Company uses an adjusted cash flow statement, which excludes the impact of consolidated sponsored investment funds and CLOs, 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 and CLOs, provide investors with useful information on the cash flows of BlackRock relating to its 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 flows presented in accordance with GAAP.

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

(in millions)	GAAP Basis	Impact on Cash Flows of Consolidated Sponsored Investment Funds	Impact on Cash Flows of Consolidated VIEs	Cash Flows Excluding Impact of Consolidated Sponsored Investment Funds and VIEs
Cash and cash equivalents, December 31, 2011	$ 3,506	$ 196	$ —	$ 3,310
Cash flows from operating activities	2,240	(256)	(227)	2,723
Cash flows from investing activities	(266)	(211)	—	(55)
Cash flows from financing activities	(944)	404	227	(1,575)
Effect of exchange rate changes on cash and cash equivalents	70	—	—	70
Net change in cash and cash equivalents	1,100	(63)	—	1,163
Cash and cash equivalents, December 31, 2012	4,606	133	—	4,473
Cash flows from operating activities	**3,642**	**(137)**	**286**	**3,493**
Cash flows from investing activities	**(483)**	**39**	**—**	**(522)**
Cash flows from financing activities	**(3,392)**	**79**	**(286)**	**(3,185)**
Effect of exchange rate changes on cash and cash equivalents	**17**	**—**	**—**	**17**
Net change in cash and cash equivalents	**(216)**	**(19)**	**—**	**(197)**
Cash and cash equivalents, December 31, 2013	**$ 4,390**	**$ 114**	**$ —**	**$ 4,276**

Sources of BlackRock's operating cash primarily include investment advisory, administration fees and securities lending revenue, performance fees, revenue from *BlackRock Solutions* and advisory products and services, other revenue and distribution fees. BlackRock uses its cash to pay all operating expenses, interest and principal on the Company's borrowings, income taxes, dividends on BlackRock's capital stock, repurchases of the Company's stock, capital expenditures and purchases of co-investments and seed investments.

Cash flows from operating activities, excluding the impact of consolidated sponsored investment funds and VIEs, primarily include the receipt of investment advisory and administration fees, securities lending revenue and other revenue offset by the payment of operating expenses incurred in the normal course of business, including year-end incentive compensation accrued for in the prior year.

Cash outflows from investing activities, excluding the impact of consolidated sponsored investment funds and VIEs, for 2013 were $522 million and primarily reflected $555 million

of investment purchases and $298 million related to the Credit Suisse ETF Transaction and the MGPA acquisition, partially offset by $342 million of net proceeds from sales and maturities of certain investments.

Cash outflows from financing activities, excluding the impact of consolidated sponsored investment funds and VIEs, for 2013 were $3.2 billion, primarily resulting from $1.2 billion of share repurchases, including $1.0 billion in open market transactions and $243 million of employee tax withholdings related to employee stock transactions, $1.2 billion of cash dividend payments, a $750 million long-term debt repayment and a $100 million short-term debt repayment. Cash outflows from financing activities were partially offset by cash inflows related to $41 million of excess tax benefits from stock-based compensation.

The Company manages its financial condition and funding to maintain appropriate liquidity for the business. Liquidity resources at December 31, 2013 and 2012 were as follows:

(in millions)	**December 31, 2013**	**December 31, 2012**
Cash and cash equivalents	**$ 4,390**	$ 4,606
Cash and cash equivalents held by consolidated sponsored investment funds[1]	**(114)**	(133)
Subtotal	**4,276**	4,473
Credit facility — undrawn	**3,990**	3,685
Total liquidity	**$ 8,266**	$ 8,158

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

Total liquidity increased $108 million during 2013, primarily reflecting positive operating cash flow and the increased aggregate commitment of the 2013 credit facility to $3.990 billion, partially offset by the $750 million repayment of long-term borrowings, cash payments of 2012 year-end incentive awards, share repurchases, including $1.0 billion in open market transactions, and cash dividend payments.

A significant portion of the Company's $2,057 million of total investments, as adjusted, is illiquid in nature and, as such, may not be readily convertible to cash.

Share Repurchase Approvals. In January 2013, the Board of Directors (the "Board") approved an increase in the availability under the Company's existing share repurchase program to allow for the repurchase of up to 10.2 million shares of BlackRock common stock. The Company repurchased 3.7 million common shares in open market transactions under the share repurchase program for $1.0 billion during 2013. At December 31, 2013, there were 6.5 million shares still authorized to be repurchased.

Net Capital Requirements. The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions, which is partially maintained by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. As a result, such subsidiaries of the Company may be restricted in their ability to transfer cash between different jurisdictions and to their parents. Additionally, transfers of cash between international jurisdictions, including repatriation to the United States, may have adverse tax consequences that could discourage such transfers.

BlackRock Institutional Trust Company, N.A. ("BTC") is chartered as a national bank that does not accept client deposits and whose powers are limited to trust activities. BTC provides investment management services, including investment advisory and securities lending agency services, to institutional investors and other clients. BTC is subject to regulatory capital and liquid asset requirements administered by the Office of the Comptroller of the Currency.

At December 31, 2013, the Company was required to maintain approximately $1.1 billion compared with $1.2 billion at December 31, 2012 in net capital in certain regulated subsidiaries, including BTC, entities regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom and the Company's broker-dealers. The Company was in compliance with all applicable regulatory net capital requirements. The decrease in required net capital was primarily due to a reduction in the BTC minimum Tier 1 capital requirement from $500 million to $385 million in August 2013.

Undistributed Earnings of Foreign Subsidiaries. As of December 31, 2013, the Company has not provided for U.S. federal and state income taxes on approximately $3.1 billion of undistributed earnings of its foreign subsidiaries. Such earnings are considered indefinitely reinvested outside the United States. The Company's current plans do not demonstrate a need to repatriate these funds.

Short-Term Borrowings

2013 Revolving Credit Facility. In March 2011, the Company entered into a five-year $3.5 billion unsecured revolving credit facility (the "2011 credit facility"). In March 2012, the 2011 credit facility was amended to extend the maturity date by one year to March 2017 and in April 2012 the amount of the aggregate commitment was increased to $3.785 billion (the "2012 credit facility"). In March 2013, the Company's credit facility was amended to extend the maturity date by one year to March 2018 and the amount of the aggregate commitment was increased to $3.990 billion (the "2013 credit facility"). The 2013 credit facility permits the Company to request up to an additional $1.0 billion of borrowing capacity, subject to lender credit approval, increasing the overall size of the 2013 credit facility to an aggregate principal amount not to exceed $4.990 billion. Interest on borrowings outstanding accrues at a rate based on the applicable London Interbank Offered Rate plus a spread. The 2013 credit 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 unrestricted cash) of 3 to 1, which was satisfied with a ratio of less than 1 to 1 at December 31, 2013. The 2013 credit facility provides back-up liquidity, funds ongoing working capital for general corporate purposes and funds various investment opportunities. At December 31, 2013, the Company had no amount outstanding under the 2013 credit facility.

Commercial Paper Program. On October 14, 2009, BlackRock established a commercial paper program (the "CP Program") under which the Company could issue unsecured commercial paper notes (the "CP Notes") on a private placement basis up to a maximum aggregate amount outstanding at any time of $3.0 billion. On May 13, 2011, BlackRock increased the maximum aggregate amount that may be borrowed under the CP Program to $3.5 billion. On

May 17, 2012, BlackRock increased the maximum aggregate amount to $3.785 billion. In April 2013, BlackRock increased the maximum aggregate amount for which the Company could issue unsecured CP Notes on a private-placement basis up to a maximum aggregate amount outstanding at any time of $3.990 billion. The commercial paper program is currently supported by the 2013 credit facility. At December 31, 2013, BlackRock had no CP Notes outstanding.

Long-term Borrowings.

At December 31, 2013, the principal amount of long-term borrowings, including the current portion, was $4.95 billion.

2015 and 2022 Notes. In May 2012, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities, including $750 million of 1.375% notes maturing in June 2015 (the "2015 Notes") and $750 million of 3.375% notes maturing in June 2022 (the "2022 Notes"). Net proceeds were used to fund the repurchase of BlackRock's common stock and Series B Preferred from Barclays and affiliates and for general corporate purposes. Interest on the 2015 Notes and 2022 Notes of approximately $10 million and $25 million per year, respectively, is payable semi-annually on June 1 and December 1 of each year, which commenced December 1, 2012. The 2015 Notes and 2022 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The "make-whole" redemption price represents a price, subject to the specific terms of the 2015 and 2022 Notes and related indenture, that is the greater of (a) par value and (b) the present value of future payments that will not be paid because of an early redemption, which is discounted at a fixed spread over a comparable Treasury security.

2013 and 2021 Notes. In May 2011, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities, including $750 million of 4.25% notes maturing in May 2021 and $750 million of floating rate notes ("2013 Floating Rate Notes"), which were repaid in May 2013. Net proceeds of this offering were used to fund the repurchase of BlackRock's Series B Preferred from affiliates of Merrill Lynch. Interest on the 4.25% notes due in 2021 ("2021 Notes") is payable semi-annually on May 24 and November 24 of each year, which commenced November 24, 2011, and is approximately $32 million per year. The 2021 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price.

In May 2011, in conjunction with the issuance of the 2013 Floating Rate Notes, the Company entered into a $750 million notional interest rate swap maturing in 2013 to hedge the future cash flows of its obligation at a fixed rate of 1.03%. During the second quarter of 2013, the interest rate swap matured and the 2013 Floating Rate Notes were fully repaid.

2012, 2014 and 2019 Notes. In December 2009, the Company issued $2.5 billion in aggregate principal amount of unsecured and unsubordinated obligations. These notes were issued as three separate series of senior debt securities, including $0.5 billion of 2.25% notes, which were repaid in December 2012, $1.0 billion of 3.50% notes and $1.0 billion of 5.0% notes maturing in December 2014 and 2019, respectively. Net proceeds of this offering were used to repay borrowings under the CP program, which was used to finance a portion of the BGI Transaction, and for general corporate purposes. These notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. Interest on the 2014 Notes and 2019 Notes of approximately $35 million and $50 million per year, respectively, is payable semi-annually in arrears on June 10 and December 10 of each year.

2017 Notes. In September 2007, the Company issued $700 million in aggregate principal amount of 6.25% senior unsecured and unsubordinated notes maturing on September 15, 2017 (the "2017 Notes"). A portion of the net proceeds of the 2017 Notes was used to fund the initial cash payment for the acquisition of the fund of funds business of Quellos Group, LLC in October 2007 (the "Quellos Transaction") and the remainder was used for general corporate purposes. Interest is payable semi-annually in arrears on March 15 and September 15 of each year, or approximately $44 million per year. The 2017 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price.

Contractual Obligations, Commitments and Contingencies

The following table sets forth contractual obligations, commitments and contingencies by year of payment at December 31, 2013:

(in millions)	2014	2015	2016	2017	2018	Thereafter	Total
Contractual obligations and commitments:							
Long-term borrowings[1]:							
Principal	$ 1,000	$ 750	$ —	$ 700	$ —	$ 2,500	$ 4,950
Interest	196	156	151	151	107	218	979
Operating leases	135	127	110	109	106	699	1,286
Purchase obligations	83	77	31	8	—	—	199
Investment commitments	216	—	—	—	—	—	216
Total contractual obligations and commitments	**1,630**	**1,110**	**292**	**968**	**213**	**3,417**	**7,630**
Contingent obligations:							
Contingent distribution obligations	172	172	172	—	—	—	516
Contingent payments related to business acquisitions[2]	4	5	11	8	23	24	75
Total contractual obligations, commitments and contingent obligations[3]	**$ 1,806**	**$ 1,287**	**$ 475**	**$ 976**	**$ 236**	**$ 3,441**	**$ 8,221**

(1) Long-term borrowings exclude the borrowings of consolidated CLOs. The Company has no obligation to settle the liabilities of these CLOs.

(2) The amount of contingent payments reflected for any year represents the expected payment amounts, using foreign currency exchange rates as of December 31, 2013, under the terms of the business acquisition's agreement. The maximum potential payment amount related to Credit Suisse ETF Transaction is approximately $24 million for any year during a seven year period. There is no maximum amount for payments related to the MGPA Transaction. The fair value of the contingent obligations is not significant to the consolidated statement of financial condition and is recorded within other liabilities.

(3) At December 31, 2013, the Company had $372 million of net unrecognized tax benefits. Due to the uncertainty of timing and amounts that will ultimately be paid, this amount has been excluded from the table above.

Operating Leases. The Company leases its primary office locations under agreements that expire on varying dates through 2035. In connection with certain lease agreements, the Company is responsible for escalation payments. The contractual obligations table above includes only guaranteed minimum lease payments for such leases and does not project potential escalation or other lease-related payments. These leases are classified as operating leases and, as such, are not recorded as liabilities on the consolidated statements of financial condition.

Purchase Obligations. In the ordinary course of business, BlackRock enters into contracts or purchase obligations with third parties whereby the third parties provide services to or on behalf of BlackRock. Purchase obligations included in the contractual obligations table above represent executory contracts, which are either noncancelable or cancelable with a penalty. At December 31, 2013, the Company's obligations primarily reflected standard service contracts for portfolio, market data, office-related services and third-party marketing and promotional services. Purchase obligations are recorded on the Company's financial statements when services are provided and, as such, obligations for services not received are not included in the consolidated statement of financial condition at December 31, 2013.

Investment Commitments. At December 31, 2013, the Company had $216 million of various capital commitments to fund sponsored investment funds, including funds of private equity funds, real estate funds, infrastructure funds, opportunistic funds and distressed credit funds. This amount excludes additional commitments made by consolidated funds of funds to underlying third-party funds as third-party noncontrolling interest holders have the legal obligation to fund the respective commitments of such funds of funds. Generally, the timing of the funding of these commitments is unknown and the commitments are callable on demand at any time prior to the expiration of the commitment. These unfunded commitments are not recorded on the consolidated statements of financial condition. These commitments do not include potential future commitments approved by the Company, but which are not yet legally binding. The Company intends to make additional capital commitments from time to time to fund additional investment products for, and with, its clients.

Carried Interest Clawback. As a general partner in certain investment funds, including private equity partnerships and certain hedge funds, the Company may receive carried interest cash distributions from the partnerships in accordance with distribution provisions of the partnership agreements. The Company may, from time to time, be required to return all or a portion of such distributions to the limited partners in the event the limited partners do not achieve a return as specified in the various partnership agreements. Therefore, BlackRock records carried interest subject to such clawback provisions in investments, or cash to the extent that it is distributed, and as a deferred carried interest liability on its consolidated statements of financial condition. Carried interest is realized and recorded as performance fees on BlackRock's consolidated statements of income upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable.

Contingent Payments Related to Business Acquisitions. In connection with the Credit Suisse ETF Transaction, BlackRock is required to make contingent payments annually to Credit Suisse, subject to achieving specified thresholds during a seven year period, subsequent to the acquisition date. In addition, BlackRock is required to make contingent payments related to the MGPA Transaction during a five year period, subject to achieving specified thresholds, subsequent to the acquisition date. The fair value of the contingent payments at December 31, 2013 is not significant to the consolidated statement of financial condition and is included in other liabilities.

Indemnifications. In many of the Company's contracts, including the BGI, Merrill Lynch Investment Managers ("MLIM") and Quellos Transaction agreements, BlackRock agrees to indemnify third parties under certain circumstances. The terms of the indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined and, therefore, has not been included in the table above or recorded in the consolidated statement of financial condition at December 31, 2013. See further discussion in Note 13, *Commitments and Contingencies*, to the consolidated financial statements beginning on page F-1 of this Form 10-K.

On behalf of certain clients, the Company lends securities to highly rated banks and broker-dealers. In these securities lending transactions, the borrower is required to provide and maintain collateral at or above regulatory minimums. Securities on loan are marked to market daily to determine if the borrower is required to pledge additional collateral. BlackRock has issued certain indemnifications to certain securities lending clients against potential losses resulting from a borrower's failure to fulfill its obligations should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligations under the securities lending agreement. At December 31, 2013, the Company indemnified certain of its clients for their securities lending loan balances of approximately $118.3 billion. The Company held, as agent, cash and securities totaling $124.6 billion as collateral for indemnified securities on loan at December 31, 2013. The fair value of these indemnifications was not material at December 31, 2013. The Company currently expects indemnified balances to continue to increase over time.

While the collateral pledged by a borrower is intended to be sufficient to offset the borrower's obligations to return securities borrowed and any other amounts owing to the lender under the relevant securities lending agreement, in the event of a borrower default, the Company can give no assurance that the collateral pledged by the borrower will be sufficient to fulfill such obligations. If the amount of such pledged collateral is not sufficient to fulfill such obligations

to a client for whom the Company has provided indemnification, BlackRock would be responsible for the amount of the shortfall. These indemnifications cover only the collateral shortfall described above, and do not in any way guarantee, assume or otherwise insure the investment performance or return of any cash collateral vehicle into which securities lending cash collateral is invested.

Contingent Distribution Obligations. In November 2010, BlackRock entered into a second amended and restated global distribution agreement with Merrill Lynch, which requires the Company to make payments to Merrill Lynch contingent upon sales of products and level of AUM maintained in certain BlackRock products. The initial term of the agreement remained in effect until January 2014. After such term, the agreement renewed for one automatic three-year extension.

The following items have not been included in the contractual obligations, commitments and contingencies table:

Compensation and Benefit Obligations. The Company has various compensation and benefit obligations, including bonuses, commissions and incentive payments payable, defined contribution plan matching contribution obligations, and deferred compensation arrangements, that are excluded from the contractual obligations and commitments table above. These arrangements are discussed in more detail in Note 14, *Stock-Based Compensation*, and Note 15, *Employee Benefit Plans*, to the consolidated financial statements beginning on page F-1 of this Form 10-K. Accrued compensation and benefits at December 31, 2013 totaled $1,747 million and included incentive compensation of $1,335 million, deferred compensation of $164 million and other compensation and benefits related obligations of $248 million. Substantially all of the incentive compensation liability was paid in the first quarter of 2014, while the deferred compensation obligations are generally payable over periods up to five years.

Separate Account Liabilities. At December 31, 2013, the Company had $155.1 billion of separate account assets and offsetting liabilities on the consolidated statement of financial condition. The timing of payments of these contractual obligations is inherently uncertain and varies by customer. As such, these liabilities have been excluded from the contractual obligations table above.

Critical Accounting Policies

The preparation of 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ significantly from those estimates. Management considers the following critical accounting policies important to understanding the consolidated financial statements. For a summary of these and additional accounting policies see Note 2, *Significant Accounting Policies*, to the consolidated financial statements beginning on page F-1 of this Form 10-K.

Consolidation of Sponsored Investment Funds and Securitization Products. Consolidation of sponsored investment funds and securitization products (collectively "investment products") is determined pursuant to ASC 810, *Consolidation*. The accounting method used by the Company depends upon the influence the Company has over its investee, the investment product. To the extent that BlackRock can exert control over the financial and operating policies of the investment product, which generally exists if there is a 50% or greater voting interest or if partners or members of certain products do not have substantive rights, BlackRock consolidates the investment product.

For investment products in which BlackRock's voting interest is less than 50%, an analysis is performed to determine if the investment product is a VIE or a voting rights entity.

Consolidation of Variable Interest Entities. Certain investment products for which the risks and rewards of ownership are not directly linked to voting interests may be deemed VIEs. BlackRock reviews factors, including the rights of the equity holders and obligations of equity holders to absorb losses or receive expected residual returns, to determine if the investment product is a VIE. BlackRock continuously evaluates such factors as facts and circumstances change. BlackRock is required to consolidate a VIE when it is deemed to be the primary beneficiary ("PB").

Accounting Standards Update ("ASU") 2010-10, *Amendments to Statement 167 for Certain Investment Funds* ("ASU 2010-10") defers the application of Statement of Financial Accounting Standards ("SFAS") No. 167, *Amendments to FASB Interpretation No. 46(R)*, for certain investment funds, including money market funds. The PB of a VIE that is an investment fund that meets the conditions of ASU 2010-10 is the enterprise that has a variable interest (or combination of variable interests, including those of related parties) that absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. The PB of a VIE that does not meet the conditions for deferral in ASU 2010-10 is the enterprise that has the power to direct activities of the entity that most significantly impact the entity's economic performance and has the obligation to absorb losses or the right to receive benefits that potentially could be significant to the VIE.

Significant judgment is required in the determination of whether the Company is the PB of a VIE. If the Company is determined to be the PB of a VIE, BlackRock will consolidate the entity. In order to determine whether the Company is the PB of a VIE for entities that meet the conditions of ASU 2010-10, management must make significant estimates and assumptions of projected future cash flows. 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, prepayments, realization of gains, liquidity or marketability of certain securities, discount rates and the probability of certain other outcomes.

In the normal course of business, the Company is the manager of various types of sponsored investment vehicles, including collateralized debt obligations ("CDOs") or CLOs that do not meet the conditions of ASU 2010-10 and sponsored investment funds, which may be considered VIEs.

At December 31, 2013, the following balances related to VIEs were included on the consolidated statements of financial condition:

(in millions)	CLOs	Sponsored Private Equity Fund	Total Consolidated VIEs
Assets of consolidated VIEs:			
Cash and cash equivalents	$ 156	$ 5	$ 161
Bank loans, bonds, other investments and other assets	2,309	16	2,325
Liabilities of consolidated VIEs:			
Borrowings	(2,369)	—	(2,369)
Other liabilities	(74)	—	(74)
Appropriated retained earnings	(22)	—	(22)
Noncontrolling interests of consolidated VIEs	—	(21)	(21)
Total BlackRock net interests in consolidated VIEs	$ —	$ —	$ —

CLOs. At December 31, 2013, BlackRock was the manager of over 20 CLOs/CDOs and other securitization entities. BlackRock was determined to be the PB for certain of these CLOs, which required BlackRock to consolidate these VIEs. BlackRock was deemed to be the PB because it has the power to direct the activities of the CLOs that most significantly impact the entities' economic performance and has the right to receive benefits that potentially could be significant to the VIE. The Company recorded appropriated retained earnings for the difference between the assets and liabilities of the CLOs recorded on the consolidated statement of financial condition as the CLO noteholders ultimately will receive the benefits or absorb the losses associated with the CLOs' assets and liabilities. Changes in the fair value of the assets and liabilities of these CLOs have no impact on net income attributable to BlackRock or its cash flows. Excluding outstanding management receivables, the Company has no risk of loss with its involvement with these VIEs.

Sponsored Private Equity Fund of Funds. At December 31, 2013, BlackRock was determined to be the PB of one investment fund of funds and was deemed to absorb the majority of the variability due to its de-facto related-party relationships with other partners in the fund, which limited the ability of the partners to transfer or sell their interests without BlackRock's consent as the general partner of the fund. Changes in the fair value of the assets and liabilities of this VIE recorded on the consolidated statements of financial condition have no impact on net income attributable to BlackRock. Excluding outstanding management fee receivables, the Company has no risk of loss related to its involvement with this VIE.

Consolidation of Voting Rights Entities. To the extent that BlackRock can exert control over the financial and operating policies of the investee, which generally exists if there is a 50% or greater voting interest or if partners or members of certain products do not have substantive rights, BlackRock consolidates the investee.

The Company, as general partner or managing member of certain sponsored investment funds, generally is presumed to control funds that are limited partnerships or limited liability companies. Pursuant to ASC 810-20, *Control of Partnerships and Similar Entities* ("ASC 810-20"), the Company reviews such investment vehicles to determine if such a presumption can be overcome by determining whether other nonaffiliated partners or members of the limited partnership or limited liability company have the substantive ability to dissolve (liquidate) the investment vehicle, or otherwise to remove BlackRock as the general partner or managing member without cause based on a simple unaffiliated majority vote, or have other substantive participating rights. If the investment vehicle is not a VIE and the presumption of control is not overcome, BlackRock will consolidate the investment vehicle.

At December 31, 2013 and 2012, as a result of consolidation of various investment products deemed to be voting rights entities, including products where BlackRock owns 50% or greater of the voting rights of the product, under the consolidation policies described above, the Company had the following balances on its consolidated statements of financial condition:

(in millions)	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 114	$ 133
Investments:		
Trading investments	385	123
Other investments	441	401
Other assets	20	25
Other liabilities	(39)	(65)
Noncontrolling interests	(189)	(187)
BlackRock's net interests in consolidated investment funds	$ 732	$ 430

The Company retained the specialized accounting of these investment funds pursuant to ASC 810. VIEs, including a consolidated sponsored investment fund and CLOs, were excluded from the balances above as the balances of these VIEs are reported separately on the consolidated statements of financial condition.

Investments

Equity Method Investments. For equity investments where BlackRock does not control the investee, and where it is not the PB of a VIE, but can exert significant influence over the financial and operating policies of the investee, the Company follows the equity method of accounting. The evaluation of whether the Company exerts control or significant influence over the financial and operational policies of its investees requires significant judgment based on the facts and circumstances surrounding each individual investment. Factors considered in these evaluations may include the type of investment, the legal structure of the investee, the

terms and structure of the investment agreement, including investor voting or other rights, the terms of BlackRock's advisory agreement or other agreements with the investee, any influence BlackRock may have on the governing board of the investee, the legal rights of other investors in the entity pursuant to the fund's operating documents and the relationship between BlackRock and other investors in the entity.

BlackRock's equity method investees that are investment companies record their underlying investments at fair value. Therefore, under the equity method of accounting, BlackRock's share of the investee's underlying net income predominantly represents fair value adjustments in the investments held by the equity method investees. BlackRock's share of the investee's underlying net income or loss is based upon the most currently available information and is recorded as nonoperating income (expense) for investments in investment companies, or as other revenue for certain strategic investments, which are recorded in other assets, since such investees are considered to be an extension of BlackRock's core business.

At December 31, 2013, the Company had $736 million and $163 million of equity method investments, including equity method investments held for deferred compensation, reflected within investments and other assets, respectively, and at December 31, 2012, the Company had $604 million and $124 million of equity method investees reflected in investments and other assets, respectively.

Impairment of Investments. The Company's management periodically assesses its equity method, available-for-sale, held-to-maturity and cost investments for impairment. If circumstances indicate that impairment may exist, investments are evaluated using market values, where available, or the expected future cash flows of the investment. If the undiscounted expected future cash flows are lower than the Company's carrying value of the investment, an impairment charge is recorded in the consolidated statement of income.

When the fair value of available-for-sale securities is lower than cost, the Company evaluates the security to determine whether the impairment is considered "other-than-temporary". In making this determination for equity securities, the Company considers, among other factors, the length of time the security has been in a loss position, the extent to which the security's market value is less than cost, the financial condition and near-term prospects of the security's issuer and the Company's ability and intent to hold the security for a length of time sufficient to allow for recovery of such unrealized losses. If the impairment is considered other-than-temporary, an impairment charge is recorded in nonoperating income (expense) on the consolidated statement of income. In making this determination for debt securities, the Company considers whether: (1) it has the intent to sell the security, (2) it is more likely than not that it will be required to sell the security before recovery or (3) it expects to recover the entire amortized cost basis of the security. If the Company does not intend to sell a security and it is not more likely than not that it will be required to sell the security, but the security has suffered a credit loss, the credit loss will be bifurcated from the total impairment and recorded in earnings with the remaining portion recorded in accumulated other comprehensive income.

Evaluation of securities impairments involves significant assumptions and management judgments, which could differ from actual results, and these differences could have a material impact on the consolidated statements of income.

Fair Value Measurements.

Hierarchy of Fair Value Inputs. The provisions of ASC 820, *Fair Value Measurement* ("ASC 820"), establish a hierarchy that prioritizes inputs to valuation techniques used to measure fair value and require companies to disclose the fair value of their financial instruments according to the 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. See Note 2, *Significant Accounting Policies*, for further description of the Company's assets and liabilities measured at fair value.

Significance of Inputs. 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.

Valuation Techniques. The fair values of certain Level 3 assets and liabilities were determined using various methodologies as appropriate, including NAVs of underlying investments, third-party pricing vendors, broker quotes and market and income approaches. Such quotes and modeled prices are evaluated for reasonableness through various procedures, including due diligence reviews of third-party pricing vendors, variance analyses, consideration of the current market environment and other analytical procedures. BlackRock's $574 million of Level 3 investments, or 27% of total GAAP investments at December 31, 2013, primarily included co-investments in private equity fund of funds and private equity funds, funds of hedge funds as well as alternative hedge funds that invest in distressed credit and mortgage securities and real estate equity products.

As a practical expedient, the Company relies on NAV as the fair value for certain investments. The inputs to value these investments may include BlackRock capital accounts for its partnership interests in various alternative investments, including distressed credit hedge funds, real estate and private equity funds, which may be adjusted by using the returns of certain market indices. 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 from third-party sources, including independent appraisals. 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 as an input to value these investments.

A significant amount of inputs used to value equity, debt securities and bank loans is sourced from well-recognized third-party pricing vendors. Generally, prices obtained from pricing vendors are categorized as Level 1 inputs for identical securities traded in active markets and as Level 2

for other similar securities if the vendor uses observable inputs in determining the price. Annually, BlackRock's internal valuation committee or other designated groups review both the valuation methodologies, including the general assumptions and methods used to value various asset classes, and operational processes with these vendors. In addition, on a quarterly basis, meetings are held with key vendors to identify any significant changes to the vendors' processes.

In addition, quotes obtained from brokers generally are non-binding and categorized as Level 3 inputs. However, if the Company is able to determine that market participants have transacted for the asset in an orderly manner near the quoted price or if the Company can determine that the inputs used by the broker are observable, the quote is classified as a Level 2 input.

Changes in Valuation. Changes in value on $1,622 million of investments will impact the Company's nonoperating income (expense), $183 million will impact accumulated other comprehensive income, $243 million are held at cost or amortized cost and the remaining $103 million relates to carried interest, which will not impact nonoperating income (expense). At December 31, 2013, changes in fair value of approximately $785 million of such investments within consolidated sponsored investment funds will impact BlackRock's net income (loss) attributable to noncontrolling interests expense on the consolidated statements of income. BlackRock's net exposure to changes in fair value of such consolidated sponsored investment funds was $691 million.

Goodwill and Intangible Assets

The value of advisory contracts acquired in business acquisitions to manage AUM in proprietary open-end investment funds as well as collective trust funds without a specified termination date are classified as indefinite-lived intangible assets. The assignment of indefinite lives to such investment fund contracts is based upon the assumption that there is no foreseeable limit on the contract period to manage these funds due to the likelihood of continued renewal at little or no cost. In addition, trade names/trademarks are considered indefinite-lived intangibles as they are expected to generate cash flows indefinitely. Goodwill represents the cost of a business acquisition in excess of the fair value of the net assets acquired. In accordance with the applicable provisions of ASC 350, *Intangibles – Goodwill and Other* ("ASC 350"), indefinite-lived intangible assets and goodwill are not amortized. Finite-lived management contracts, which relate to acquired separate accounts and funds with a specified termination date, are amortized over their remaining expected useful lives, which, at December 31, 2013, ranged from 1 to 11 years with a weighted-average remaining estimated useful life of 4.3 years.

Goodwill. The Company assesses its goodwill for impairment at least annually, considering such factors as the book value and the market capitalization of the Company. The impairment assessment performed as of July 31, 2013 indicated that no impairment charge was required. The Company continuously monitors its book value per share as compared with closing prices of its common stock for potential indicators of impairment. At December 31, 2013, the Company's common stock closed at $316.47 which exceeded its book value per share of approximately $156.69 after excluding appropriated retained earnings.

Indefinite-lived and finite-lived intangibles. The Company performs assessments to determine if any intangible assets are potentially impaired and whether the indefinite-life and finite-life classifications are still appropriate. In evaluating whether it is more likely than not that the fair value of indefinite-lived intangibles is less than its carrying value, BlackRock assesses various significant factors including AUM, revenue basis points, projected AUM growth rates, operating margins, tax rates and discount rates. In addition, the Company considers other factors including: (i) macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets; (ii) industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics, a change in the market for an entity's services, or regulatory, legal or political developments; and (iii) entity-specific events, such as a change in management or key personnel, overall financial performance and litigation that could affect significant inputs.

If potential impairment circumstances are considered to exist, the Company will perform an impairment test, using an undiscounted cash flow analysis. Actual results could differ from these cash flow estimates, which could materially impact the impairment conclusion. If the asset is determined to be impaired, the difference between the book value of the asset and its current fair value would be recognized as an expense in the period in which the impairment occurs.

In addition, management judgment is required to estimate the period over which finite-lived intangible assets will contribute to the Company's cash flows and the pattern in which these assets will be consumed. A change in the remaining useful life of any of these assets, or the reclassification of an indefinite-lived intangible asset to a finite-lived intangible asset, could have a significant impact on the Company's amortization expense, which was $161 million, $157 million and $156 million for 2013, 2012 and 2011, respectively.

In 2013, 2012 and 2011, the Company performed impairment tests, including evaluating various qualitative factors and performing certain quantitative assessments in 2013. The Company determined that no impairment charges were required, the classification of indefinite-lived versus finite-lived intangibles was still appropriate and no changes to the expected lives of the finite-lived intangibles were required. The Company continuously monitors various factors, including AUM, for potential indicators of impairment.

Income Taxes. The Company accounts for income taxes under the asset and liability method prescribed by ASC 740, *Income Taxes* ("ASC 740"). Deferred income tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using currently enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Significant management judgment is required in estimating the ranges of possible outcomes and determining the probability of favorable or unfavorable tax outcomes and potential interest and penalties related to such unfavorable

outcomes. Actual future tax consequences relating to uncertain tax positions may be materially different than the Company's current estimates. At December 31, 2013, BlackRock had $467 million of gross unrecognized tax benefits, of which $304 million, if recognized, would affect the effective tax rate.

In accordance with ASC 740, management is required to estimate the timing of the recognition of deferred tax assets and liabilities, make assumptions about the future deductibility of deferred income tax assets and assess deferred income tax liabilities based on enacted tax rates for the appropriate tax jurisdictions to determine the amount of such deferred income tax assets and liabilities. At December 31, 2013, the Company had deferred tax assets of $4 million and deferred tax liabilities of approximately $5,085 million on the consolidated statement of financial condition. Changes in the calculated deferred tax assets and liabilities may occur in certain circumstances, including statutory income tax rate changes, statutory tax law changes, changes in the anticipated timing of recognition of deferred tax assets and liabilities or changes in the structure or tax status of the Company.

ASC 740 requires the Company to assess whether a valuation allowance should be established against its deferred income tax assets based on consideration of all available evidence, both positive and negative, using a more likely than not standard. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecast of future profitability, the duration of statutory carry back and carry forward periods, the Company's experience with tax attributes expiring unused, and tax planning alternatives.

At December 31, 2013, the Company had recorded a deferred tax asset of $99 million for unrealized investment losses; however, no valuation allowance has been established because the Company expects to hold certain investments which invest in fixed income securities over a period sufficient for them to recover their unrealized losses, and generate future capital gains sufficient to offset the unrealized capital losses. Based on the weight of available evidence, it is more likely than not that the deferred tax asset will be realized. However, changes in circumstance could cause the Company to revalue its deferred tax balances with the resulting change impacting the consolidated statements of income in the period of the change. Such changes may be material to the Company's consolidated financial statements. See Note 21, *Income Taxes*, to the consolidated financial statements beginning on page F-1 of this Form 10-K for further details.

The Company records income taxes based upon its estimated income tax liability or benefit. The Company's actual tax liability or benefit may differ from the estimated income tax liability or benefit. The Company had current income taxes receivables of approximately $89 million and current income taxes payables of $168 million at December 31, 2013.

Revenue Recognition. Investment advisory and administration fees are recognized as the services are performed. Such fees are primarily based on pre-determined percentages of the market value of AUM or, in the case of certain real estate clients, net operating income generated by the underlying properties. Investment advisory and administration fees are affected by changes in AUM, including market appreciation or depreciation, foreign exchange translation and net subscriptions or redemptions. Investment advisory and administration fees for investment funds are shown net of fees waived pursuant to contractual expense limitations of the funds or voluntary waivers.

The Company contracts with third parties and related parties for various fund distribution and shareholder servicing to be performed on behalf of certain funds the Company manages. Such arrangements generally are priced as a portion of the management fee paid by the fund. In certain cases, the fund takes on the primary responsibility for payment for services such that the Company bears no credit risk to the third party. The Company accounts for such retrocession arrangements in accordance with ASC 605-45, *Revenue Recognition — Principle Agent Considerations* ("ASC 605-45"), and records its management fees net of retrocessions. Retrocessions for 2013, 2012 and 2011 were $785 million, $793 million and $928 million, respectively. The Company has additional contracts for similar services with third parties, which due to the terms of the contracts, are recorded as distribution and servicing costs and thus not netted on the consolidated statements of income.

The Company earns revenue by lending securities on behalf of clients to highly rated banks and broker-dealers. Such revenues are accounted for on an accrual basis. The securities loaned are secured by collateral, generally ranging from 102% to 112% of the value of the loaned securities. Generally, the revenue earned is shared between the Company and the funds or accounts managed by the Company from which the securities are borrowed. For 2013, 2012 and 2011, securities lending revenue totaled $447 million, $510 million and $397 million, respectively, and is recorded in investment advisory, administration fees and securities lending revenue on the consolidated statements of income. Investment advisory, administration fees and securities lending revenue are reported together as the fees for these services often are agreed upon with clients as a bundled fee.

The Company receives investment advisory performance fees or incentive allocations, including carried interest allocations, from certain actively managed investment funds and certain SMAs. These performance fees are earned upon exceeding specified relative or absolute investment return thresholds. Such fees are recorded upon completion of the measurement period, which varies by product or account, and could be monthly, quarterly, annually or longer. For the years ended 2013, 2012 and 2011, performance fee revenue totaled $561 million, $463 million and $371 million, respectively. In addition, the Company receives carried interest from certain alternative investments upon exceeding performance thresholds. BlackRock may be required to return all, or part, of such carried interest depending upon future performance of these funds. Therefore, BlackRock records carried interest subject to such clawback provisions in investments or cash to the extent that it is distributed, on its consolidated statements of financial condition. Carried interest is realized and recorded as performance fee revenue upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. The Company records a deferred carried interest liability to the extent it receives cash or capital allocations related to carried interest prior to meeting the revenue recognition criteria. At December 31, 2013 and 2012, the Company had $108 million and $97 million, respectively, of deferred carried interest recorded in other liabilities on the consolidated statements of financial condition. The ultimate recognition of performance fee revenue, if any, for these products is unknown.

Fees earned for *BlackRock Solutions*, which include advisory services, are recorded as services are performed or when completed and are determined using some, or all, of the following methods: (i) percentages of various attributes of advisory AUM or value of positions on the *Aladdin* platform, (ii) fixed fees and (iii) performance fees if contractual thresholds are met. Revenue earned on advisory assignments was comprised of one-time advisory and portfolio structuring fees and ongoing fees based on AUM of the respective portfolio assignment. For 2013, 2012 and 2011, *BlackRock Solutions* and advisory revenue totaled $577 million, $518 million and $510 million, respectively.

Adjustments to revenue arising from initial estimates recorded historically have been immaterial since the majority of BlackRock's investment advisory and administration revenue is calculated based on the fair value of AUM and since the Company does not record performance revenues until performance thresholds have been exceeded and the likelihood of clawback is mathematically improbable.

RECENT DEVELOPMENTS

Accounting Developments

For accounting pronouncements that the Company adopted during 2013 and for recent accounting pronouncements not yet adopted, see Note 2, *Significant Accounting Policies*, in the consolidated financial statements.

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

AUM Market Price Risk. BlackRock's investment advisory and administration fees 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 December 31, 2013, the majority of the Company's investment advisory and administration fees were based on average or period end AUM of the applicable investment 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.

Corporate Investments Portfolio Risks. 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 investments be reviewed by certain 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.

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, to hedge exposure to certain deferred compensation plans or for regulatory purposes. Currently, the Company has a seed capital hedging program in which it enters into swaps to hedge market and interest rate exposure to certain investments. At December 31, 2013, the Company had outstanding total return swaps and interest rate swaps with an aggregate notional value of approximately $117 million and $71 million, respectively.

At December 31, 2013, approximately $826 million of BlackRock's total investments were maintained in sponsored investment funds 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 the Federal Reserve Bank stock, carried interest, investments made to hedge exposure to certain deferred compensation plans and certain investments that are hedged via the seed capital hedging program, the Company's economic exposure to its investment portfolio is $1,583 million. See *Management's Discussion and Analysis-Balance Sheet Overview-Investments* for further information on the Company's investments.

The "economic" investment exposure of the portfolio is presented below:

Equity Market Price Risk. At December 31, 2013, the Company's net exposure to equity market price risk in its investment portfolio was approximately $828 million of the Company's total economic investment exposure. Investments subject to market price risk include private equity and real estate investments, hedge funds and funds of funds as well as mutual funds. The Company estimates that a hypothetical 10% adverse change in market prices would result in a decrease of approximately $82.8 million in the carrying value of such investments.

Interest Rate/Credit Spread Risk. At December 31, 2013, the Company was exposed to interest-rate risk and credit spread risk as a result of approximately $755 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 $12.7 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 total economic investment exposure denominated in foreign currencies, primarily the pound sterling and euro, was $222 million at December 31, 2013. A 10% adverse change in the applicable foreign exchange rates would result in approximately a $22.2 million decline in the carrying value of such investments.

Other Market Risks. The Company executes forward foreign currency exchange contracts to mitigate the risk of foreign exchange risk movements. At December 31, 2013, the Company had outstanding forward foreign currency exchange contracts with an aggregate notional value of approximately $792 million.

Item 8. Financial Statements and Supplemental Data

The report of the independent registered public accounting firm and financial statements listed in the accompanying index are included in Item 15 of this report. See Index to the consolidated financial statements on page F-1 of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements on accounting and financial disclosure matters. BlackRock has not changed accountants in the two most recent fiscal years.

Item 9a. 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) as of the end of the period covered by this annual report on Form 10-K. Based on this evaluation, BlackRock's Chief Executive Officer and Chief Financial Officer have concluded that BlackRock's disclosure controls and procedures were effective.

Internal Control Over Financial Reporting. There have been no changes in internal control over financial reporting during the latest fiscal quarter that have materially affected or are reasonably likely to materially affect such internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management of BlackRock, Inc. (the "Company") is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and affected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with the authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of effectiveness of the internal control over financial reporting to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013 based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that, as of December 31, 2013, the Company's internal control over financial reporting is effective.

The Company's independent registered public accounting firm has issued an attestation report on the effectiveness of the Company's internal control over financial reporting.

February 28, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of BlackRock, Inc.:

We have audited the internal control over financial reporting of BlackRock, Inc. and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statement of financial condition as of December 31, 2013 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended of the Company and our report dated February 28, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ Deloitte & Touche LLP

New York, New York
February 28, 2014

Item 9b. Other Information

The Company is furnishing no other information in this Form 10-K.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information regarding directors and executive officers set forth under the captions "Item 1: Election of Directors – Information Concerning the Nominees and Directors" and "Item 1: Election of Directors – Other Executive Officers" of the Proxy Statement is incorporated herein by reference.

The information regarding compliance with Section 16(a) of the Exchange Act set forth under the caption "Item 1: Section 16(a) Beneficial Ownership Reporting Compliance" of the Proxy Statement is incorporated herein by reference.

The information regarding BlackRock's Code of Ethics for Chief Executive and Senior Financial Officers under the caption "Item 1: Corporate Governance Guidelines and Code of Business Conduct and Ethics" of the Proxy Statement is incorporated herein by reference.

Item 11. Executive Compensation

The information contained in the sections captioned "Item 1: Compensation of Executive Officers" and "Item 1: 2013 Director Compensation" of the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information contained in the sections captioned "Item 1: Ownership of BlackRock Common and Preferred Stock" and "Equity Compensation Plan Information" of the Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information contained in the sections captioned "Item 1: Certain Relationships and Related Transactions" and "Item 1: Director Independence" of the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information regarding BlackRock's independent auditor fees and services in the section captioned "Item 4: Ratification of Appointment of Independent Registered Public Accounting Firm" of the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

1. Financial Statements

The Company's consolidated financial statements are included beginning on pages F-1.

2. Financial Statement Schedules

Ratio of Earnings to Fixed Charges has been included as Exhibit 12.1. All other schedules have been omitted because they are not applicable, not required or the information required is included in the Company's consolidated financial statements or notes thereto.

3. Exhibit Index

As used in this exhibit list, "BlackRock" refers to BlackRock, Inc. (formerly named New BlackRock, Inc. and previously, New Boise, Inc.) (Commission File No. 001-33099) and "Old BlackRock" refers to BlackRock Holdco 2, Inc. (formerly named BlackRock, Inc.) (Commission File No. 001-15305), which is the predecessor of BlackRock. The following exhibits are filed as part of this Annual Report on Form 10-K:

Please note that the agreements included as exhibits to this Form 10-K are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about BlackRock or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit No.	Description
3.1(1)	Amended and Restated Certificate of Incorporation of BlackRock.
3.2(2)	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of BlackRock, Inc.
3.3(29)	Amended and Restated Bylaws of BlackRock.
3.4(1)	Certificate of Designations of Series A Convertible Participating Preferred Stock of BlackRock.
3.5(3)	Certificate of Designations of Series B Convertible Participating Preferred Stock of BlackRock.
3.6(3)	Certificate of Designations of Series C Convertible Participating Preferred Stock of BlackRock.
3.7(4)	Certificate of Designations of Series D Convertible Participating Preferred Stock of BlackRock.
4.1(5)	Specimen of Common Stock Certificate.
4.2(6)	Indenture, dated September 17, 2007, between BlackRock and The Bank of New York, as trustee, relating to senior debt securities.
4.3(7)	Form of 6.25% Notes due 2017.
4.4(8)	Form of 3.50% Notes due 2014.
4.5(8)	Form of 5.00% Notes due 2019.
4.6(9)	Form of 4.25% Notes due 2021.
4.7(10)	Form of 1.375% Notes due 2015.
4.8(10)	Form of 3.375% Notes due 2022.
10.1(11)	BlackRock, Inc. Amended and Restated 1999 Stock Award and Incentive Plan. +
10.2(12)	Amended and Restated BlackRock, Inc. 1999 Annual Incentive Performance Plan. +
10.3(13)	Amendment No. 1 to the BlackRock, Inc. Amended and Restated 1999 Annual Incentive Performance Plan.+
10.4(5)	BlackRock, Inc. Voluntary Deferred Compensation Plan, as amended and restated as of January 1, 2005.+
10.5(1)	Form of Stock Option Agreement expected to be used in connection with future grants of Stock Options under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.6(1)	Form of Restricted Stock Agreement expected to be used in connection with future grants of Restricted Stock under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.7(14)	Form of Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.8(14)	Form of Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units for long-term incentive awards under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.9(1)	Form of Directors' Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.10(5)	Registration Rights Agreement, dated as of September 29, 2006, among BlackRock, Merrill Lynch & Co., Inc. and the PNC Financial Service Group, Inc.
10.11(15)	Share Surrender Agreement, dated October 10, 2002 (the "Share Surrender Agreement"), among Old BlackRock, PNC Asset Management, Inc. and The PNC Financial Services Group, Inc.+
10.12(16)	First Amendment, dated as of February 15, 2006, to the Share Surrender Agreement.+
10.13(17)	Second Amendment, dated as of June 11, 2007, to the Share Surrender Agreement.+
10.14(3)	Third Amendment, dated as of February 27, 2009, to the Share Surrender Agreement.+
10.15(18)	Fourth Amendment, dated as of August 7, 2012, to the Share Surrender Agreement.+
10.16(19)	Five-Year Revolving Credit Agreement, dated as of March 10, 2011, by and among BlackRock, Inc., certain of its subsidiaries, Wells Fargo Bank, National Association, as administrative agent, swingline lender, issuing lender and L/C agent, Sumitomo Mitsui Banking Corporation, as Japanese Yen lender, a group of lenders, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital, J.P. Morgan Securities LLC and Morgan Stanley Senior Funding, Inc., as joint lead arrangers and joint bookrunners, Citibank, N.A., as syndication agent and Bank of America, N.A., Barclays Bank PLC, JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc., as documentation agents.
10.17(20)	Amendment No. 1, dated as of March 30, 2012, by and among BlackRock, Inc., certain of its subsidiaries, Wells Fargo Bank, National Association, as administrative agent, swingline lender, issuing lender, L/C agent and a lender, and the banks and other financial institutions referred to therein.
10.18(27)	Amendment No. 2, dated as of March 28, 2013, by and among BlackRock, Inc., certain of its subsidiaries, Wells Fargo Bank, National Association, as administrative agent, swingline lender, issuing lender, L/C agent and a lender, and the banks and other financial institutions referred to therein.
10.19(21)†	Second Amended and Restated Global Distribution Agreement, dated as of November 15, 2010, among BlackRock and Merrill Lynch & Co., Inc.

Exhibit No.	Description
10.20(3)	Amended and Restated Implementation and Stockholder Agreement, dated as of February 27, 2009, between The PNC Financial Services Group, Inc. and BlackRock.
10.21(22)	Amendment No. 1, dated as of June 11, 2009, to the Amended and Restated Implementation and Stockholder Agreement between The PNC Financial Services Group, Inc. and BlackRock.
10.22(23)	Commercial Paper Dealer Agreement between BlackRock and Barclays Capital Inc., dated as of October 14, 2009.
10.23(24)	Lease Agreement, dated as of February 17, 2010, among BlackRock Investment Management (UK) Limited and Mourant & Co Trustees Limited and Mourant Property Trustees Limited as Trustees of the Drapers Gardens Unit Trust for the lease of Drapers Gardens, 12 Throgmorton Avenue, London, EC2, United Kingdom.
10.24(25)	Stock Repurchase Agreement, dated as of May 21, 2012, between Barclays Bank PLC and BlackRock.
10.25(25)	Exchange Agreement, dated as of May 21, 2012, between Barclays Bank PLC and BlackRock.
10.26(25)	Exchange Agreement, dated as of May 21, 2012, among PNC Bancorp, Inc., The PNC Financial Services Group, Inc. and BlackRock.
10.27(26)	Letter Agreement, dated November 20, 2012, between Susan L. Wagner and BlackRock. +
10.28(28)	Letter Agreement, dated February 12, 2013, between Gary S. Shedlin and BlackRock. +
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of Registrant.
23.1	Deloitte & Touche LLP Consent.
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 October 5, 2006.

(2) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 25, 2012.

(3) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on February 27, 2009.

(4) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on December 3, 2009.

(5) Incorporated by reference to BlackRock's Registration Statement on Form S-8 (Registration No. 333-137708) filed on September 29, 2006.

(6) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2007.

(7) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on September 17, 2007.

(8) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on December 10, 2009.

(9) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 25, 2011.

(10) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 31, 2012.

(11) Incorporated by reference to BlackRock's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

(12) Incorporated by reference to Old BlackRock's Annual Report on Form 10-K for the year ended December 31, 2002.

(13) Incorporated by reference to Old BlackRock's Current Report on Form 8-K filed on May 24, 2006.

(14) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2008.

(15) Incorporated by reference to Old BlackRock's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.

(16) Incorporated by reference to Old BlackRock's Current Report on Form 8-K filed on February 22, 2006.

(17) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on June 15, 2007.

(18) Incorporated by reference to BlackRock's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

(19) Incorporated by reference to BlackRock's Current Report on Form 8-K/A filed on August 24, 2012.

(20) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on April 4, 2012.

(21) Incorporated by reference to BlackRock's Current Report on Form 8-K/A filed on August 24, 2012.

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

(23) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on October 20, 2009.

(24) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2009.

(25) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 23, 2012.

(26) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on November 27, 2012.

(27) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on April 3, 2013.

(28) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on February 19, 2013.

(29) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2012.

+ Denotes compensatory plans or arrangements

† Confidential treatment has been granted for certain portions of this exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ LAURENCE D. FINK

Laurence D. Fink

Chairman, Chief Executive Officer and Director

February 28, 2014

Each of the officers and directors of BlackRock, Inc. whose signature appears below, in so signing, also makes, constitutes and appoints Laurence D. Fink, Gary S. Shedlin, Matthew J. Mallow, Daniel R. Waltcher and J. Russell McGranahan, his or her true and lawful attorneys-in-fact, with full power and substitution, for him or her in any and all capacities, to execute and cause to be filed with the Securities and Exchange Commission any and all amendments to the Annual Report on Form 10-K, with exhibits thereto and other documents connected therewith and to perform any acts necessary to be done in order to file such documents, and hereby ratifies and confirms all that said attorney-in-fact or his or her substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ LAURENCE D. FINK **Laurence D. Fink**	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2014
/S/ GARY SHEDLIN **Gary S. Shedlin**	Senior Managing Director and Chief Financial Officer (Principal Financial Officer)	February 28, 2014
/S/ JOSEPH FELICIANI, JR. **Joseph Feliciani, Jr.**	Managing Director and Chief Accounting Officer (Principal Accounting Officer)	February 28, 2014
/S/ ABDLATIF Y. AL-HAMAD **Abdlatif Y. Al-Hamad**	Director	February 28, 2014
/S/ MATHIS CABIALLAVETTA **Mathis Cabiallavetta**	Director	February 28, 2014
/S/ WILLIAM S. DEMCHAK **William S. Demchak**	Director	February 28, 2014
/S/ JESSICA EINHORN **Jessica Einhorn**	Director	February 28, 2014
/S/ FABRIZIO FREDA **Fabrizio Freda**	Director	February 28, 2014
/S/ MURRY S. GERBER **Murry S. Gerber**	Director	February 28, 2014
/S/ JAMES GROSFELD **James Grosfeld**	Director	February 28, 2014
/S/ ROBERT S. KAPITO **Robert S. Kapito**	Director	February 28, 2014
/S/ DAVID H. KOMANSKY **David H. Komansky**	Director	February 28, 2014
/S/ SIR DERYCK MAUGHAN **Sir Deryck Maughan**	Director	February 28, 2014
/S/ THOMAS K. MONTAG **Thomas K. Montag**	Director	February 28, 2014
/S/ THOMAS H. O'BRIEN **Thomas H. O'Brien**	Director	February 28, 2014

Signature	Title	Date
/S/ JAMES E. ROHR **James E. Rohr**	Director	February 28, 2014
/S/ IVAN G. SEIDENBERG **Ivan G. Seidenberg**	Director	February 28, 2014
/S/ MARCO ANTONIO SLIM DOMIT **Marco Antonio Slim Domit**	Director	February 28, 2014
/S/ JOHN S. VARLEY **John S. Varley**	Director	February 28, 2014
/S/ SUSAN L. WAGNER **Susan L. Wagner**	Director	February 28, 2014

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm	F-2
Consolidated Statements of Financial Condition	F-3
Consolidated Statements of Income	F-4
Consolidated Statements of Comprehensive Income	F-5
Consolidated Statements of Changes in Equity	F-6
Consolidated Statements of Cash Flows	F-9
Notes to the Consolidated Financial Statements	F-10

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of BlackRock, Inc.:

We have audited the accompanying consolidated statements of financial condition of BlackRock, Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of BlackRock, Inc. and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

New York, New York
February 28, 2014

BlackRock, Inc.
Consolidated Statements of Financial Condition

(in millions, except per share data)	December 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	**$ 4,390**	$ 4,606
Accounts receivable	**2,247**	2,250
Investments	**2,151**	1,750
Assets of consolidated variable interest entities:		
Cash and cash equivalents	**161**	297
Bank loans, other investments and other assets	**2,325**	2,264
Separate account assets	**155,113**	134,768
Separate account collateral held under securities lending agreements	**21,788**	23,021
Property and equipment (net of accumulated depreciation of $611 and $572 at December 31, 2013 and 2012, respectively)	**525**	557
Intangible assets (net of accumulated amortization of $1,057 and $899 at December 31, 2013 and 2012, respectively)	**17,501**	17,402
Goodwill	**12,980**	12,910
Other assets	**692**	626
Total assets	**$ 219,873**	$ 200,451
Liabilities		
Accrued compensation and benefits	**$ 1,747**	$ 1,547
Accounts payable and accrued liabilities	**1,084**	1,055
Short-term borrowings	**—**	100
Liabilities of consolidated variable interest entities:		
Borrowings	**2,369**	2,402
Other liabilities	**74**	103
Long-term borrowings	**4,939**	5,687
Separate account liabilities	**155,113**	134,768
Separate account collateral liabilities under securities lending agreements	**21,788**	23,021
Deferred income tax liabilities	**5,085**	5,293
Other liabilities	**1,004**	858
Total liabilities	**193,203**	174,834
Commitments and contingencies (Note 13)		
Temporary equity		
Redeemable noncontrolling interests	**54**	32
Permanent Equity		
BlackRock, Inc. stockholders' equity		
Common stock, $ 0.01 par value;	**2**	2
Shares authorized: 500,000,000 at December 31, 2013 and 2012; Shares issued: 171,252,185 at December 31, 2013 and 2012; Shares outstanding: 166,589,688 and 168,875,304 at December 31, 2013 and 2012, respectively;		
Series B nonvoting participating preferred stock, $0.01 par value;	**—**	—
Shares authorized: 150,000,000 at December 31, 2013 and 2012; Shares issued and outstanding: 823,188 at December 31, 2013 and 2012;		
Series C nonvoting participating preferred stock, $0.01 par value;	**—**	—
Shares authorized: 6,000,000 at December 31, 2013 and 2012; Shares issued and outstanding: 1,311,887 and 1,517,237 at December 31, 2013 and 2012, respectively		
Additional paid-in capital	**19,473**	19,419
Retained earnings	**8,208**	6,444
Appropriated retained earnings	**22**	29
Accumulated other comprehensive loss	**(35)**	(59)
Treasury stock, common, at cost (4,662,497 and 2,376,881 shares held at December 31, 2013 and 2012, respectively)	**(1,210)**	(432)
Total BlackRock, Inc. stockholders' equity	**26,460**	25,403
Nonredeemable noncontrolling interests	**135**	155
Nonredeemable noncontrolling interests of consolidated variable interest entities	**21**	27
Total permanent equity	**26,616**	25,585
Total liabilities, temporary equity and permanent equity	**$ 219,873**	$ 200,451

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Income

(in millions, except per share data)	Year ended December 31, 2013	2012	2011
Revenue			
Investment advisory, administration fees and securities lending revenue			
Related parties	**$ 5,991**	$ 5,292	$ 5,303
Other third parties	**2,748**	2,780	2,593
Total investment advisory, administration fees and securities lending revenue	**8,739**	8,072	7,896
Investment advisory performance fees	**561**	463	371
BlackRock Solutions and advisory	**577**	518	510
Distribution fees	**73**	71	100
Other revenue	**230**	213	204
Total revenue	**10,180**	9,337	9,081
Expenses			
Employee compensation and benefits	**3,560**	3,287	3,199
Distribution and servicing costs	**353**	364	386
Amortization of deferred sales commissions	**52**	55	81
Direct fund expenses	**657**	591	563
General and administration	**1,540**	1,359	1,415
Restructuring charges	**—**	—	32
Amortization of intangible assets	**161**	157	156
Total expenses	**6,323**	5,813	5,832
Operating income	**3,857**	3,524	3,249
Nonoperating income (expense)			
Net gain (loss) on investments	**305**	163	46
Net gain (loss) on consolidated variable interest entities	**—**	(38)	(18)
Interest and dividend income	**22**	36	34
Interest expense	**(211)**	(215)	(176)
Total nonoperating income (expense)	**116**	(54)	(114)
Income before income taxes	**3,973**	3,470	3,135
Income tax expense	**1,022**	1,030	796
Net income	**2,951**	2,440	2,339
Less:			
Net income (loss) attributable to redeemable noncontrolling interests	**(1)**	9	—
Net income (loss) attributable to nonredeemable noncontrolling interests	**20**	(27)	2
Net income attributable to BlackRock, Inc.	**$ 2,932**	$ 2,458	$ 2,337
Earnings per share attributable to BlackRock, Inc. common stockholders:			
Basic	**$ 17.23**	$ 14.03	$ 12.56
Diluted	**$ 16.87**	$ 13.79	$ 12.37
Cash dividends declared and paid per share	**$ 6.72**	$ 6.00	$ 5.50
Weighted-average common shares outstanding:			
Basic	**170,185,870**	174,961,018	184,265,367
Diluted	**173,828,902**	178,017,679	187,116,410

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Comprehensive Income

(in millions)	Year ended December 31, 2013	2012	2011
Net income	**$ 2,951**	**$ 2,440**	**$ 2,339**
Other comprehensive income:			
Change in net unrealized gains (losses) from available-for-sale investments, net of tax:			
Unrealized holding gains (losses), net of tax[1]	**4**	26	(3)
Less: reclassification adjustment included in net income[1]	**13**	6	1
Net change from available-for-sale investments, net of tax	**(9)**	20	(4)
Benefit plans, net[1]	**10**	(5)	—
Foreign currency translation adjustments	**23**	53	(27)
Other comprehensive income (loss)	**24**	68	(31)
Comprehensive income	**2,975**	2,508	2,308
Less: Comprehensive income (loss) attributable to noncontrolling interests	**19**	(18)	2
Comprehensive income attributable to BlackRock, Inc.	**$ 2,956**	**$ 2,526**	**$ 2,306**

(1) The tax benefit (expense) was not material in 2013, 2012 and 2011.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Changes in Equity

(in millions)	Additional Paid-in Capital[1]	Retained Earnings	Appropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Shares Held in Escrow	Treasury Stock Common	Total Stockholders' Equity	Nonredeemable Noncontrolling Interests	Nonredeemable Noncontrolling Interests of Consolidated VIEs	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity
December 31, 2010	$ 22,504	$ 3,723	$ 75	$ (96)	$ (1)	$ (111)	$ 26,094	$ 189	$ 45	$ 26,328	$ 6
Net income	—	2,337	—	—	—	—	2,337	20	(18)	2,339	—
Consolidation of a collateralized loan obligation	—	—	19	—	—	—	19	—	—	19	—
Allocation of gains (losses) of consolidated collateralized loan obligations	—	—	(22)	—	—	—	(22)	—	22	—	—
Dividends paid, net of dividend expense for unvested RSUs	—	(1,014)	—	—	—	—	(1,014)	—	—	(1,014)	—
Stock-based compensation	494	—	—	—	—	3	497	—	—	497	—
PNC preferred stock capital contribution	200	—	—	—	—	—	200	—	—	200	—
Retirement of preferred stock	(200)	—	—	—	—	—	(200)	—	—	(200)	—
Merrill Lynch cash capital contribution	8	—	—	—	—	—	8	—	—	8	—
Issuance of common shares related to employee stock transactions	(208)	—	—	—	—	228	20	—	—	20	—
Employee tax benefit withholdings related to employee stock transactions	—	—	—	—	—	(239)	(239)	—	—	(239)	—
Shares repurchased	(2,545)	—	—	—	—	(100)	(2,645)	—	—	(2,645)	—
Convertible debt conversions	4	—	—	—	—	1	5	—	—	5	—
Net tax benefit (shortfall) from stock-based compensation	12	—	—	—	—	—	12	—	—	12	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	—	—	(25)	(11)	(36)	90
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	—	—	—	(4)
Foreign currency translation adjustments	7	—	—	—	—	—	7	—	—	7	—
Other comprehensive income (loss)	—	—	—	(31)	—	—	(31)	—	—	(31)	—
December 31, 2011	$ 20,276	$ 5,046	$ 72	$ (127)	$ (1)	$ (218)	$ 25,048	$ 184	$ 38	$ 25,270	$ 92

(1) Amount includes $1 million of common stock at par value at both December 31, 2011 and 2010 and $1 million of preferred stock at par value at December 31, 2010.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Changes in Equity

(in millions)	Additional Paid-in Capital[1]	Retained Earnings	Appropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Shares Held in Escrow	Treasury Stock Common	Total Stockholders' Equity	Nonredeemable Noncontrolling Interests	Nonredeemable Noncontrolling Interests of Consolidated VIEs	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity[2]
December 31, 2011	$ 20,276	$ 5,046	$ 72	$ (127)	$ (1)	$ (218)	$ 25,048	$ 184	$ 38	$ 25,270	$ 92
Net income	—	2,458	—	—	—	—	2,458	11	(38)	2,431	9
Allocation of losses of consolidated collateralized loan obligations	—	—	(43)	—	—	—	(43)	—	43	—	—
Release of common stock from escrow	(1)	—	—	—	1	—	—	—	—	—	—
Dividends paid	—	(1,060)	—	—	—	—	(1,060)	—	—	(1,060)	—
Stock-based compensation	451	—	—	—	—	—	451	—	—	451	—
Merrill Lynch cash capital contribution	7	—	—	—	—	—	7	—	—	7	—
Issuance of common shares related to employee stock transactions	(376)	—	—	—	—	432	56	—	—	56	—
Employee tax benefit withholdings related to employee stock transactions	—	—	—	—	—	(146)	(146)	—	—	(146)	—
Shares repurchased	(1,000)	—	—	—	—	(500)	(1,500)	—	—	(1,500)	—
Net tax benefit (shortfall) from stock-based compensation	64	—	—	—	—	—	64	—	—	64	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	—	—	(33)	(10)	(43)	343
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	(7)	(6)	(13)	(412)
Other comprehensive income (loss)	—	—	—	68	—	—	68	—	—	68	—
December 31, 2012	$ 19,421	$ 6,444	$ 29	$ (59)	$ —	$ (432)	$ 25,403	$ 155	$ 27	$ 25,585	$ 32

(1) Amount includes $2 million and $1 million of common stock at par value at December 31, 2012 and 2011, respectively.

(2) Amounts include $89 million of redemptions and $89 million of net consolidations related to consolidated variable interest entities ("VIEs").

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Changes in Equity

(in millions)	Additional Paid-in Capital[1]	Retained Earnings	Appropriated Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Common	Total BlackRock Stockholders' Equity	Nonredeemable Noncontrolling Interests	Nonredeemable Noncontrolling Interests of Consolidated VIEs	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity
December 31, 2012	$ 19,421	$ 6,444	$ 29	$ (59)	$ (432)	$ 25,403	$ 155	$ 27	$ 25,585	$ 32
Net income	—	2,932	—	—	—	2,932	20	—	2,952	(1)
Consolidation of a collateralized loan obligation	—	—	(4)	—	—	(4)	—	—	(4)	—
Allocation of gains (losses) of consolidated collateralized loan obligations	—	—	(3)	—	—	(3)	—	3	—	—
Dividends paid	—	(1,168)	—	—	—	(1,168)	—	—	(1,168)	—
Stock-based compensation	447	—	—	—	1	448	—	—	448	—
Issuance of common shares related to employee stock transactions	(429)	—	—	—	464	35	—	—	35	—
Employee tax benefit withholdings related to employee stock transactions	—	—	—	—	(243)	(243)	—	—	(243)	—
Shares repurchased	—	—	—	—	(1,000)	(1,000)	—	—	(1,000)	—
Net tax benefit (shortfall) from stock-based compensation	36	—	—	—	—	36	—	—	36	—
Subscriptions (redemptions/distributions) — noncontrolling interest holders	—	—	—	—	—	—	(59)	125	66	137
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	19	(134)	(115)	(114)
Other comprehensive income (loss)	—	—	—	24	—	24	—	—	24	—
December 31, 2013	**$ 19,475**	**$ 8,208**	**$ 22**	**$ (35)**	**$ (1,210)**	**$ 26,460**	**$ 135**	**$ 21**	**$ 26,616**	**$ 54**

(1) Amounts include $2 million of common stock at both December 31, 2013 and 2012.

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Consolidated Statements of Cash Flows

(in millions)	Year ended December 31,		
	2013	2012	2011
Cash flows from operating activities			
Net income	**$ 2,951**	$ 2,440	$ 2,339
Adjustments to reconcile net income to cash from operating activities:			
Depreciation and amortization	**291**	295	299
Amortization of deferred sales commissions	**52**	55	81
Stock-based compensation	**448**	451	497
Deferred income tax expense (benefit)	**(193)**	(61)	(137)
Gain related to PennyMac initial public offering	**(39)**	—	—
Gain related to the charitable contribution	**(80)**	—	—
Charitable contribution	**124**	—	—
Net (gains) losses on nontrading investments	**(73)**	(43)	(40)
Purchases of investments within consolidated sponsored investment funds	**(195)**	(108)	(41)
Proceeds from sales and maturities of investments within consolidated sponsored investment funds	**145**	96	50
Assets and liabilities of consolidated VIEs:			
Change in cash and cash equivalents	**143**	(24)	54
Net (gains) losses within consolidated VIEs	**—**	38	18
Net (purchases) proceeds within consolidated VIEs	**142**	(203)	82
(Earnings) losses from equity method investees	**(158)**	(175)	(23)
Distributions of earnings from equity method investees	**80**	42	30
Other adjustments	**10**	(4)	—
Changes in operating assets and liabilities:			
Accounts receivable	**14**	(292)	124
Investments, trading	**(218)**	(664)	(116)
Other assets	**(92)**	(10)	(181)
Accrued compensation and benefits	**203**	138	(140)
Accounts payable and accrued liabilities	**7**	114	(152)
Other liabilities	**80**	155	82
Cash flows from operating activities	**3,642**	2,240	2,826
Cash flows from investing activities			
Purchases of investments	**(412)**	(402)	(204)
Proceeds from sales and maturities of investments	**286**	695	213
Distributions of capital from equity method investees	**83**	73	34
Net consolidations (deconsolidations) of sponsored investment funds	**(48)**	(215)	—
Acquisitions, net of cash acquired	**(298)**	(267)	—
Purchases of property and equipment	**(94)**	(150)	(247)
Cash flows from investing activities	**(483)**	(266)	(204)
Cash flows from financing activities			
Repayments of short-term borrowings	**(100)**	—	(600)
Proceeds from short-term borrowings	**—**	—	600
Repayments of convertible debt	**—**	—	(67)
Repayments of long-term borrowings	**(750)**	(500)	—
Proceeds from long-term borrowings	**—**	1,495	1,496
Cash dividends paid	**(1,168)**	(1,060)	(1,014)
Proceeds from stock options exercised	**28**	47	16
Proceeds from issuance of common stock	**7**	7	5
Repurchases of common stock	**(1,243)**	(1,645)	(2,885)
Merrill Lynch cash capital contribution	**—**	7	8
Net proceeds from (repayments of) borrowings by consolidated VIEs	**(410)**	331	(125)
Net (redemptions/distributions paid)/subscriptions received from noncontrolling interest holders	**203**	300	54
Excess tax benefit from stock-based compensation	**41**	74	27
Cash flows from financing activities	**(3,392)**	(944)	(2,485)
Effect of exchange rate changes on cash and cash equivalents	**17**	70	2
Net increase (decrease) in cash and cash equivalents	**(216)**	1,100	139
Cash and cash equivalents, beginning of year	**4,606**	3,506	3,367
Cash and cash equivalents, end of year	**$ 4,390**	$ 4,606	$ 3,506
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	**$ 202**	$ 201	$ 167
Interest on borrowings of consolidated VIEs	**$ 102**	$ 75	$ 60
Income taxes (net of refunds)	**$ 1,064**	$ 976	$ 962
Supplemental schedule of noncash investing and financing transactions:			
Issuance of common stock	**$ 429**	$ 378	$ 213
PNC preferred stock capital contribution	**$ —**	$ —	$ 200
Increase (decrease) in noncontrolling interests due to net consolidation (deconsolidation) of sponsored investment funds	**$ (229)**	$ (425)	$ (4)
Increase (decrease) in borrowings due to consolidation of VIEs	**$ 363**	$ 406	$ 412

See accompanying notes to consolidated financial statements.

BlackRock, Inc.
Notes to the Consolidated Financial Statements

1. Introduction and Basis of Presentation

Business. BlackRock, Inc. (together, with its subsidiaries, unless the context otherwise indicates, "BlackRock" or the "Company") provides diversified investment management services to institutional clients, intermediary and individual investors through various investment vehicles. Investment management services primarily consist of the management of equity, fixed income, multi-asset, alternative investment and cash management products. BlackRock offers its investment products in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs"), collective investment trusts and separate accounts. 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.

At December 31, 2013, The PNC Financial Services Group, Inc. ("PNC") held 20.9% of the Company's voting common stock and 21.9% of the Company's capital stock, which includes outstanding common and nonvoting preferred stock.

See Note 19, *Capital Stock*, for more information on the equity ownership of BlackRock.

Basis of Presentation. These 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. Noncontrolling interests on the consolidated statements of financial condition 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.

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 items previously reported have been reclassified to conform to the current year presentation.

2. Significant Accounting Policies

Cash and Cash Equivalents. Cash and cash equivalents primarily consists of cash, money market funds and short-term, highly liquid investments with original maturities of three months or less in which the Company is exposed to market and credit risk. Cash and cash equivalent balances that are legally restricted from use by the Company are recorded in other assets on the consolidated statements of financial condition. Cash balances maintained by consolidated sponsored investment funds are not considered legally restricted and are included in cash and cash equivalents on the consolidated statements of financial condition. Cash balances maintained by consolidated VIEs are included in assets of consolidated variable interest entities on the consolidated statements of financial condition.

Investments. *Investments in Debt and Marketable Equity Securities.* BlackRock holds debt and marketable equity investments, which pursuant to Accounting Standards Codification ("ASC") 320-10, *Investments – Debt and Equity Securities*, are classified as trading, available-for-sale, or held-to-maturity based on the Company's intent to sell the security or, for a debt security, the Company's intent and ability to hold the debt security to maturity.

Trading securities are those investments that are purchased principally for the purpose of selling them in the near term. Trading securities are carried at fair value on the consolidated statements of financial condition with changes in fair value recorded in nonoperating income (expense) on the consolidated statements of income in the period of the change.

Held-to-maturity debt securities are purchased with the positive intent and ability to be held to maturity and are recorded at amortized cost on the consolidated statements of financial condition.

Available-for-sale securities are those securities that are not classified as trading or held-to-maturity. Available-for-sale securities are carried at fair value on the consolidated statements of financial condition with changes in fair value recorded in the accumulated other comprehensive income (loss) component of stockholders' equity in the period of the change. Upon the disposition of an available-for-sale security, the Company reclassifies the gain or loss on the security from accumulated other comprehensive income (loss) to nonoperating income (expense) on the consolidated statements of income.

Equity Method. For equity investments where BlackRock does not control the investee, and where it is not the primary beneficiary ("PB") of a VIE, but can exert significant influence over the financial and operating policies of the investee, the Company follows the equity method of accounting in accordance with ASC 323, *Investments-Equity Method and Joint Ventures*. Under the equity method of accounting, BlackRock's share of the investee's underlying net income or loss is recorded as net gain (loss) on investments within nonoperating income (expense) and as other revenue for certain strategic investments since such companies are considered to be an extension of BlackRock's core business. BlackRock's share of net income of the investee is recorded based upon the most current information available at the time, which may precede the date of the consolidated statement of financial condition. Distributions received from the investment reduce the Company's carrying value of the investee and the cost basis if deemed to be a return of capital.

Cost Method. For nonmarketable equity investments where BlackRock neither controls nor has significant influence over the investee, the investments are accounted for using the cost method of accounting. Under the cost method, dividends received from the investment are recorded as dividend income within nonoperating income (expense).

Impairments of Investments. The Company's management periodically assesses its equity method, available-for-sale, held-to-maturity and cost investments for impairment. If

circumstances indicate that impairment may exist, investments are evaluated using market values, where available, or the expected future cash flows of the investment. If the undiscounted expected future cash flows are lower than the Company's carrying value of the investment, an impairment charge is recorded in the consolidated statement of income.

When the fair value of available-for-sale securities is lower than cost, the Company evaluates the securities to determine whether the impairment is considered "other-than-temporary."

In making this determination for equity securities, the Company considers, among other factors, the length of time the security has been in a loss position, the extent to which the security's market value is less than cost, the financial condition and near-term prospects of the security's issuer and the Company's ability and intent to hold the security for a length of time sufficient to allow for recovery of such unrealized losses. If the impairment is considered other-than-temporary, an impairment charge is recorded in nonoperating income (expense) on the consolidated statements of income.

In making this determination for debt securities, the Company considers whether: (1) it has the intent to sell the security, (2) it is more likely than not that it will be required to sell the security before recovery or (3) it expects to recover the entire amortized cost basis of the security. If the Company does not intend to sell a security and it is not more likely than not that it will be required to sell the security but the security has suffered a credit loss, the credit loss will be bifurcated from the total impairment and recorded in earnings with the remaining portion recorded in accumulated other comprehensive income.

Consolidation. For investment products in which BlackRock's voting interest is less than 50%, an analysis is performed to determine if the investment product is a VIE or a voting rights entity.

Consolidation of Variable Interest Entities. Pursuant to ASC 810, *Consolidation* ("ASC 810"), certain investment products for which the risks and rewards of ownership are not directly linked to voting interests may be deemed VIEs. BlackRock reviews factors, including the rights of the equity holders and obligations of equity holders to absorb losses or receive expected residual returns, to determine if the investment product is a VIE. BlackRock continuously evaluates such factors as facts and circumstances change. BlackRock is required to consolidate a VIE when it is deemed to be the PB.

Accounting Standards Update ("ASU") 2010-10, *Amendments to Statement 167 for Certain Investment Funds* ("ASU 2010-10"), defers the application of Statement of Financial Accounting Standards ("SFAS") No. 167, *Amendments to FASB Interpretation No. 46(R)*, for certain investment funds, including money market funds.

The PB of a VIE that does not meet the conditions of ASU 2010-10 is the enterprise that has the power to direct activities of the entity that most significantly impact the entity's economic performance and has the obligation to absorb losses or the right to receive benefits that potentially could be significant to the VIE.

The PB of a VIE that meets the conditions of ASU 2010-10 is the enterprise that has a variable interest (or combination of variable interests, including those of related parties) that absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both.

Consolidation of Voting Rights Entities. To the extent that BlackRock can exert control over the financial and operating policies of the investee, which generally exists if there is a 50% or greater voting interest or if partners or members of certain products do not have substantive rights, BlackRock consolidates the investee.

The Company, as general partner or managing member of certain sponsored investment funds, generally is presumed to control funds that are limited partnerships or limited liability companies. Pursuant to ASC 810-20, *Control of Partnerships and Similar Entities* ("ASC 810-20"), the Company reviews such investment vehicles to determine if such a presumption can be overcome by determining whether other nonaffiliated partners or members of the limited partnership or limited liability company have the substantive ability to dissolve (liquidate) the investment vehicle, or to otherwise remove BlackRock as the general partner or managing member without cause based on an unaffiliated simple majority vote, or have other substantive participating rights. If the investment vehicle is not a VIE and the presumption of control is not overcome, BlackRock will consolidate the investment vehicle.

Retention of Specialized Accounting Principles. Upon consolidation of certain sponsored investment funds, the Company retains the specialized accounting principles of the underlying funds pursuant to ASC 810. All of the underlying investments held by such consolidated sponsored investment funds are carried at fair value, with corresponding changes in the investments' fair values reflected in nonoperating income (expense) on the consolidated statements of income. When the Company no longer controls these funds due to reduced ownership percentage or other reasons, the funds are deconsolidated and accounted for under another accounting method if the Company still maintains an investment.

Separate Account Assets and Liabilities. Separate account assets are maintained by BlackRock Life Limited, a wholly owned subsidiary of the Company, which is a registered life insurance company in the United Kingdom, and represent segregated assets held for purposes of funding individual and group pension contracts. The life insurance company does not underwrite any insurance contracts that involve any insurance risk transfer from the insured to the life insurance company. The separate account assets primarily include equity securities, debt securities, money market funds and derivatives. The separate account assets are not subject to general claims of the creditors of BlackRock. These separate account assets and the related equal and offsetting liabilities are recorded as separate account assets and separate account liabilities on the consolidated statements of financial condition in accordance with ASC 944-80, *Financial Services – Separate Accounts*.

The net investment income attributable to separate account assets supporting individual and group pension contracts accrues directly to the contract owner and is not reported on the consolidated statements of income. While BlackRock has no economic interest in these separate account assets and liabilities, BlackRock earns policy administration and management fees associated with these products, which are included in investment advisory, administration fees and securities lending revenue on the consolidated statements of income.

Separate Account Collateral Assets Held and Liabilities Under Securities Lending Agreements. The Company facilitates securities lending arrangements whereby securities held by separate account assets maintained by BlackRock Life Limited are lent to third parties under global master securities lending agreements. In exchange, the Company receives collateral with minimum values generally ranging from approximately 102% to 112% of the value of the securities lent in order to reduce counterparty risk. The required collateral value is calculated on a daily basis. The global master securities lending agreements provide the Company the right to request additional collateral or, in the event of borrower default, the right to liquidate collateral. Under the Company's securities lending arrangements, the Company can resell or repledge the collateral and the borrower can resell or repledge the loaned securities. The securities lending transactions entered into by the Company are accompanied by an agreement that entitles the Company to request the borrower to return the securities at any time; therefore, these transactions are not reported as sales under ASC 860, *Transfers and Servicing*.

As a result of the Company's ability to resell or repledge the collateral, the Company records on the consolidated statements of financial condition the cash and noncash collateral received under these arrangements as its own asset in addition to an equal and offsetting collateral liability for the obligation to return the collateral. During 2013 and 2012, the Company had not resold or repledged any of the collateral received under these arrangements. At December 31, 2013 and 2012, the fair value of loaned securities held by separate account assets was approximately $19.7 billion and $21.0 billion, respectively, and the fair value of the collateral held under these securities lending agreements was approximately $21.8 billion and $23.0 billion, respectively.

Deferred Sales Commissions. The Company holds the rights to receive certain cash flows from sponsored mutual funds sold without a front-end sales charge ("back-end load shares"). The carrying value of these deferred mutual fund commissions is recorded within other assets on the consolidated statements of financial condition and is being amortized over periods between one and six years. The Company receives distribution fees from these funds and contingent deferred sales commissions ("CDSCs") upon shareholder redemption of certain back-end load shares that are recorded within distribution fees on the consolidated statements of income. Upon receipt of CDSCs, the Company records revenue and the remaining unamortized deferred sales commission is expensed.

The Company periodically reviews the carrying value of deferred commission assets to determine whether a significant decline in the AUM of these funds or other events or circumstances indicate that an impairment may have occurred. If indicators of a potential impairment exist, the Company compares the carrying value of the asset to the estimated future net undiscounted cash flows related to the asset. If such assessments indicate that the estimated future net undiscounted cash flows will not be sufficient to recover the remaining carrying value, the assets are adjusted to their estimated fair value. No such impairments were recorded for 2013, 2012 and 2011.

Property and Equipment. Property and equipment are recorded at cost less accumulated depreciation. Depreciation is generally determined by cost less any estimated residual value using the straight-line method over the estimated useful lives of the various classes of property and equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life or the remaining lease term.

BlackRock develops a variety of risk management, investment analytic and investment system services for internal use, utilizing proprietary software that is hosted and maintained by BlackRock. In accordance with ASC 350-40, *Internal-Use Software* ("ASC 350-40"), the Company capitalizes certain costs incurred in connection with developing or obtaining software for internal use. Capitalized software costs are included within property and equipment on the consolidated statements of financial condition and are amortized, beginning when the software project is put into production, over the estimated useful life of the software of approximately three years.

Goodwill and Intangible Assets. Goodwill represents the excess cost of a business acquisition over the fair value of the net identifiable assets acquired. In its assessment of goodwill for impairment, the Company considers such factors as the book value and market capitalization of the Company. On a quarterly basis, the Company considers if triggering events have occurred that may indicate a potential goodwill impairment. If a triggering event has occurred, the Company performs assessments, which may include reviews of significant valuation assumptions, to determine if goodwill may be impaired. The Company performs an impairment assessment of its goodwill at least annually, as of July 31st.

Intangible assets are comprised of indefinite-lived intangible assets and finite-lived intangible assets acquired in a business acquisition. The value of contracts to manage assets in proprietary open-end funds and collective trust funds and certain other commingled products without a specified termination date is generally classified as indefinite-lived intangible assets. The assignment of indefinite lives to such contracts primarily is based upon the following: (i) the assumption that there is no foreseeable limit on the contract period to manage these products; (ii) the Company expects to, and has the ability to, continue to operate these products indefinitely; (iii) the products have multiple investors and are not reliant on a single investor or small group of investors for their continued operation; (iv) current competitive factors and economic conditions do not indicate a finite life; and (v) there is a high likelihood of continued renewal based on historical experience. In addition, trade names/trademarks are considered indefinite-lived intangible assets when they are expected to generate cash flows indefinitely.

In accordance with ASC 350, *Intangibles – Goodwill and Other* ("ASC 350"), indefinite-lived intangible assets and goodwill are not amortized. The value of contracts for separately managed accounts ("SMAs") and certain funds that have finite lives are amortized over the expected lives of the management contracts.

The Company performs assessments to determine if any intangible assets are potentially impaired and whether the indefinite-life and finite-life classifications are still appropriate. The carrying value of finite-lived management contracts and their remaining useful lives are reviewed at least annually to determine if circumstances exist which may indicate a potential impairment. The Company performs such impairment assessments of its intangible assets

including indefinite-lived management contracts and trade names/trademarks, at least annually, as of July 31st. In evaluating whether it is more likely than not that the fair value of indefinite-lived intangibles is less than its carrying value, BlackRock assesses various significant qualitative factors, including assets under management ("AUM"), revenue basis points, projected AUM growth rates, operating margins, tax rates and discount rates. In addition, the Company considers other factors, including (i) macroeconomic conditions such as a deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets; (ii) industry and market considerations such as a deterioration in the environment in which an entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics, a change in the market for an entity's services, or regulatory, legal or political developments; and (iii) entity-specific events, such as a change in management or key personnel, overall financial performance and litigation that could affect significant inputs.

If potential impairment circumstances are considered to exist, the Company will perform an impairment test, using an undiscounted cash flow analysis. Actual results could differ from these cash flow estimates, which could materially impact the impairment conclusion. If the asset is determined to be impaired, the difference between the carrying value of the asset and its current fair value would be recognized as an expense in the period in which the impairment occurs.

Noncontrolling Interests. The Company reports noncontrolling interests as equity, separate from the parent's equity, on the consolidated statements of financial condition. In addition, the Company's consolidated net income on the consolidated statements of income includes the income (loss) attributable to noncontrolling interest holders of the Company's consolidated sponsored investment funds and collateralized loan obligations ("CLOs"). Income (loss) attributable to noncontrolling interests is not adjusted for income taxes for consolidated sponsored investment funds and CLOs that are treated as pass-through entities for tax purposes.

Classification and Measurement of Redeemable Securities. The Company includes redeemable noncontrolling interests related to certain consolidated sponsored investment funds in temporary equity on the consolidated statements of financial condition.

Appropriated Retained Earnings. Upon the initial consolidation of CLOs, BlackRock records an adjustment to appropriated retained earnings on the consolidated statements of financial condition equal to the difference between the fair value of the CLOs' assets and the fair value of their liabilities. Such amounts are recorded as appropriated retained earnings as the CLO noteholders ultimately will receive the benefits or absorb the losses associated with the CLOs' assets and liabilities. The net change in the fair value of the CLOs' assets and liabilities is recorded as net income (loss) attributable to nonredeemable noncontrolling interests and as a change to appropriated retained earnings.

Treasury Stock. The Company records common stock purchased for treasury at cost. At the date of subsequent reissuance, the treasury stock account is reduced by the cost of such stock using the average cost method.

Revenue Recognition

Investment Advisory, Administration Fees and Securities Lending Revenue. Investment advisory and administration fees are recognized as the services are performed. Such fees are primarily based on pre-determined percentages of the market value of AUM or committed capital. Investment advisory and administration fees are affected by changes in AUM, including market appreciation or depreciation, foreign exchange translation and net subscriptions or redemptions. Investment advisory and administration fees for investment funds are shown net of fees waived pursuant to contractual expense limitations of the funds or voluntary waivers.

The Company contracts with third parties and related parties for various mutual fund distribution and shareholder servicing to be performed on behalf of certain funds the Company manages. Such arrangements generally are priced as a portion of the management fee paid by the fund. In certain cases, the fund (primarily international funds) takes on the primary responsibility for payment for services such that the Company bears no credit risk to the third party. The Company accounts for such retrocession arrangements in accordance with ASC 605-45, *Revenue Recognition – Principal Agent Considerations*, and records its management fees net of retrocessions. Retrocessions for 2013, 2012 and 2011 were $785 million, $793 million and $928 million, respectively, and were reflected net in investment advisory, administration fees and securities lending revenue on the consolidated statements of income.

The Company also earns revenue by lending securities as an agent on behalf of clients, primarily to brokerage institutions. Such revenues are accounted for on an accrual basis. The revenue earned is shared between the Company and the funds or other third-party accounts managed by the Company from which the securities are borrowed.

Investment Advisory Performance Fees. The Company receives investment advisory performance fees or an incentive allocation from certain actively managed investment funds and certain SMAs. These performance fees are earned upon exceeding specified relative or absolute investment return thresholds. Such fees are recorded upon completion of the measurement period, which varies by product or account.

The Company may receive carried interest from certain alternative investments upon exceeding performance thresholds. BlackRock may be required to return all, or part, of such carried interest depending upon future performance of these investments. BlackRock records carried interest subject to such clawback provisions in investments, or cash on the consolidated statements of financial condition to the extent that it is distributed. Carried interest is realized and recorded as performance fee revenue upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. The Company records a deferred carried interest liability to the extent it receives cash or capital allocations related to carried interest prior to meeting the revenue recognition criteria. At December 31, 2013 and 2012, the Company had $108 million and $97 million, respectively, of deferred carried interest recorded in other liabilities on the consolidated statements of financial condition.

BlackRock Solutions and Advisory. BlackRock provides a variety of risk management, investment analytic, enterprise investment system and financial markets 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 of 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 recorded as services are performed and are determined using some, or all, of the following methods: (i) percentages of various attributes of advisory AUM or value of positions on the *Aladdin*® platform, (ii) fixed fees and (iii) performance fees if contractual thresholds are met. The fees earned for *BlackRock Solutions* and advisory services are recorded in *BlackRock Solutions* and advisory on the consolidated statements of income.

Other Revenue. The Company earns fees for transition management services comprised of commissions from acting as an introducing broker-dealer in buying and selling securities on behalf of the Company's customers. Commissions related to transition management services are recorded on a trade-date basis as securities transactions occur and are reflected in other revenue on the consolidated statements of income.

The Company earns commissions revenue upon the sale of unit trusts and Class A mutual funds. Revenue is recorded at the time of the sale of the product.

Other revenue also includes equity method investment earnings related to certain strategic investments and marketing fees earned for services to distribute *iPath*® products, which are exchange-traded notes issued by Barclays.

Stock-based Compensation. The Company applies ASC 718-10, *Compensation – Stock Compensation* ("ASC 718-10"), which establishes standards for the accounting of transactions in which an entity obtains employee services in share-based payment transactions. Entities are required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The compensation cost is recognized over the period during which an employee is required to provide service (usually the vesting period) in exchange for the stock-based award.

The Company measures the grant-date fair value of restricted stock units ("RSUs") using the Company's share price on the date of grant. For employee share options and instruments with market conditions, the Company uses pricing models. If an equity award is modified after the grant date, incremental compensation cost is recognized for an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Awards under the Company's stock-based compensation plans vest over various periods. Compensation cost is recorded by the Company on a straight-line basis over the requisite service period for each separate vesting portion of the award as if the award is, in-substance, multiple awards. Compensation cost is reduced by the number of awards expected to be forfeited prior to vesting. Forfeiture estimates generally are derived using historical forfeiture information, where available, and are reviewed for reasonableness at least quarterly.

The Company amortizes the grant-date fair value of stock-based compensation awards made to retirement-eligible employees over the requisite service period. Upon notification of retirement, the Company accelerates the unamortized portion of the award over the contractually required retirement notification period, if applicable.

Distribution and Servicing Costs. Distribution and servicing costs include payments to third parties, primarily associated with distribution and servicing of client investments in certain BlackRock products. Distribution and servicing costs are expensed when incurred.

Direct Fund Expenses. Direct fund expenses, which are expensed as incurred, primarily consist of third-party nonadvisory expenses incurred by BlackRock related to certain funds for the use of certain index trademarks, reference data for certain indices, custodial services, fund administration, fund accounting, transfer agent services, shareholder reporting services, audit and tax services as well as other fund-related expenses directly attributable to the nonadvisory operations of the fund.

Leases. The Company accounts for its operating leases, which may include escalation clauses, in accordance with ASC 840-10, *Leases*. The Company expenses the lease payments associated with operating leases evenly during the lease term (including rent-free periods) commencing when the Company obtains control over the leased property.

Foreign Exchange. Monetary assets and liabilities of foreign subsidiaries having non-U.S. dollar functional currencies are translated at exchange rates at the date of the consolidated statements of financial condition. Nonmonetary assets and liabilities of foreign subsidiaries having non-U.S. dollar functional currencies are translated at historical exchange rates. Revenue and expenses are translated at average exchange rates during the period. Gains or losses resulting from translating foreign currency financial statements into U.S. dollars are included in accumulated other comprehensive income, a separate component of stockholders' equity, on the consolidated statements of financial condition. Gains or losses resulting from foreign currency transactions are included in general and administration expense on the consolidated statements of income. For 2013, 2012 and 2011, the gains (losses) from foreign currency transactions were immaterial.

Income Taxes. The Company accounts for income taxes under the asset and liability method prescribed by ASC 740-10, *Income Taxes* ("ASC 740-10"). Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases using currently enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in consolidated statements of income in the period that includes the enactment date.

Management periodically assesses the recoverability of its deferred income tax assets based upon expected future earnings, taxable income in prior carryback years, future

deductibility of the asset, changes in applicable tax laws and other factors. If management determines that it is not more likely than not that the deferred tax asset will be fully recoverable in the future, a valuation allowance will be established for the difference between the asset balance and the amount expected to be recoverable in the future. This allowance will result in additional income tax expense. Further, the Company records its income taxes receivable and payable based upon its estimated income tax position.

Excess tax benefits related to stock-based compensation are recognized as additional paid-in capital and are reflected as financing cash flows on the consolidated statements of cash flows. If the Company does not have additional paid-in capital credits (cumulative tax benefits recorded to additional paid-in capital), the Company will record an expense for any deficit, or shortfall, between the recorded tax benefit and tax return benefit. At December 31, 2013 and 2012, BlackRock had excess additional paid-in capital credits to absorb potential future deficits between recorded tax benefits and tax return benefits.

Earnings per Share ("EPS"). Basic EPS is calculated by dividing net income applicable to common shareholders by the weighted-average number of shares outstanding during the period. Diluted EPS includes the determinants of basic EPS and common stock equivalents outstanding during the period. Diluted EPS is computed using the treasury stock method.

Due to the similarities in terms between BlackRock's nonvoting participating preferred stock and the Company's common stock, the Company considers its nonvoting participating preferred stock to be a common stock equivalent for purposes of EPS calculations. As such, the Company has included the outstanding nonvoting participating preferred stock in the calculation of average basic and diluted shares outstanding.

Prior to 2013, the Company calculated EPS pursuant to the two-class method as defined in ASC 260-10, *Earnings per Share* ("ASC 260-10"), 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. The Company's participating securities consisted of its unvested share-based payment awards that contained rights to nonforfeitable dividends or dividend equivalents. The dilutive effect of participating securities was calculated under the more dilutive of either the treasury stock method or the two-class method. The Company's remaining participating securities vested in January 2013.

Business Segments. The Company's management directs BlackRock's operations as one business, the asset management business. As such, the Company operates in one business segment as defined in ASC 280-10, *Segment Reporting* ("ASC 280-10").

Business Combinations. The Company accounts for business combinations in accordance with the requirements of ASC 805, *Business Combinations* ("ASC 805"). The fundamental requirement of ASC 805 is 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. The provisions of ASC 805 define the acquirer, establish the acquisition date and define transactions that qualify as business combinations. Additionally, the requirements of ASC 805 provide guidance for measuring the fair value of assets acquired, liabilities assumed and any noncontrolling interest in the acquiree, provide guidance for the measurement of fair value in a step acquisition, provide guidance for recognizing assets acquired and liabilities assumed subject to contingencies, provide guidance on recognition and measurement of contingent consideration and require that acquisition-related costs of the acquirer generally be expensed as incurred. Reversal of valuation allowances related to acquired deferred tax assets and changes to liabilities for unrecognized tax benefits related to tax positions assumed in business combinations subsequent to the adoption of the requirements of ASC 805, will affect the income tax provision in the period of reversal or change.

Fair Value Measurements.

Hierarchy of Fair Value Inputs. The provisions of ASC 820, *Fair Value Measurement* ("ASC 820"), establish a hierarchy that prioritizes inputs to valuation techniques used to measure fair value and require companies to disclose the fair value of their financial instruments according to the 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.

Assets and liabilities 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 may include listed mutual funds (including those accounted for under the equity method of accounting as these mutual funds are investment companies that have publicly available net asset values ("NAVs"), which in accordance with GAAP, are calculated under fair value measures and the changes in fair values are equal to the earnings of such funds), ETFs, listed equities and certain exchange-traded derivatives.

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; quotes from pricing services or brokers for which the Company can determine that orderly transactions took place at the quoted price or that the inputs used to arrive at the price are observable; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. As a practical expedient, the Company relies on the NAV (or its equivalent) of certain investments as their fair value.

- Level 2 assets may include debt securities, bank loans, short-term floating-rate notes and asset-backed securities, securities held within consolidated hedge funds, certain equity method limited partnership interests in hedge funds valued based on NAV (or its equivalent) where the Company has the ability to redeem at the measurement date or within the near term without redemption restrictions, restricted public securities valued at a discount, as well as over-the-counter derivatives, including interest and inflation rate swaps and foreign currency exchange contracts that have inputs to the valuations that generally can be corroborated by observable market data.

Level 3 Inputs:

Unobservable inputs for the valuation of the asset or liability, which may include nonbinding broker quotes. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. Certain investments that are valued using a NAV (or its equivalent) and are subject to current redemption restrictions that will not be lifted in the near term are included in Level 3.

- Level 3 assets may 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, direct private equity investments held within consolidated funds, bank loans and bonds.
- Level 3 liabilities include borrowings of consolidated collateralized loan obligations valued based upon nonbinding single-broker quotes.
- 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, which may be adjusted by using the returns of certain market indices.

Significance of Inputs. 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.

Valuation Techniques. The fair values of certain Level 3 assets and liabilities were determined using various methodologies as appropriate, including NAVs of underlying investments, third-party pricing vendors, broker quotes and market and income approaches. Such quotes and modeled prices are evaluated for reasonableness through various procedures, including due diligence reviews of third-party pricing vendors, variance analyses, consideration of the current market environment and other analytical procedures.

As a practical expedient, the Company relies on NAV as the fair value for certain investments. The inputs to value these investments may include BlackRock capital accounts for its partnership interests in various alternative investments, including distressed credit hedge funds, real estate and private equity funds, which may be adjusted by using the returns of certain market indices. The various partnerships generally 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 from third-party sources, including independent appraisals. 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 as an input to value these investments.

A significant amount of inputs used to value equity, debt securities and bank loans is sourced from well-recognized third-party pricing vendors. Generally, prices obtained from pricing vendors are categorized as Level 1 inputs for identical securities traded in active markets and as Level 2 for other similar securities if the vendor uses observable inputs in determining the price. Annually, BlackRock's internal valuation committee or other designated groups review both the valuation methodologies, including the general assumptions and methods used to value various asset classes, and operational processes with these vendors. On a quarterly basis, meetings are held with key vendors to identify any significant changes to the vendors' processes.

In addition, quotes obtained from brokers generally are nonbinding and categorized as Level 3 inputs. However, if the Company is able to determine that market participants have transacted for the asset in an orderly manner near the quoted price or if the Company can determine that the inputs used by the broker are observable, the quote is classified as a Level 2 input.

Fair Value Option. ASC 825-10, *Financial Instruments* ("ASC 825-10"), provides a fair value option election that allows companies an irrevocable election to use fair value as the initial and subsequent accounting measurement attribute for certain financial assets and liabilities. ASC 825-10 permits entities to elect to measure eligible financial assets and liabilities at fair value on an ongoing basis. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. The decision to elect the fair value option is determined on an instrument-by-instrument basis, which must be applied to an entire instrument, and not only specified risks, specific cash flows, or portions of that instrument, and is irrevocable once elected. Assets and liabilities measured at fair value pursuant to ASC 825-10 are required to be reported separately from those instruments measured using another accounting method.

Derivative Instruments and Hedging Activities. ASC 815-10, *Derivatives and Hedging* ("ASC 815-10"), establishes accounting and reporting standards for derivative instruments, including certain derivatives embedded in other contracts and for hedging activities. ASC 815-10 generally requires an entity to recognize all derivatives as either assets or liabilities on the consolidated statements of financial condition and to measure those investments at fair value.

The Company does not use derivative financial instruments for trading or speculative purposes. The Company may use derivative financial instruments primarily for purposes of hedging: (i) exposures to fluctuations in foreign currency exchange rates of certain assets and liabilities, (ii) market exposures for certain seed investments and (iii) future cash flows on floating-rate notes. The Company may also use derivatives within its separate account assets, which are segregated funds held for purposes of funding individual and group pension contracts. In addition, certain consolidated sponsored investment funds may also invest in derivatives as a part of their investment strategy.

Changes in the fair value of the Company's derivative financial instruments are generally recognized in earnings and, where applicable, are offset by the corresponding gain or loss on the related foreign-denominated assets or liabilities or hedged investments, on the consolidated statements of income.

Accounting Pronouncements Adopted in 2013

Amendments to Accumulated Other Comprehensive Income Disclosures. On February 5, 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* ("ASU 2013-02"), which added new disclosure requirements for items reclassified out of accumulated other comprehensive income ("AOCI"). See Note 18, *Accumulated Other Comprehensive Income (Loss)*.

Disclosures About Offsetting Assets and Liabilities. On December 16, 2011, the FASB issued ASU 2011-11, *Disclosures About Offsetting Assets and Liabilities* ("ASU 2011-11"), which created new disclosure requirements about the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. On January 31, 2013, the FASB issued ASU 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* ("ASU 2013-01"), that provides clarification about which instruments and transactions are subject to ASU 2011-11. The adoption of ASU 2011-11 and ASU 2013-01 on January 1, 2013 was not material to the consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

Cumulative Translation Adjustment. In March 2013, the FASB issued ASU 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* ("ASU 2013-05"). ASU 2013-05 addresses the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. ASU 2013-05 became effective for the Company on January 1, 2014. The Company does not believe the adoption of ASU 2013-05 will have a material impact on the consolidated financial statements.

Investment Company Guidance. In June 2013, the FASB issued ASU 2013-08, *Financial Services — Investment Companies: Amendments to the Scope, Measurement, and Disclosure Requirements* ("ASU 2013-08"). ASU 2013-08 amends the current criteria for an entity to qualify as an investment company, creates new disclosure requirements and amends the measurement criteria for certain interests in other investment companies. ASU 2013-08 became effective for the Company on January 1, 2014. The Company does not believe the adoption of ASU 2013-08 will have a material impact on the consolidated financial statements.

Presentation of an Unrecognized Tax Benefit. In July 2013, the FASB issued ASU 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* ("ASU 2013-11"). ASU 2013-11 became effective for the Company on January 1, 2014. The Company does not believe the adoption of ASU 2013-11 will have a material impact on the consolidated financial statements.

3. Investments

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

(in millions)	December 31, 2013	December 31, 2012
Available-for-sale investments	**$ 183**	$ 158
Held-to-maturity investments	**83**	112
Trading investments:		
Consolidated sponsored investment funds	**385**	123
Other equity and debt securities	**43**	94
Deferred compensation plan mutual funds	**58**	53
Total trading investments	**486**	270
Other investments:		
Consolidated sponsored investment funds	**441**	401
Equity method investments	**697**	595
Deferred compensation plan hedge fund equity method investments	**39**	9
Cost method investments[1]	**119**	120
Carried interest	**103**	85
Total other investments	**1,399**	1,210
Total investments	**$2,151**	$1,750

(1) Amounts primarily include Federal Reserve Bank Stock

At December 31, 2013, the Company consolidated $826 million of investments held by consolidated sponsored investment funds (excluding VIEs) of which $385 million and $441 million were classified as trading investments and other investments, respectively. At December 31, 2012, the Company consolidated $524 million of investments held by consolidated sponsored investment funds (excluding VIEs) of which $123 million and $401 million were classified as trading investments and other investments, respectively.

Available-for-Sale Investments

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

(in millions)		Gross Unrealized		Carrying
At December 31, 2013	**Cost**	**Gains**	**Losses**	**Value**
Equity securities of sponsored investment funds	**$180**	**$ 4**	**$ (4)**	**$180**
Other securities	**1**	**2**	**—**	**3**
Total available-for-sale investments	**$181**	**$ 6**	**$ (4)**	**$183**
At December 31, 2012				
Equity securities of sponsored investment funds	$142	$14	$ (1)	$155
Other securities	2	1	—	3
Total available-for-sale investments	$144	$15	$ (1)	$158

Available-for-sale investments primarily included seed investments in BlackRock sponsored investment mutual funds.

A summary of sale activity in available-for-sale securities during 2013, 2012 and 2011 is shown below.

(in millions)	Year ended December 31, 2013	2012	2011
Sales proceeds	**$139**	$134	$44
Net realized gain (loss):			
Gross realized gains	**$ 20**	$ 8	$ 3
Gross realized losses	**(1)**	(1)	(2)
Net realized gain (loss)	**$ 19**	$ 7	$ 1

Held-to-Maturity Investments

The carrying value of held-to-maturity investments was $83 million and $112 million at December 31, 2013 and 2012, respectively. Held-to-maturity investments included foreign government debt held for regulatory purposes and the amortized cost (carrying value) of these investments approximated fair value. At December 31, 2013, $69 million of these investments mature in one year or less and $14 million mature after 10 years.

Trading Investments

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

(in millions)	December 31, 2013 Cost	Carrying Value	December 31, 2012 Cost	Carrying Value
Trading investments:				
Deferred compensation plan mutual funds	**$ 49**	**$ 58**	$ 46	$ 53
Equity/Multi-asset mutual funds	**174**	**184**	154	162
Debt securities/ fixed income mutual funds:				
Corporate debt	**128**	**128**	44	44
Government debt	**121**	**116**	11	11
Total trading investments	**$ 472**	**$ 486**	$ 255	$ 270

At December 31, 2013, trading investments included $172 million of equity securities and $213 million of debt securities held by consolidated sponsored investment funds, $58 million of certain deferred compensation plan mutual fund investments and $43 million of equity and debt securities.

At December 31, 2012, trading investments included $73 million of equity securities and $50 million of debt securities held by consolidated sponsored investment funds, $53 million of certain deferred compensation plan mutual fund investments and $94 million of equity and debt securities.

Other Investments

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

(in millions)	December 31, 2013 Cost	Carrying Value	December 31, 2012 Cost	Carrying Value
Other investments:				
Consolidated sponsored investment funds	**$ 420**	**$ 441**	$ 378	$ 401
Equity method	**613**	**697**	541	595
Deferred compensation plan equity method investments	**37**	**39**	15	9
Cost method investments:				
Federal Reserve Bank stock	**90**	**90**	89	89
Other	**17**	**29**	31	31
Total cost method investments	**107**	**119**	120	120
Carried interest	**—**	**103**	—	85
Total other investments	**$ 1,177**	**$ 1,399**	$ 1,054	$ 1,210

Consolidated sponsored investment funds include third-party private equity funds, direct investments in private companies and third-party hedge funds held by BlackRock sponsored investment funds.

Equity method investments primarily include BlackRock's direct investment in certain BlackRock sponsored investment funds. See Note 11, *Other Assets*, for information on the Company's investment in PennyMac Financial Services, Inc. ("PennyMac"), which is included in other assets on the consolidated statements of financial condition.

Cost method investments include nonmarketable securities, including Federal Reserve Bank ("FRB") stock, which is held for regulatory purposes and is restricted from sale. At December 31, 2013 and 2012, there were no indicators of impairment on these investments.

Carried interest represents allocations to BlackRock's general partner capital accounts from certain funds. These balances are subject to change upon cash distributions, additional allocations or reallocations back to limited partners within the respective funds.

4. Consolidated Sponsored Investment Funds

The Company consolidates certain sponsored investment funds primarily because it is deemed to control such funds. The investments owned by these consolidated sponsored investment funds are classified as trading or other investments. The following table presents the balances related to these consolidated funds that were included on the consolidated statements of financial condition as well as BlackRock's net interest in these funds:

(in millions)	**December 31, 2013**	**December 31, 2012**
Cash and cash equivalents	**$ 114**	$ 133
Investments:		
Trading investments	**385**	123
Other investments	**441**	401
Other assets	**20**	25
Other liabilities	**(39)**	(65)
Noncontrolling interests	**(189)**	(187)
BlackRock's net interests in consolidated investment funds	**$ 732**	$ 430

BlackRock's total exposure to consolidated sponsored investment funds represents the value of its economic ownership interest in these sponsored investment funds. Valuation changes associated with investments held at fair value by these consolidated investment funds are reflected in nonoperating income (expense) and partially offset in net income (loss) attributable to noncontrolling interests for the portion not attributable to BlackRock.

In addition, at December 31, 2013 and 2012, several consolidated CLOs and one sponsored investment fund, which were deemed to be VIEs, were excluded from the balances in the table above as the balances for these investment products are reported separately on the consolidated statements of financial condition. See Note 6, *Variable Interest Entities*, for further discussion on these consolidated investment products.

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 the Company's operations.

5. Fair Value Disclosures

Assets and liabilities measured at fair value on a recurring basis and other assets not held at fair value

December 31, 2013 *(in millions)*	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, 2013
Assets:					
Investments					
Available-for-sale:					
Equity securities of sponsored investment funds	$ 180	$ —	$ —	$ —	**$ 180**
Other securities	—	3	—	—	**3**
Total available-for-sale	180	3	—	—	**183**
Held-to-maturity debt securities	—	—	—	83	**83**
Trading:					
Deferred compensation plan mutual funds	58	—	—	—	**58**
Equity/Multi-asset mutual funds	184	—	—	—	**184**
Debt securities / fixed income mutual funds	31	213	—	—	**244**
Total trading	273	213	—	—	**486**
Other investments:					
Consolidated sponsored investment funds:					
Hedge funds / Funds of funds	—	135	24	—	**159**
Private / public equity[2]	5	13	223	41	**282**
Total consolidated sponsored investment funds	5	148	247	41	**441**
Equity method:					
Hedge funds / Funds of hedge funds	—	177	99	63	**339**
Private equity investments	—	—	101	—	**101**
Real estate funds	—	20	98	7	**125**
Fixed income mutual funds	113	—	—	—	**113**
Equity/Multi-asset, alternative mutual funds	19	—	—	—	**19**
Total equity method	132	197	298	70	**697**
Deferred compensation plan equity method investments	—	10	29	—	**39**
Cost method investments	—	—	—	119	**119**
Carried interest	—	—	—	103	**103**
Total investments	590	571	574	416	**2,151**
Separate account assets	113,382	40,841	—	890	**155,113**
Separate account collateral held under securities lending agreements:					
Equity securities	20,856	—	—	—	**20,856**
Debt securities	—	932	—	—	**932**
Total separate account collateral held under securities lending agreements	20,856	932	—	—	**21,788**
Other assets[3]	—	39	—	—	**39**
Assets of consolidated VIEs:					
Bank loans and other assets	—	2,047	129	19	**2,195**
Bonds	—	71	35	—	**106**
Private / public equity[4]	—	10	14	—	**24**
Total assets of consolidated VIEs	—	2,128	178	19	**2,325**
Total	$ 134,828	$ 44,511	$ 752	$ 1,325	**$ 181,416**
Liabilities:					
Borrowings of consolidated VIEs	$ —	$ —	$ 2,369	$ —	**$ 2,369**
Separate account collateral liabilities under securities lending agreements	20,856	932	—	—	**21,788**
Other liabilities[5]	18	4	42	—	**64**
Total	$ 20,874	$ 936	$ 2,411	$ —	**$ 24,221**

(1) Amounts are comprised of investments held at cost or amortized cost, carried interest and certain equity method investments, which include sponsored investment funds 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 liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.

(2) Level 3 amounts include $195 million and $28 million of underlying third-party private equity funds and direct investments in private equity companies held by private equity funds, respectively.

(3) Amount includes company-owned and split-dollar life insurance policies and unrealized gains on forward foreign currency exchange contracts.

(4) Level 3 amounts include $14 million of underlying third-party private equity funds held by a private equity fund.

(5) Amounts include a credit default swap (see Note 7, *Derivatives and Hedging*, for more information), securities sold short within consolidated sponsored investment funds and contingent liabilities related to the acquisitions of Credit Suisse's ETF franchise and MGPA.

Assets and liabilities measured at fair value on a recurring basis and other assets not held at fair value

December 31, 2012 *(in millions)*	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, 2012
Assets:					
Investments					
Available-for-sale:					
Equity securities of sponsored investment funds	$ 155	$ —	$ 1	$ —	$ 156
Other securities	—	2	—	—	2
Total available-for-sale	155	2	1	—	158
Held-to-maturity debt securities	—	—	—	112	112
Trading:					
Deferred compensation plan mutual funds	53	—	—	—	53
Equity/Multi-asset mutual funds	159	3	—	—	162
Debt securities / fixed income mutual funds	5	50	—	—	55
Total trading	217	53	—	—	270
Other investments:					
Consolidated sponsored investment funds:					
Hedge funds / Funds of funds	3	39	73	—	115
Private / public equity[2]	10	10	266	—	286
Total consolidated sponsored investment funds	13	49	339	—	401
Equity method:					
Hedge funds / Funds of hedge funds	—	61	161	39	261
Private equity investments	—	—	90	—	90
Real estate funds	—	19	88	15	122
Fixed income mutual funds	46	—	—	—	46
Equity/Multi-asset, alternative mutual funds	76	—	—	—	76
Total equity method	122	80	339	54	595
Deferred compensation plan hedge fund equity method investments	—	9	—	—	9
Cost method investments	—	—	—	120	120
Carried interest	—	—	—	85	85
Total investments	507	193	679	371	1,750
Separate account assets	95,514	38,392	2	860	134,768
Separate account collateral held under securities lending agreements:					
Equity securities	21,273	—	—	—	21,273
Debt securities	—	1,748	—	—	1,748
Total separate account collateral held under securities lending agreements	21,273	1,748	—	—	23,021
Other assets[3]	—	12	—	—	12
Assets of consolidated VIEs:					
Bank loans	—	2,004	106	—	2,110
Bonds	—	78	46	—	124
Private / public equity[4]	2	6	22	—	30
Total assets of consolidated VIEs	2	2,088	174	—	2,264
Total	$ 117,296	$ 42,433	$ 855	$ 1,231	$ 161,815
Liabilities:					
Borrowings of consolidated VIEs	$ —	$ —	$ 2,402	$ —	$ 2,402
Separate account collateral liabilities under securities lending agreements	21,273	1,748	—	—	23,021
Other liabilities[5]	15	5	—	—	20
Total	$ 21,288	$ 1,753	$ 2,402	$ —	$ 25,443

(1) Amounts are comprised of investments held at cost or amortized cost, carried interest and certain equity method investments, which include sponsored investment funds 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 liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.

(2) Level 3 amounts include $212 million and $54 million of underlying third-party private equity funds and direct investments in private equity companies held by private equity funds, respectively.

(3) Amount includes company-owned and split-dollar life insurance policies.

(4) Level 3 amounts include $20 million and $2 million of underlying third-party private equity funds and direct investments in private equity companies held by a private equity fund.

(5) Amounts include a credit default swap (see Note 7, *Derivatives and Hedging*, for more information) and securities sold short within consolidated sponsored investment funds.

Level 3 Assets. Level 3 investments of $574 million and $679 million at December 31, 2013 and 2012, respectively, primarily related to equity method investments and consolidated sponsored investment funds. Level 3 assets within investments, except for direct investments in private equity companies held by private equity funds described below, were primarily valued based upon NAVs received from internal and third-party fund managers.

Direct investments in private equity companies held by private equity funds totaled $28 million and $56 million at December 31, 2013 and 2012, respectively. Direct investments in private equity companies may be valued using the market approach or the income approach, or a combination thereof, and were 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, market indices, assumptions relating to appropriate risk adjustments for nonperformance and legal restrictions on disposition, among other factors. The fair value derived from the methods used are evaluated and weighted, as appropriate, considering the reasonableness of the range of values indicated. Under the market approach, fair value may be determined by reference to multiples of market-comparable companies or transactions, including earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples. Under the income approach, fair value may be determined by discounting the expected cash flows to a single present value amount using current market expectations about those future amounts. Unobservable inputs used in a discounted cash flow model may include projections of operating performance generally covering a five-year period and a terminal value of the private equity direct investment. For securities utilizing the discounted cash flow valuation technique, a significant increase (decrease) in the discount rate, risk premium or discount for lack of marketability in isolation could result in a significantly lower (higher) fair value measurement. For securities utilizing the market comparable companies valuation technique, a significant increase (decrease) in the EBITDA multiple in isolation could result in a significantly higher (lower) fair value measurement.

Level 3 assets recorded within separate account assets include single-broker nonbinding quotes for fixed income securities and equity securities that have unobservable inputs due to certain corporate actions.

Level 3 assets of consolidated VIEs include bank loans and bonds valued based on single-broker nonbinding quotes and direct private equity investments and private equity funds valued based upon internal as well as third-party fund manager valuations, which may be adjusted by using the returns of certain market indices.

Level 3 Liabilities. Level 3 borrowings of consolidated VIEs include CLO borrowings valued based upon single-broker nonbinding quotes.

Level 3 other liabilities include contingent liabilities related to the acquisitions of Credit Suisse's ETF franchise and MGPA, which were valued based upon discounted cash flow analyses using unobservable market data inputs.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for 2013

(in millions)	December 31, 2012	Realized and unrealized gains (losses) in earnings and OCI	Purchases	Sales and maturities	Issuances and other settlements[1]	Transfers into Level 3	Transfers out of Level 3	December 31, 2013	Total net unrealized gains (losses) included in earnings[2]
Assets:									
Investments:									
Available-for-sale:									
Equity securities of sponsored investment funds	$ 1	$ —	$ —	$ —	$ (1)	$ —	$ —	**$ —**	$ —
Consolidated sponsored investment funds:									
Hedge funds / Funds of funds	73	8	12	(19)	(34)	—	(16)	**24**	4
Private equity	266	37	16	(82)	—	—	(14)	**223**	25
Equity method:									
Hedge funds / Funds of hedge funds	161	16	7	(11)	(74)	—	—	**99**	9
Private equity investments	90	21	14	(10)	(14)	—	—	**101**	21
Real estate funds	88	20	7	—	(17)	—	—	**98**	20
Deferred compensation plan equity method investments	—	—	—	—	29	—	—	**29**	—
Total Level 3 investments	679	102	56	(122)	(111)	—	(30)	**574**	79
Separate account assets:	2	—	—	(2)	—	—	—	**—**	n/a[3]
Assets of consolidated VIEs:									
Bank loans	106	—	109	(60)	16	117	(159)	**129**	
Bonds	46	1	4	(16)	—	—	—	**35**	
Private equity	22	2	—	(7)	—	—	(3)	**14**	
Funds of hedge funds	—	—	134	—	(134)	—	—	**—**	
Total Level 3 assets of consolidated VIEs	174	3	247	(83)	(118)	117	(162)	**178**	n/a[4]
Total Level 3 assets	$ 855	$ 105	$ 303	$(207)	$(229)	$ 117	$(192)	**$ 752**	$ 79
Liabilities:									
Borrowings of consolidated VIEs	$ 2,402	$ (14)	$ —	$ —	$ (47)	$ —	$ —	**$ 2,369**	n/a[4]
Other liabilities	—	—	—	—	42	—	—	**42**	—
Total Level 3 liabilities	$ 2,402	$ (14)	$ —	$ —	$ (5)	$ —	$ —	**$ 2,411**	

n/a — not applicable

(1) Amounts include distributions from equity method investees, repayments of borrowings of consolidated VIEs, loans and borrowings related to the consolidation of one additional CLO, elimination of investment related to a deconsolidation of a consolidated VIE and a reclassification of an investment from a consolidated sponsored investment fund to an equity method investment due to a change in ownership percentage. Amounts also include the acquisition of deferred compensation plan equity method investments and contingent liabilities related to the acquisitions of Credit Suisse's ETF franchise and MGPA.

(2) Earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date.

(3) The net investment income attributable to separate account assets accrues directly to the contract owners and is not reported on the consolidated statements of income.

(4) The net gain (loss) on consolidated VIEs is solely attributable to noncontrolling interests on the consolidated statements of income.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for 2012

(in millions)	December 31, 2011	Realized and unrealized gains (losses) in earnings and OCI	Purchases	Sales and maturities	Issuances and other settlements[1]	Transfers into Level 3	Transfers out of Level 3	December 31, 2012	Total net unrealized gains (losses) included in earnings[2]
Assets:									
Investments:									
Available-for-sale:									
Equity securities of sponsored investment funds	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ —
Consolidated sponsored investment funds:									
Hedge funds / Funds of funds	22	—	37	(6)	—	25	(5)	73	(1)
Private equity	313	27	32	(85)	(15)	—	(6)	266	24
Equity method:									
Hedge funds / Funds of hedge funds	193	38	—	—	(70)	—	—	161	32
Private equity investments	85	6	11	—	(12)	—	—	90	6
Real estate funds	88	12	21	(7)	(7)	—	(19)	88	12
Total Level 3 investments	702	83	101	(98)	(104)	25	(30)	679	73
Separate account assets	10	5	11	(62)	—	48	(10)	2	n/a[3]
Assets of consolidated VIEs:									
Bank loans	83	4	68	(44)	7	101	(113)	106	
Bonds	40	4	2	—	—	—	—	46	
Private equity	27	4	—	(9)	—	—	—	22	
Total Level 3 assets of consolidated VIEs	150	12	70	(53)	7	101	(113)	174	n/a[4]
Total Level 3 assets	$ 862	$ 100	$ 182	$ (213)	$ (97)	$ 174	$ (153)	$ 855	$ 73
Liabilities:									
Borrowings of consolidated VIEs	$ 1,574	$ (93)	$ —	$ —	$ 735	$ —	$ —	$ 2,402	n/a[4]

n/a — not applicable

(1) Amount primarily includes distributions from equity method investees, and proceeds from and repayments of borrowings of consolidated VIEs.

(2) Earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date.

(3) The net investment income attributable to separate account assets accrues directly to the contract owners and is not reported on the consolidated statements of income.

(4) The net gain (loss) on consolidated VIEs is solely attributable to noncontrolling interests on the consolidated statements of income.

Realized and Unrealized Gains (Losses) for Level 3 Assets and Liabilities. Realized and unrealized gains (losses) recorded for Level 3 assets and liabilities are reported in nonoperating income (expense) on the consolidated statements of income. A portion of net income (loss) for consolidated investments and all of the net income (loss) for consolidated VIEs are allocated to noncontrolling interests to reflect net income (loss) not attributable to the Company.

Transfers in and/or out of Levels. Transfers in and/or out of levels are reflected when significant inputs, including market inputs or performance attributes, used for the fair value measurement become observable/unobservable, or when the Company determines it has the ability, or no longer has the ability, to redeem, in the near term, certain investments that the Company values using a NAV (or a capital account), or when the carrying value of certain equity method investments no longer represents fair value as determined under valuation methodologies.

Separate Account Assets. In 2012, there were $48 million of transfers of equity securities into Level 3 from Level 1, primarily due to market inputs no longer being considered observable.

In 2012, there were $10 million of transfers out of Level 3 to Level 1 primarily related to equity securities held within separate accounts. The transfers were primarily due to availability of observable market inputs.

Assets of Consolidated VIEs. In 2013, there were $159 million of transfers out of Level 3 to Level 2 related to bank loans. In addition, in 2013, there were $117 million of transfers into Level 3 from Level 2 related to bank loans. These transfers in and out of levels were primarily due to availability/ unavailability of observable market inputs, including inputs from pricing vendors and brokers.

In 2012, there were $113 million of transfers out of Level 3 to Level 2 related to bank loans. In addition, in 2012, there were $101 million of transfers into Level 3 from Level 2 related to bank loans. The transfers in and out of levels were primarily due to availability/ unavailability of observable market inputs, including inputs from pricing vendors and brokers.

Consolidated Sponsored Investment Funds. In 2013, there were $12 million of transfers out of Level 1 to Level 2 related to consolidated private equity funds. These transfers were due to a direct investment in a public company valued at a discount due to restrictions on sale.

Significant Other Settlements. In 2013 and 2012, there were $105 million and $89 million, respectively, of distributions from equity method investees categorized in Level 3.

In 2013, other settlements included $134 million related to a deconsolidation of a consolidated fund of hedge funds, which was previously classified as a VIE. This fund was deconsolidated during the second quarter of 2013 due to the granting of additional substantive rights to unaffiliated investors of the fund.

In 2013, other settlements included $363 million of borrowings of consolidated VIEs related to a consolidation of one additional CLO.

In 2013, there was a $28 million reclassification of a Level 3 investment from a consolidated sponsored investment fund to an equity method investment due to a change in BlackRock's ownership percentage.

In 2013, issuances and other settlements included $29 million of acquired Level 3 deferred compensation plan equity method investments.

During 2012, other settlements included $1,011 million of proceeds from borrowings of consolidated CLOs.

Disclosures of Fair Value for Financial Instruments Not Held at Fair Value. At December 31, 2013 and 2012, the fair value of the Company's financial instruments not held at fair value are categorized in the table below:

	December 31, 2013		December 31, 2012		
(in millions)	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**	**Fair Value Hierarchy**
Financial Assets:					
Cash and cash equivalents	**$ 4,390**	**$ 4,390**	$ 4,606	$ 4,606	Level 1[1]
Accounts receivable	**2,247**	**2,247**	2,250	2,250	Level 1[2]
Cash and cash equivalents of consolidated VIEs	**161**	**161**	297	297	Level 1[1]
Financial Liabilities:					
Accounts payable and accrued liabilities	**1,084**	**1,084**	1,055	1,055	Level 1[2]
Short-term borrowings	**—**	**—**	100	100	Level 1[2]
Long-term borrowings	**4,939**	**5,284**	5,687	6,275	Level 2[3]

(1) Cash and cash equivalents are carried at either cost or amortized cost, which approximates fair value due to their short-term maturities. At December 31, 2013 and 2012, approximately $64 million and $98 million, respectively, of money market funds were recorded within cash and cash equivalents on the consolidated statements of financial condition. Money market funds are valued based on quoted market prices, or $1.00 per share, which generally is the NAV of the fund. At December 31, 2013 and 2012, approximately $114 million and $133 million, respectively, related to cash and cash equivalents held by consolidated sponsored investment funds.

(2) The carrying amounts of accounts receivable, accounts payable and accrued liabilities and short-term borrowings approximate fair value due to their short-term nature.

(3) Long-term borrowings are recorded at amortized cost. The fair value of the long-term borrowings, including the current portion of long-term borrowings, is estimated using market prices at the end of December 2013 and 2012, respectively. See Note 12, *Borrowings*, for the fair value of each of the Company's long-term borrowings.

Investments in Certain Entities that Calculate Net Asset Value Per Share

As a practical expedient to value certain investments that do not have a readily determinable fair value and have attributes of an investment company, the Company relies on NAV as the fair value. The following table lists information regarding all investments that use a fair value measurement to account for both their financial assets and financial liabilities in their calculation of a NAV per share (or equivalent).

December 31, 2013

(in millions)	Ref	Fair Value	Total Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Consolidated sponsored investment funds:					
Private equity funds of funds	(a)	$ 195	$ 23	n/r	n/r
Other funds of hedge funds	(b)	155	—	Monthly (13%), Quarterly (78%), n/r (9%)	30 –90 days
Equity method:[1]					
Hedge funds/funds of hedge funds	(c)	276	84	Monthly (55%), Quarterly (11%) n/r (34%)	15 – 90 days
Private equity funds	(d)	101	62	n/r	n/r
Real estate funds	(e)	118	12	Quarterly (17%) n/r (83%)	60 days
Deferred compensation plan investments	(f)	39	7	Monthly (8%), Quarterly (18%) n/r (74%)	60 –90 days
Consolidated VIEs:					
Private equity fund	(g)	14	1	n/r	n/r
Total		$ 898	$ 189		

December 31, 2012

(in millions)	Ref	Fair Value	Total Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Consolidated sponsored investment funds:					
Private equity funds of funds	(a)	$ 212	$ 32	n/r	n/r
Other funds of hedge funds	(b)	98	—	Monthly (22%) Quarterly (11%) n/r (67%)	1 –90 days
Equity method:[1]					
Hedge funds/funds of hedge funds	(c)	222	42	Monthly (2%) Quarterly (28%) n/r (70%)	15 –90 days
Private equity funds	(d)	90	135	n/r	n/r
Real estate funds	(e)	107	15	Quarterly (18%) n/r (82%)	60 days
Deferred compensation plan hedge fund investments	(f)	9	—	Monthly (33%) Quarterly (67%)	60 –90 days
Consolidated VIE:					
Private equity fund	(g)	20	1	n/r	n/r
Trading:					
Equity	(h)	3	—	Daily (100%)	None
Total		$ 761	$ 225		

n/r – not redeemable

(1) Comprised of equity method investments, which include investment companies, which account for their financial assets and most financial liabilities under fair value measures; therefore, the Company's investment in such equity method investees approximates fair value.

(a) This category includes the underlying third-party private equity funds within consolidated BlackRock sponsored private equity funds of funds. The fair values of the investments in the third-party funds have been estimated using capital accounts representing the Company's ownership interest in each fund in the portfolio as well as other performance inputs. These investments are not subject to redemption; however, for certain funds, the Company may sell or transfer its interest, which may need approval by the general partner of the underlying funds. Due to the nature of the investments in this category, the Company reduces its investment by distributions that are received through the realization of the underlying assets of the funds. It is estimated that the underlying assets of these funds will be liquidated over a weighted-average period of approximately seven years at both December 31, 2013 and 2012. The total remaining unfunded commitments to other third-party funds were $23 million and $32 million at December 31, 2013 and 2012, respectively. The Company was contractually obligated to fund $30 million at both December 31, 2013 and 2012 to the consolidated funds.

(b) This category includes consolidated funds of hedge funds that invest in multiple strategies to diversify risks. The fair values of the investments have been estimated using the NAV of the fund's ownership interest in partners' capital of each fund in the portfolio. Certain of the underlying funds can be redeemed as long as there are no restrictions in place. At December 31, 2013 and 2012, the underlying funds that are currently restricted from redemptions within one year will become redeemable in approximately 12 to 24 months. This category also includes a consolidated offshore feeder fund that invests in a master fund with multiple alternative investment strategies. The fair value of this investment has been estimated using the NAV of the master offshore fund held by the feeder fund. The investment is currently subject to restrictions in place by the underlying master fund.

(c) This category includes hedge funds and funds of hedge funds that invest primarily in equities, fixed income securities, distressed credit and mortgage instruments and other third-party hedge funds. The fair values of the investments have been estimated using the NAV of the Company's ownership interest in partners' capital. It was estimated that the investments in the funds that are not subject to redemption will be liquidated over a weighted-average period of approximately three and five years at December 31, 2013 and 2012, respectively.

(d) This category includes several private equity funds that initially invest in nonmarketable securities of private companies, which ultimately may become public in the future. The fair values of these investments have been estimated using capital accounts representing the Company's ownership interest in the funds as well as other performance inputs. The Company's investment in each fund is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets of the private equity funds. It was estimated that the investments in these funds will be liquidated over a weighted-average period of approximately five years at both December 31, 2013 and 2012.

(e) This category includes several real estate funds that invest directly in real estate and real estate related assets. The fair values of the investments have been estimated using capital accounts representing the Company's ownership interest in the funds. A majority of the Company's investments are not subject to redemption or are not currently redeemable and is normally returned through distributions as a result of the liquidation of the underlying assets of the real estate funds. It is estimated that the investments in these funds not subject to redemptions will be liquidated over a weighted-average period of approximately seven years at December 31, 2013 and eight years at December 31, 2012.

(f) This category includes investments in several real estate funds and certain hedge funds that invest in energy and health science related equity securities. The fair values of the investments in this category have been estimated using capital accounts representing the Company's ownership interest in partners' capital as well as performance inputs. The investments in hedge funds will be redeemed upon settlement of certain deferred compensation liabilities. The real estate investments are not subject to redemption; however, distributions as a result of the liquidation of the underlying assets will be used to settle certain deferred compensation liabilities over time.

(g) This category includes the underlying third-party private equity funds within one consolidated BlackRock sponsored private equity fund of funds. The fair values of the investments in the third-party funds have been estimated using capital accounts representing the Company's ownership interest in each fund in the portfolio as well as other performance inputs. These investments are not subject to redemption; however, for certain funds the Company may sell or transfer its interest, which may need approval by the general partner of the underlying third-party funds. Due to the nature of the investments in this category, the Company reduces its investment by distributions that are received through the realization of the underlying assets of the funds. It is estimated that the underlying assets of these funds will be liquidated over a weighted-average period of approximately two years at December 31, 2013 and three years at December 31, 2012. Total remaining unfunded commitments to other third-party funds were not material at both December 31, 2013 and 2012, which commitments are required to be funded by capital contributions from noncontrolling interest holders.

(h) This category includes consolidated offshore feeder funds that invest in master funds with multiple equity strategies to diversify risks. The fair values of the investments in this category have been estimated using the NAV of master offshore funds held by the feeder funds. Investments in this category generally can be redeemed at any time, as long as there are no restrictions in place by the underlying master funds.

Fair Value Option. Upon the initial consolidation of certain CLOs, the Company elected to adopt the fair value option provisions for eligible assets and liabilities, including bank loans and borrowings of the CLOs to mitigate accounting mismatches between the carrying value of the assets and liabilities and to achieve operational simplification. To the extent there is a difference between the change in fair value of the assets and liabilities, the difference will be reflected as net income (loss) attributable to nonredeemable noncontrolling interests on the consolidated statements of income and offset by a change in appropriated retained earnings on the consolidated statements of financial condition.

The following table summarizes information related to those assets and liabilities selected for fair value accounting at December 31, 2013 and 2012:

(in millions)	December 31, 2013	December 31, 2012
CLO Bank Loans:		
Aggregate principal amounts outstanding	**$ 2,181**	$ 2,124
Fair value	**2,176**	2,110
Aggregate unpaid principal balance in excess of (less than) fair value	**$ 5**	$ 14
Unpaid principal balance of loans more than 90 days past due	**$ 14**	$ 4
Aggregate fair value of loans more than 90 days past due	**9**	—
Aggregate unpaid principal balance in excess of fair value for loans more than 90 days past due	**$ 5**	$ 4
CLO Borrowings:		
Aggregate principal amounts outstanding	**$ 2,455**	$ 2,535
Fair value	**$ 2,369**	$ 2,402

At December 31, 2013, the principal amounts outstanding of the borrowings issued by the CLOs mature between 2016 and 2025.

During 2013, 2012 and 2011, the change in fair value of the bank loans and bonds held by the CLOs resulted in a $153 million, a $154 million and a $57 million gain, respectively, which were offset by a $117 million, a $166 million and a $68 million loss, respectively, from the change in fair value of the CLO borrowings.

The net gains (losses) were recorded in net gain (loss) on consolidated VIEs on the consolidated statements of income.

The change in fair value of the assets and liabilities included interest income and expense, respectively.

6. Variable Interest Entities

In the normal course of business, the Company is the manager of various types of sponsored investment vehicles, including collateralized debt obligations ("CDOs")/CLOs and sponsored investment funds, which may be considered VIEs. The Company receives advisory fees and/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 generally limited to its equity interests.

In order to determine whether the Company is the PB of a VIE, management must make significant estimates and assumptions of probable future cash flows of the VIEs. Assumptions made in such analyses may 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, prepayments, realization of gains, liquidity or marketability of certain securities, discount rates and the probability of certain other outcomes. See Note 2, *Significant Accounting Policies*, for more information.

Consolidated VIEs. Consolidated VIEs included CLOs in which BlackRock did not have an investment; however, BlackRock, as the collateral manager, was deemed to have both the power to control the activities of the CLOs and the right to receive benefits that could potentially be significant to the CLOs. In addition, BlackRock was the PB of one investment fund because it absorbed the majority of the variability due to its de-facto related-party relationships with other partners in the fund. The assets of these VIEs are not available to creditors of the Company. In addition, the investors in these VIEs have no recourse to the credit of the Company. At December 31, 2013 and 2012, the following balances related to VIEs were consolidated on the consolidated statements of financial condition:

(in millions)	December 31, 2013	December 31, 2012
Assets of consolidated VIEs:		
Cash and cash equivalents	**$ 161**	$ 297
Bank loans	**2,176**	2,110
Bonds	**106**	124
Other investments and other assets	**43**	30
Total bank loans, bonds, other investments and other assets	**2,325**	2,264
Liabilities of consolidated VIEs:		
Borrowings	**(2,369)**	(2,402)
Other liabilities	**(74)**	(103)
Appropriated retained earnings	**(22)**	(29)
Noncontrolling interests of consolidated VIEs	**(21)**	(27)
Total BlackRock net interests in consolidated VIEs	**$ —**	$ —

During 2013, the Company did not record any nonoperating net income (loss) on consolidated VIEs on the consolidated statements of income. During 2012, the Company recorded a $38 million nonoperating net loss on consolidated VIEs offset by a $38 million net loss attributable to nonredeemable noncontrolling interests on the consolidated statements of income. During 2011, the Company recorded an $18 million nonoperating net loss on consolidated VIEs offset by an $18 million net loss attributable to nonredeemable noncontrolling interests on the consolidated statements of income.

At December 31, 2013 and 2012, the weighted-average maturity of the bank loans and bonds was approximately 4.7 years and 4.5 years, respectively.

Non-Consolidated VIEs. At December 31, 2013 and 2012, the Company's carrying value of assets and liabilities and its maximum risk of loss related to VIEs for which it was the sponsor or in which it held a variable interest, but for which it was not the PB, was as follows:

(in millions)	Variable Interests on the Consolidated Statement of Financial Condition			
At December 31, 2013	**Investments**	**Advisory Fee Receivables**	**Other Net Assets (Liabilities)**	**Maximum Risk of Loss[1]**
CDOs/CLOs	**$ —**	**$ 1**	**$ (4)**	**$ 18**
Other sponsored investment funds:				
Collective trusts	**—**	**184**	**—**	**184**
Other	**37**	**137**	**(6)**	**174**
Total	**$ 37**	**$ 322**	**$ (10)**	**$ 376**

(in millions)	Variable Interests on the Consolidated Statement of Financial Condition			
At December 31, 2012	**Investments**	**Advisory Fee Receivables**	**Other Net Assets (Liabilities)**	**Maximum Risk of Loss[1]**
CDOs/CLOs	$ 1	$ 1	$ (5)	$ 19
Other sponsored investment funds:				
Collective trusts	—	248	—	248
Other	17	61	(3)	77
Total	$ 18	$ 310	$ (8)	$ 344

(1) At both December 31, 2013 and 2012, BlackRock's maximum risk of loss associated with these VIEs primarily related to: (i) advisory fee receivables; (ii) BlackRock's investments; and (iii) $17 million of credit protection sold by BlackRock to a third party in a synthetic CDO transaction.

The net assets related to the above CDOs/CLOs and other sponsored investment funds, including collective trusts, that the Company does not consolidate were as follows:

CDOs/CLOs

(in billions)	December 31, 2013	December 31, 2012
Assets at fair value	$ 1	$ 4
Liabilities[1]	2	5
Net assets	$ (1)	$ (1)

(1) Amounts primarily comprised of unpaid principal debt obligations to CDO/CLO debt holders.

The net assets of other sponsored investment funds that are nonconsolidated VIEs approximated $1.6 trillion to $1.7 trillion at December 31, 2013 and $1.5 trillion to $1.6 trillion at December 31, 2012. Net assets included $1.4 trillion of collective trusts at December 31, 2013 and $1.3 trillion of collective trusts at December 31, 2012. Each collective trust has been aggregated separately and may include collective trusts that invest in other collective trusts. The net assets of these VIEs primarily are comprised of cash and cash equivalents and investments offset by liabilities primarily comprised of various accruals for the sponsored investment vehicles.

7. Derivatives and Hedging

The Company maintains a program to enter into swaps to hedge against market price and interest rate exposures with respect to certain seed investments in sponsored investment products. At December 31, 2013, the Company had outstanding total return swaps and interest rate swaps with an aggregate notional value of approximately $117 million and $71 million, respectively. At December 31, 2012, the Company had outstanding total return swaps with an aggregate notional value of approximately $206 million.

The Company has entered into a credit default swap, providing credit protection to a counterparty of approximately $17 million, representing the Company's maximum risk of loss with respect to the provision of credit protection. The Company carries the credit default swap at fair value based on the expected future cash flows under the arrangement.

The fair values of the outstanding total return swaps, interest rate swaps and the credit default swap were not material to the consolidated statements of financial condition at December 31, 2013 and 2012.

The Company executes forward foreign currency exchange contracts to mitigate the risk of foreign exchange risk movements. At December 31, 2013, the Company had outstanding forward foreign currency exchange contracts with an aggregate notional value of approximately $792 million and a fair value of approximately $26 million. At December 31, 2012, the aggregate notional value of outstanding forward foreign currency exchange contracts was approximately $79 million and the fair value was immaterial.

Gains (losses) on total return swaps are recorded in nonoperating income (expense) on the consolidated statements of income and were $(15) million, $(23) million and $4 million for 2013, 2012 and 2011, respectively.

Gains (losses) on forward foreign currency exchange contracts are recorded in other general and administration expense on the consolidated statement of income and were $(26) million for 2013. Gains (losses) on forward foreign currency exchange contracts were not material to the consolidated statements of income for 2012 and 2011.

Gains (losses) on the interest rate swaps and the credit default swap were not material to the consolidated statements of income for 2013, 2012 and 2011.

The Company consolidates certain sponsored investment funds, which may utilize derivative instruments as a part of the funds' investment strategies. The fair value of such derivatives at December 31, 2013 and 2012 was not material. The change in fair value of such derivatives, which is recorded in nonoperating income (expense), was not material for 2013, 2012 and 2011.

In May 2011, the Company entered into a designated cash flow hedge consisting of a $750 million interest rate swap to hedge future cash flows on the Company's floating rate notes due in 2013. Interest on this swap was at a fixed rate of 1.03%, payable semi-annually on May 24 and November 24 of each year. During 2013, the interest rate swap matured and the floating rate notes were fully repaid. Gains (losses) on the interest rate swap were not material to the consolidated statements of income for 2013, 2012 and 2011.

8. Property and Equipment

Property and equipment consists of the following:

(in millions)	Estimated useful life-in years	December 31, 2013	December 31, 2012
Property and equipment:			
Land	N/A	$ 4	$ 4
Building	39	17	17
Building improvements	15	14	13
Leasehold improvements	1-15	501	482
Equipment and computer software	3	451	465
Other transportation equipment	10	56	56
Furniture and fixtures	7	93	92
Total		1,136	1,129
Less: accumulated depreciation and amortization		611	572
Property and equipment, net		$ 525	$ 557

N/A – Not Applicable

Qualifying software costs of approximately $35 million, $36 million and $37 million have been capitalized within equipment and computer software during 2013, 2012 and 2011, respectively, and are being amortized over an estimated useful life of three years.

Depreciation and amortization expense was $128 million, $129 million and $138 million for 2013, 2012 and 2011, respectively.

9. Goodwill

Goodwill activity during 2013 and 2012 was as follows:

(in millions)	2013	2012
Beginning of year balance	**$ 12,910**	$ 12,792
Acquisitions[1]	**73**	131
Goodwill adjustments related to Quellos and other[2]	**(3)**	(13)
End of year balance	**$ 12,980**	$ 12,910

(1) The 2013 amount primarily represents $29 million of goodwill from the Company's acquisition of MGPA, an independently managed private equity real estate investment advisory company primarily in Asia and Europe, on October 4, 2013 for approximately $66 million (the "MGPA Transaction") and $44 million of goodwill from the Company's acquisition of Credit Suisse's ETF franchise on July 1, 2013 for approximately $273 million (the "Credit Suisse ETF Transaction"). The amount for 2012 represents $106 million of goodwill from the Company's acquisition of the Canadian exchange-traded products ("ETP") provider, Claymore Investments, Inc. (the "Claymore Transaction") on March 7, 2012 for approximately $212 million and $25 million of goodwill from the Company's acquisition of the European private equity and infrastructure funds of funds franchise of Swiss Re Private Equity Partners (the "SRPEP Transaction") on September 4, 2012.

(2) The decrease in goodwill during both 2013 and 2012 primarily resulted from a decline of approximately $20 million related to tax benefits realized from tax-deductible goodwill in excess of book goodwill from the acquisition of the fund-of-funds business of Quellos Group, LLC in October 2007 (the "Quellos Transaction"). 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 from the Quellos Transaction. The balance of the Quellos tax-deductible goodwill in excess of book goodwill was approximately $293 million and $324 million at December 31, 2013 and 2012, respectively. In 2012, the decrease in Quellos goodwill was partially offset by a $10 million increase related to the release of the remaining common shares held in escrow in connection with the Quellos Transaction.

The impairment tests performed for goodwill as of July 31, 2013, 2012 and 2011 indicated that no impairment charges were required. The Company continuously monitors its book value per share as compared with closing prices of its common stock for potential indicators of impairment. At December 31, 2013, the Company's common stock closed trading at a price of $316.47 per share, which exceeded its book value per share of approximately $156.69 excluding appropriated retained earnings.

10. Intangible Assets

Intangible assets at December 31, 2013 and 2012 consisted of the following:

(in millions)	Remaining Weighted-Average Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
At December 31, 2013				
Indefinite-lived intangible assets:				
Management contracts	**N/A**	**$ 15,582**	**$ —**	**$ 15,582**
Trade names / trademarks	**N/A**	**1,403**	**—**	**1,403**
License	**N/A**	**6**	**—**	**6**
Total indefinite-lived intangible assets		**16,991**	**—**	**16,991**
Finite-lived intangible assets:				
Management contracts	**4.3**	**1,561**	**1,054**	**507**
Intellectual property	**4.6**	**6**	**3**	**3**
Total finite-lived intangible assets	**4.3**	**1,567**	**1,057**	**510**
Total intangible assets		**$ 18,558**	**$ 1,057**	**$ 17,501**
At December 31, 2012				
Indefinite-lived intangible assets:				
Management contracts	N/A	$ 15,351	$ —	$ 15,351
Trade names / trademarks	N/A	1,403	—	1,403
License	N/A	6	—	6
Total indefinite-lived intangible assets		16,760	—	16,760
Finite-lived intangible assets:				
Management contracts	4.9	1,535	896	639
Intellectual property	5.6	6	3	3
Total finite-lived intangible assets	4.9	1,541	899	642
Total intangible assets		$ 18,301	$ 899	$ 17,402

N/A — Not Applicable

The impairment tests performed for intangible assets as of July 31, 2013, 2012 and 2011 indicated no impairment charges were required.

Estimated amortization expense for finite-lived intangible assets for each of the five succeeding years is as follows:

(in millions)

Year	Amount
2014	$ 156
2015	126
2016	91
2017	74
2018	24

Indefinite-Lived Acquired Management Contracts

In July 2013, in connection with the Credit Suisse ETF Transaction, the Company acquired $231 million of indefinite-lived management contracts.

In March 2012, in connection with the Claymore Transaction, the Company acquired $163 million of indefinite-lived ETP management contracts.

Finite-Lived Acquired Management Contracts

In October 2013, in connection with the MGPA Transaction, the Company acquired $29 million of finite-lived management contracts with a weighted-average estimated useful life of approximately eight years.

In September 2012, in connection with the SRPEP Transaction, the Company acquired $40 million of finite-lived management contracts with a weighted-average estimated useful life of approximately 10 years.

11. Other Assets

At March 31, 2013, BlackRock held an approximately one-third economic equity interest in Private National Mortgage Acceptance Company, LLC ("PNMAC"), which is accounted for as an equity method investment and is included in other assets on the consolidated statements of financial condition. On May 8, 2013, PennyMac became the sole managing member of PNMAC in connection with an initial public offering of PennyMac (the "PennyMac IPO"). As a result of the PennyMac IPO, BlackRock recorded a noncash, nonoperating pre-tax gain of $39 million related to the carrying value of its equity method investment.

Subsequent to the PennyMac IPO, the Company contributed 6.1 million units of its investment to a new donor advised fund (the "Charitable Contribution"). The fair value of the Charitable Contribution was $124 million and is included in general and administration expenses on the consolidated statements of income. In connection with the Charitable Contribution, the Company also recorded a noncash, nonoperating pre-tax gain of $80 million related to the contributed investment and a tax benefit of approximately $48 million.

The carrying value and fair value of the Company's remaining interest (approximately 20% or 16 million shares and units) was approximately $127 million and $273 million, respectively, at December 31, 2013. The fair value of the Company's interest reflected the PennyMac stock price at December 31, 2013 (Level 1 input).

12. Borrowings

Short-Term Borrowings

The carrying value of short-term borrowings at December 31, 2012 included $100 million under the 2012 revolving credit facility.

2013 Revolving Credit Facility. In March 2011, the Company entered into a five-year $3.5 billion unsecured revolving credit facility (the "2011 credit facility"). In March 2012, the 2011 credit facility was amended to extend the maturity date by one year to March 2017 and in April 2012 the amount of the aggregate commitment was increased to $3.785 billion (the "2012 credit facility"). In March 2013, the Company's credit facility was amended to extend the maturity date by one year to March 2018 and the amount of the aggregate commitment was increased to $3.990 billion (the "2013 credit facility"). The 2013 credit facility permits the Company to request up to an additional $1.0 billion of borrowing capacity, subject to lender credit approval, increasing the overall size of the 2013 credit facility to an aggregate principal amount not to exceed $4.990 billion. Interest on borrowings outstanding accrues at a rate based on the applicable London Interbank Offered Rate plus a spread. The 2013 credit 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 unrestricted cash) of 3 to 1, which was satisfied with a ratio of less than 1 to 1 at December 31, 2013. The 2013 credit facility provides back-up liquidity, funds ongoing working capital for general corporate purposes and funds various investment opportunities. At December 31, 2013, the Company had no amount outstanding under the 2013 credit facility.

Commercial Paper Program. On October 14, 2009, BlackRock established a commercial paper program (the "CP Program") under which the Company could issue unsecured commercial paper notes (the "CP Notes") on a private placement basis up to a maximum aggregate amount outstanding at any time of $3.0 billion. On May 13, 2011, BlackRock increased the maximum aggregate amount that may be borrowed under the CP Program to $3.5 billion. On May 17, 2012, BlackRock increased the maximum aggregate amount to $3.785 billion. In April 2013, BlackRock increased the maximum aggregate amount for which the Company could issue unsecured CP Notes on a private-placement basis up to a maximum aggregate amount outstanding at any time of $3.990 billion. The commercial paper program is currently supported by the 2013 credit facility. At December 31, 2013 and 2012, BlackRock had no CP Notes outstanding.

Long-Term Borrowings

The carrying value and fair value of long-term borrowings estimated using market prices at December 31, 2013 included the following:

(in millions)	Maturity Amount	Unamortized Discount	Carrying Value	Fair Value
3.50% Notes due 2014	$ 1,000	$ —	$ 1,000	$ 1,029
1.375% Notes due 2015	750	—	750	759
6.25% Notes due 2017	700	(2)	698	812
5.00% Notes due 2019	1,000	(2)	998	1,140
4.25% Notes due 2021	750	(3)	747	799
3.375% Notes due 2022	750	(4)	746	745
Total Long-term Borrowings	$ 4,950	$(11)	$ 4,939	$ 5,284

Long-term borrowings at December 31, 2012 had a carrying value of $5.687 billion and a fair value of $6.275 billion determined using market prices at the end of December 2012.

2015 and 2022 Notes. In May 2012, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities including $750 million of 1.375% notes maturing in June 2015 (the "2015 Notes") and $750 million of 3.375% notes maturing in June 2022 (the "2022 Notes"). Net proceeds were used to fund the repurchase of BlackRock's common stock and Series B Preferred from Barclays and affiliates and for general corporate purposes. Interest on the 2015 Notes and the 2022 Notes of approximately $10 million and $25 million per year, respectively, is payable semi-annually on June 1 and December 1 of each year, which commenced December 1, 2012. The 2015 Notes and 2022 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The "make-whole" redemption price represents a price, subject to the specific terms of the 2015 and 2022 Notes and related indenture, that is the greater of (a) par value and (b) the present value of future payments that will not be paid because of an early redemption, which is discounted at a fixed spread over a comparable Treasury security. The 2015 Notes and 2022 Notes were issued at a discount of $5 million that is being amortized over the term of the notes. The Company incurred approximately $7 million of debt issuance costs, which are being amortized over the respective terms of the 2015 Notes and 2022 Notes. At December 31, 2013, $5 million of unamortized debt issuance costs was included in other assets on the consolidated statement of financial condition.

2013 and 2021 Notes. In May 2011, the Company issued $1.5 billion in aggregate principal amount of unsecured unsubordinated obligations. These notes were issued as two separate series of senior debt securities including $750 million of 4.25% notes maturing in May 2021 and $750 million of floating rate notes ("2013 Floating Rate Notes"), which were repaid in May 2013 at maturity. Net proceeds of this offering were used to fund the repurchase of BlackRock's Series B Preferred from affiliates of Merrill Lynch & Co., Inc. ("Merrill Lynch"). Interest on the 4.25% notes due in 2021 ("2021 Notes") is payable semi-annually on May 24 and November 24 of each year, which commenced November 24, 2011, and is approximately $32 million per year. The 2021 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The 2021 Notes were issued at a discount of $4 million that is being amortized over the term of the notes. The Company incurred approximately $7 million of debt issuance costs for the $1.5 billion note issuances, which are being amortized over the respective terms of the notes. At December 31, 2013, $3 million of unamortized debt issuance costs was included in other assets on the consolidated statement of financial condition.

In May 2011, in conjunction with the issuance of the 2013 Floating Rate Notes, the Company entered into a $750 million notional interest rate swap maturing in 2013 to hedge the future cash flows of its obligation at a fixed rate of 1.03%. During the second quarter of 2013, the interest rate swap matured and the 2013 Floating Rate Notes were fully repaid.

2012, 2014 and 2019 Notes. In December 2009, the Company issued $2.5 billion in aggregate principal amount of unsecured and unsubordinated obligations. These notes were issued as three separate series of senior debt securities including $0.5 billion of 2.25% notes, which were repaid in December 2012, $1.0 billion of 3.50% notes and $1.0 billion of 5.0% notes maturing in December 2014 and 2019, respectively. Net proceeds of this offering were used to repay borrowings under the CP Program, which was used to finance a portion of the acquisition of Barclays Global Investors ("BGI") from Barclays on December 1, 2009 (the "BGI Transaction"), and for general corporate purposes. Interest on the 2014 Notes and 2019 Notes of approximately $35 million and $50 million per year, respectively, is payable semi-annually in arrears on June 10 and December 10 of each year. These notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. These notes were issued collectively at a discount of $5 million, which is being amortized over the respective terms of the notes. The Company incurred approximately $13 million of debt issuance costs, which are being amortized over the respective terms of these notes. At December 31, 2013, $4 million of unamortized debt issuance costs was included in other assets on the consolidated statement of financial condition.

2017 Notes. In September 2007, the Company issued $700 million in aggregate principal amount of 6.25% senior unsecured and unsubordinated notes maturing on September 15, 2017 (the "2017 Notes"). A portion of the net proceeds of the 2017 Notes was used to fund the initial cash payment for the acquisition of the fund of funds business of Quellos and the remainder was used for general corporate purposes. Interest is payable semi-annually in arrears on March 15 and September 15 of each year, or approximately $44 million per year. The 2017 Notes may be redeemed prior

to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The 2017 Notes were issued at a discount of $6 million, which is being amortized over their ten-year term. The Company incurred approximately $4 million of debt issuance costs, which are being amortized over ten years. At December 31, 2013, $2 million of unamortized debt issuance costs was included in other assets on the consolidated statement of financial condition.

13. Commitments and Contingencies

Operating Lease Commitments

The Company leases its primary office spaces under agreements that expire through 2035. Future minimum commitments under these operating leases are as follows:

(in millions)

Year	Amount
2014	$ 135
2015	127
2016	110
2017	109
2018	106
Thereafter	699
Total	$ 1,286

Rent expense and certain office equipment expense under agreements amounted to $137 million, $133 million and $154 million in 2013, 2012 and 2011, respectively.

Investment Commitments. At December 31, 2013, the Company had $216 million of various capital commitments to fund sponsored investment funds, including funds of private equity funds, real estate funds, infrastructure funds, opportunistic funds and distressed credit funds. This amount excludes additional commitments made by consolidated funds of funds to underlying third-party funds as third-party noncontrolling interest holders have the legal obligation to fund the respective commitments of such funds of funds. Generally, the timing of the funding of these commitments is unknown and the commitments are callable on demand at any time prior to the expiration of the commitment. These unfunded commitments are not recorded on the consolidated statements of financial condition. These commitments do not include potential future commitments approved by the Company, but which are not yet legally binding. The Company intends to make additional capital commitments from time to time to fund additional investment products for, and with, its clients.

Contingencies

Contingent Payments. The Company acts as the portfolio manager in a series of credit default swap transactions and has a maximum potential exposure of $17 million under a credit default swap between the Company and counterparty. See Note 7, *Derivatives and Hedging*, for further discussion.

Contingent Payments Related to Business Acquisitions. In connection with the Credit Suisse ETF Transaction, BlackRock is required to make contingent payments annually to Credit Suisse, subject to achieving specified thresholds during a seven-year period, subsequent to the acquisition date. In addition, BlackRock is required to make contingent payments related to the MGPA Transaction during a five-year period, subject to achieving specified thresholds, subsequent to the acquisition date. The fair value of the contingent payments at December 31, 2013 is not significant to the consolidated statement of financial condition and is included in other liabilities.

Legal Proceedings. From time to time, BlackRock receives subpoenas or other requests for information from various U.S. federal, state governmental and domestic and international 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 BlackRock-sponsored 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 effect on BlackRock's results of operations, financial position, or cash flows. However, there is no assurance as to whether any such pending or threatened matters will have a material effect on BlackRock's results of operations, financial position or cash flows in any future reporting period. Due to uncertainties surrounding the outcome of these matters, management cannot reasonably estimate the possible loss or range of loss that may arise from these matters.

Indemnifications. In the ordinary course of business or in connection with certain acquisition agreements, 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 or the likelihood of any liability is considered remote. Consequently, no liability has been recorded on the consolidated statement of financial condition.

In connection with securities lending transactions, BlackRock has issued certain indemnifications to certain securities lending clients against potential loss resulting from a borrower's failure to fulfill its obligations under the securities lending agreement should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligation under the securities lending agreement. At December 31, 2013, the Company indemnified certain of its clients for their securities lending loan balances of approximately $118.3 billion. The Company held as agent, cash and securities totaling $124.6 billion as collateral for indemnified securities on loan at December 31, 2013. The fair value of these indemnifications was not material at December 31, 2013.

14. Stock-Based Compensation

The components of stock-based compensation expense are as follows:

(in millions)	Year ended December 31, 2013	2012	2011
Stock-based compensation:			
Restricted stock and RSUs	**$ 415**	$ 429	$ 444
Market performance-based RSUs to be funded by PNC	**33**	15	—
Long-term incentive plans to be funded by PNC	**—**	7	44
Stock options	**—**	—	9
Total stock-based compensation	**$ 448**	$ 451	$ 497

Stock Award and Incentive Plan. Pursuant to the BlackRock, Inc. 1999 Stock Award and Incentive Plan (the "Award Plan"), options to purchase shares of the Company's common stock at an exercise price not less than the market value of BlackRock's common stock on the date of grant in the form of stock options, restricted stock or RSUs may be granted to employees and non-employee directors. A maximum of 27,000,000 shares of common stock were authorized for issuance under the Award Plan. Of this amount, 3,304,834 shares remain available for future awards at December 31, 2013. Upon exercise of employee stock options, the issuance of restricted stock or the vesting of RSUs, the Company issues shares out of treasury to the extent available.

Restricted Stock and RSUs. Pursuant to the Award Plan, restricted stock grants and RSUs may be granted to certain employees. Substantially all restricted stock and RSUs vest over periods ranging from one to four years and are expensed using the straight-line method over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. Prior to 2009, the Company awarded restricted stock and RSUs with nonforfeitable dividend equivalent rights. Restricted stock and RSUs awarded beginning in 2009 are not considered participating securities for purposes of calculating EPS as the dividend equivalents are subject to forfeiture prior to vesting of the award.

Restricted stock and RSU activity for 2013 is summarized below:

Outstanding at	Restricted Stock and Units	Weighted Average Grant Date Fair Value
December 31, 2012	5,620,835	$197.90
Granted	1,660,532	$234.75
Converted	(2,588,637)	$204.09
Forfeited	(79,917)	$204.12
December 31, 2013[1]	**4,612,813**	**$207.94**

(1) At December 31, 2013, approximately 4.4 million awards are expected to vest and 0.2 million awards have vested but have not been converted.

The Company values restricted stock and RSUs at their grant-date fair value as measured by BlackRock's common stock price. The total fair market value of RSUs granted to employees during 2013, 2012 and 2011 was $390 million, $348 million and $477 million, respectively. The total fair market value of RSUs converted to common stock during 2013, 2012 and 2011 was $528 million, $297 million and $553 million, respectively.

At December 31, 2013, the intrinsic value of outstanding RSUs was $1.5 billion, reflecting a closing stock price of $316.47 at December 31, 2013.

The awards granted under the Award Plan primarily related to the following:

2011

- 1,594,259 RSUs to employees as part of annual incentive compensation that vest ratably over three years from the date of grant; and
- 609,733 RSUs to employees that cliff vest 100% on January 31, 2014.

2012

- 1,365,691 RSUs to employees as part of annual incentive compensation that vest ratably over three years from the date of grant; and
- 418,038 RSUs to employees that cliff vest 100% on January 31, 2015.

2013

- 1,172,381 RSUs to employees as part of annual incentive compensation that vest ratably over three years from the date of grant; and
- 370,812 RSUs to employees that cliff vest 100% on January 31, 2016.

At December 31, 2013, there was $250 million in total unrecognized stock-based compensation expense related to unvested RSUs. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 0.7 years.

2014

In January 2014, the Company granted the following awards under the Award Plan:

- 1,022,295 RSUs to employees as part of annual incentive compensation that vest ratably over three years from the date of grant; and
- 287,963 RSUs to employees that cliff vest 100% on January 31, 2017.

Market Performance-based RSUs. Pursuant to the Award Plan, market performance-based RSUs may be granted to certain employees. The market performance-based RSUs require that separate 15%, 25% and 35% share price appreciation targets be achieved during the six-year term of the awards. The awards are split into three tranches and each tranche may vest if the specified target increase in share price is met. Eligible delivery dates for each tranche are the fourth, fifth or sixth anniversaries of the grant date. Certain awards are forfeited if the employee leaves BlackRock before the vesting date. These awards are amortized over a service period of four years, which is the longer of the explicit service period or the period in which the market target is expected to be met. Market performance-based RSUs are not considered participating securities as the dividend equivalents are subject to forfeiture prior to vesting of the award. In 2013, the Company granted market performance-based RSUs, which will be funded primarily by shares currently held by PNC (see *Long-Term Incentive Plans Funded by PNC* below).

Market performance-based RSU activity for 2013 is summarized below:

Outstanding at	Market Performance-Based RSUs	Weighted Average Grant Date Fair Value
December 31, 2012	575,532	$ 115.03
Granted	556,581	$ 126.76
December 31, 2013[1]	**1,132,113**	**$ 120.80**

(1) At December 31, 2013, approximately 1.1 million awards are expected to vest and no awards have vested and have been converted.

At December 31, 2013, total unrecognized stock-based compensation expense related to unvested market performance-based awards was $88 million. The unrecognized compensation cost is expected to be recognized over a remaining weighted-average period of 2.6 years.

The grant-date fair value of the awards was $71 million in both 2013 and 2012. The fair value was calculated using a Monte Carlo simulation with the following assumptions:

Grant Year	Risk-Free Interest Rate	Performance Period	Expected Stock Volatility	Expected Dividend Yield
2012	1.21%	6	33.63%	2.99%
2013	**1.05%**	**6**	**25.85%**	**2.89%**

The Company's expected stock volatility assumption was based upon an average of the historical stock price fluctuations of BlackRock's common stock and an implied volatility at the grant date. The dividend yield assumption was derived using estimated dividends over the expected term and the stock price at the date of grant. The risk-free interest rate is based on the U.S. Treasury yield at date of grant.

In January 2014, the Company granted 315,961 market performance-based RSUs under the Award Plan.

Long-Term Incentive Plans Funded by PNC. Under a share surrender agreement, PNC committed to provide up to 4 million shares of BlackRock stock, held by PNC, to fund certain BlackRock long-term incentive plans ("LTIP"). The current share surrender agreement commits PNC to provide BlackRock series C nonvoting participating preferred stock to fund the remaining committed shares. As of December 31, 2012, 2.5 million shares had been surrendered by PNC. In January 2013, 0.2 million additional shares were surrendered.

At December 31, 2013, the remaining shares committed by PNC of 1.3 million were available to fund future long-term incentive awards.

Stock Options. Stock option grants were made to certain employees pursuant to the Award Plan in 1999 through 2007. Options granted have a ten-year life, vested ratably over periods ranging from two to five years and became exercisable upon vesting. The Company has not granted any stock options subsequent to the January 2007 grant, which vested on September 29, 2011. Stock option activity for 2013 is summarized below:

Outstanding at	Shares under option	Weighted average exercise price
December 31, 2012	1,099,909	$ 167.76
Exercised	(168,151)	$ 167.76
December 31, 2013[1]	**931,758**	**$ 167.76**

(1) At December 31, 2013, all options were vested. The aggregate intrinsic value of options exercised during the years ended December 31, 2013, 2012 and 2011 was $19 million, $157 million and $13 million, respectively.

Stock options outstanding and exercisable at December 31, 2013 were as follows:

	Options Outstanding and Exercisable			
Exercise Prices	Options Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Aggregate Intrinsic Value of Exercisable Shares *(in millions)*
$ 167.76	**931,758**	**3.09**	**$ 167.76**	**$ 139**

As of December 31, 2013, the Company had no remaining unrecognized stock-based compensation expense related to unvested stock options.

Employee Stock Purchase Plan ("ESPP"). The ESPP allows eligible employees to purchase the Company's common stock at 95% of the fair market value on the last day of each three-month offering period. In accordance with ASC 718-10, *Compensation–Stock Compensation*, the Company does not record compensation expense related to employees purchasing shares under the ESPP.

15. Employee Benefit Plans

Deferred Compensation Plans

Voluntary Deferred Compensation Plan. The Company adopted a Voluntary Deferred Compensation Plan ("VDCP") that allows participants to elect to defer between 1% and 100% of their annual cash incentive compensation. The participants must specify a deferral period of up to 10 years from the year of deferral. The Company funds the obligation through the establishment of a rabbi trust on behalf of the plan's participants.

The rabbi trust established for the VDCP, with assets totaling $65 million and $59 million December 31, 2013 and 2012, respectively, is reflected in investments on the consolidated statements of financial condition. Such investments are classified as trading and other investments. The corresponding liability balance of $64 million and $60 million at December 31, 2013 and 2012, respectively, is reflected on the consolidated statements of financial condition as accrued compensation and benefits. Earnings in the rabbi trust, including unrealized appreciation or depreciation, are reflected as nonoperating income (expense) and changes in the corresponding liability are reflected as employee compensation and benefits expense on the consolidated statements of income.

Other Deferred Compensation Plans. The Company has additional compensation plans for the purpose of providing deferred compensation and retention incentives to certain employees. For these plans, the final value of the deferred amount to be distributed in cash upon vesting is associated with investment returns of certain investment funds. The liabilities for these plans were $100 million and $77 million at December 31, 2013 and 2012, respectively, and are reflected in the consolidated statements of financial condition as accrued compensation and benefits. In January 2014, the Company granted approximately $100 million of additional deferred compensation that will fluctuate with investment returns and will vest ratably over three years from the date of grant.

Defined Contribution Plans

BlackRock Retirement Savings Plan. Certain of the Company's employees participate in the BlackRock Retirement Savings Plan ("BRSP"). Employee contributions of up to 8% of eligible compensation, as defined by the plan and subject to Internal Revenue Code ("IRC") limitations, are matched by the Company at 50%. In addition, the Company will continue to make an annual retirement contribution to eligible participants equal to 3-5% of eligible compensation. In 2013, 2012 and 2011, the Company's expense related to the BRSP was $63 million, $59 million and $43 million, respectively.

BlackRock Group Personal Pension Plan. BlackRock Investment Management (UK) Limited ("BIM"), a wholly owned subsidiary of the Company, contributes to the BlackRock Group Personal Pension Plan, a defined contribution plan for all employees of BIM. BIM contributes between 6% and 15% of each employee's eligible compensation. In 2013, 2012 and 2011, the Company's expense related to this plan was $29 million, $27 million and $26 million, respectively.

Defined Benefit Plans. The Company has several defined benefit pension plans in Japan and Germany. All accrued benefits under the Germany defined benefit plan are currently frozen and the plan is closed to new participants. The participant benefits under the Germany plan will not change with salary increases or additional years of service. At December 31, 2013 and 2012, the plan assets for these plans were approximately $22 million and $21 million, respectively. The overfunded obligations at December 31, 2013 and the underfunded obligation at December 31, 2012 were not material. Benefit payments for the next five years and in aggregate for the five years thereafter are not expected to be material.

The plan assets for the defined benefit plan in Japan (the "Japan Plan") are invested using a total return investment approach whereby a mix of equity securities, debt securities and other investments are used to preserve asset values, diversify risk and achieve the target investment return benchmark. Investment strategies and asset allocations are based on consideration of plan liabilities and the funded status of the plan. Investment performance and asset allocation are measured and monitored on an ongoing basis. The current target allocations for the plan assets are 22% for U.S. and international equity securities, 76% for U.S. and international fixed income securities and 2% for other. The table below provides the fair value of the plan assets of the Japan Plan at December 31, 2013 and 2012 by asset category and identifies the level of inputs used to determine the fair value of assets in each category.

(in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
At December 31, 2013			
Equity securities	$ 6	—	$ 6
Fixed income securities	—	13	13
Fair value of plan assets	$ 6	$ 13	$ 19
At December 31, 2012			
Equity securities	$ 9	—	$ 9
Fixed income securities	—	9	9
Fair value of plan assets	$ 9	$ 9	$ 18

Post-retirement Benefit Plans

The Company provides post-retirement medical benefits to a closed population of employees in the United Kingdom and the United States. The accumulated benefit obligation for each of these unfunded plans was immaterial at December 31, 2013 and 2012, and was included in accrued compensation and benefits on the consolidated statements of financial condition. For 2013, 2012 and 2011, expenses for these benefits were not material.

16. Related Party Transactions

Determination of Related Parties

PNC. The Company considers PNC, along with its affiliates, to be related parties based on the level of its ownership of BlackRock capital stock. At December 31, 2013, PNC owned approximately 20.9% of the Company's voting common stock and held approximately 21.9% of the total capital stock.

Registered Investment Companies and Equity Method Investments. The Company considers the registered investment companies that it manages, which include mutual funds and exchanged-traded funds, to be related parties as a result of the Company's advisory relationship. In addition, equity method investments are considered related parties in accordance with ASC 850-10, *Related Party Disclosures* ("ASC 850-10"), due to the Company's influence over the financial and operating policies of the investee.

Barclays. The Company considered Barclays, along with its affiliates, to be related parties in accordance with ASC 850-10, based on its level of capital stock ownership prior to the secondary offering in May 2012 by Barclays of shares of the Company's stock. At December 31, 2012, Barclays did not own any of the Company's capital stock and was no longer considered a related party.

Revenue from Related Parties

Revenues for services provided by the Company to these and other related parties are as follows:

(in millions)	Year ended December 31, 2013	2012	2011
Investment advisory, administration fees and securities lending revenue:			
PNC and affiliates	**$ 5**	$ 4	$ 4
Barclays and affiliates	**—**	5	14
Registered investment companies/equity method investees	**5,986**	5,283	5,282
Other	**—**	—	3
Total investment advisory, administration fees, and securities lending revenue	**5,991**	5,292	5,303
Investment advisory performance fees	**185**	120	54
BlackRock Solutions and advisory:			
PNC and affiliates	**7**	7	6
Equity method investees	**11**	13	15
Other	**5**	3	—
Total *BlackRock Solutions* and advisory	**23**	23	21
Other revenue:			
PNC and affiliates	**3**	3	3
Barclays and affiliates	**—**	11	35
Equity method investees	**58**	52	15
Total other revenue	**61**	66	53
Total revenue from related parties	**$ 6,260**	$ 5,501	$ 5,431

The Company provides investment advisory and administration services to its open- and closed-end funds and other commingled or pooled funds and separate accounts in which related parties invest. In addition, the Company provides investment advisory and administration services to Barclays and PNC and its affiliates for fees based on AUM. Further, the Company provides risk management services to PNC. The Company records its investment advisory and administration fees net of retrocessions.

Aggregate Expenses for Transactions with Related Parties

Aggregate expenses included in the consolidated statements of income for transactions with related parties are as follows:

(in millions)	Year ended December 31, 2013	2012	2011
Expenses with related parties:			
Distribution and servicing costs			
PNC and affiliates	**$ 2**	$ 3	$ 3
Barclays and affiliates	**—**	1	2
Total distribution and servicing costs	**2**	4	5
Direct fund expenses			
Barclays and affiliates	**—**	4	8
Total direct fund expenses	**—**	4	8
General and administration expenses			
Barclays and affiliates	**—**	5	15
Other registered investment companies	**50**	49	42
Other[1]	**—**	33	3
Total general and administration expenses	**50**	87	60
Total expenses with related parties	**$ 52**	$ 95	$ 73

(1) Amount in 2012 included a one-time pre-tax charge of $30 million related to a contribution to certain of the Company's bank managed short-term investment funds ("STIFs").

Certain Agreements and Arrangements with Barclays and PNC

PNC. On February 27, 2009, BlackRock entered into an amended and restated implementation and stockholder agreement with PNC, and a third amendment to the share surrender agreement with PNC. See Note 19, *Capital Stock*, for further discussion.

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

In June 2009, in connection with the BGI Transaction, certain additional amendments were made to the amended and restated stockholder agreement with PNC.

The amended and restated stockholder agreement with PNC was changed to, among other things, (i) revise the definitions of "Ownership Cap" and "Ownership Threshold," (ii) amend or supplement certain other definitions and provisions therein to incorporate series D participating preferred stock, (iii) provide that none of the transfer restriction provisions set forth in the amended and restated stockholder agreement with PNC apply to the shares purchased by PNC as part of the financing for the BGI Transaction, (iv) amend the provision relating to the composition of BlackRock's Board of Directors and (v) provide that the amended and restated stockholder agreement with PNC shall terminate upon the later of (A) the five year anniversary of the amended and restated stockholder agreement with PNC and (B) the first date on which PNC and its affiliates beneficially own less than 5% of the outstanding BlackRock capital stock, subject to certain other conditions specified therein.

Barclays. In connection with the completion of its acquisition of BGI, BlackRock entered into a Stockholder Agreement, dated as of December 1, 2009 (the "Barclays Stockholder Agreement"), with Barclays and Barclays BR Holdings S.à.r.l. ("BR Holdings", and together with Barclays, the "Barclays Parties"). Pursuant to the terms of the Barclays Stockholder Agreement, the Barclays Parties agreed, among other things, to certain transfer and voting restrictions with respect to shares of BlackRock common stock and preferred stock owned by them and their affiliates, to limits on the ability of the Barclays Parties and their affiliates to acquire additional shares of BlackRock common stock and preferred stock and to certain other restrictions. The Barclays Stockholder Agreement was terminated on May 29, 2012.

In addition, Barclays and certain of its affiliates have been engaged by the Company to provide the use of certain indices for certain BlackRock investment funds and for a fee to provide indemnification to clients related to potential losses in connection with lending of client securities. For the five months ended May 31, 2012, and the full year ended December 31, 2011, fees incurred for these agreements were $9 million and $18 million, respectively, and were recorded within direct fund expenses and general and administration expenses.

Receivables and Payables with Related Parties. Due from related parties, which is included within other assets on the consolidated statements of financial condition was $74 million and $77 million at December 31, 2013 and 2012, respectively, and primarily represented receivables for investment advisory and administration services provided by BlackRock, and other receivables from certain investment products managed by BlackRock. Due from related parties at December 31, 2013 and 2012 included $60 million and $68 million, respectively, due from certain funds.

Accounts receivable at December 31, 2013 and 2012 included $745 million and $629 million, respectively, related to receivables from BlackRock mutual funds, including *iShares*, for investment advisory and administration services.

Due to related parties, which is included within other liabilities on the consolidated statements of financial condition, was $13 million and $14 million at December 31, 2013 and 2012, respectively, and primarily represented payables to certain investment products managed by BlackRock.

17. Net Capital Requirements

The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions, which is partially maintained by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. As a result, such subsidiaries of the Company may be restricted in their ability to transfer cash between different jurisdictions and to their parents. Additionally, transfers of cash between international jurisdictions, including repatriation to the United States, may have adverse tax consequences that could discourage such transfers.

Banking Regulatory Requirements. BlackRock Institutional Trust Company, N.A. ("BTC"), a wholly owned subsidiary of the Company, is chartered as a national bank whose powers are limited to trust activities. BTC is subject to regulatory capital requirements administered by the Office of the Comptroller of the Currency. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under the capital adequacy guidelines and the regulatory framework for prompt corrective action, BTC must meet specific capital guidelines that invoke quantitative measures of BTC's assets, liabilities, and certain off-balance sheet items as calculated under the regulatory accounting practices. BTC's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulators to ensure capital adequacy require BTC to maintain a minimum Tier 1 capital and Tier 1 leverage ratio, as well as Tier 1 and total risk-based capital ratios. Based on BTC's calculations as of December 31, 2013 and 2012, it exceeded the applicable capital adequacy requirements.

(in millions)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2013						
Total capital (to risk weighted assets)	**$ 660**	**112.7%**	**$ 47**	**8.0%**	**$ 59**	**10.0%**
Tier 1 capital (to risk weighted assets)	**$ 660**	**112.7%**	**$ 23**	**4.0%**	**$ 35**	**6.0%**
Tier 1 capital (to average assets)	**$ 660**	**63.4%**	**$ 42**	**4.0%**	**$ 52**	**5.0%**
December 31, 2012						
Total capital (to risk weighted assets)	$ 633	99.1%	$ 51	8.0%	$ 64	10.0%
Tier 1 capital (to risk weighted assets)	$ 633	99.1%	$ 26	4.0%	$ 38	6.0%
Tier 1 capital (to average assets)	$ 633	49.7%	$ 51	4.0%	$ 64	5.0%

Broker-dealers. BlackRock Investments, LLC and BlackRock Execution Services are registered broker-dealers and wholly owned subsidiaries of BlackRock that are subject to the Uniform Net Capital requirements under the Securities Exchange Act of 1934, which requires maintenance of certain minimum net capital levels.

Capital Requirements. At December 31, 2013 and 2012, the Company was required to maintain approximately $1.1 billion and $1.2 billion, respectively, in net capital in certain regulated subsidiaries, including BTC, entities regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom, and the Company's broker-dealers. The Company was in compliance with all applicable regulatory net capital requirements.

18. Accumulated Other Comprehensive Income (Loss)

The following table presents changes in AOCI by component for 2013:

(in millions)	Unrealized gains (losses) on available-for-sale investments	Benefit plans	Foreign currency translation adjustments	Total[1]
December 31, 2012	$ 16	$ (4)	$(71)	$(59)
Other comprehensive income (loss) before reclassifications[2]	4	10	23	37
Amount reclassified from AOCI[3]	(13)	—	—	(13)
Net other comprehensive income (loss) for 2013	(9)	10	23	24
December 31, 2013	**$ 7**	**$ 6**	**$(48)**	**$(35)**

(1) All amounts are net of tax.

(2) The tax benefit (expense) was not material for 2013.

(3) The tax benefit (expense) was not material for 2013. The pre-tax amount reclassified from AOCI was included in net gain (loss) on investments on the consolidated statements of income.

19. Capital Stock

Capital Stock Authorized. BlackRock's authorized common stock, $0.01 par value, was 500,000,000 shares at December 31, 2013 and 2012. At December 31, 2013 and 2012, BlackRock had 20,000,000 series A nonvoting participating preferred shares ("Series A Preferred"), $0.01 par value, authorized. At December 31, 2013 and 2012, BlackRock had 150,000,000 series B nonvoting participating preferred shares ("Series B Preferred"), $0.01 par value, authorized. At December 31, 2013 and 2012, BlackRock had 6,000,000 series C nonvoting participating preferred shares ("Series C Preferred"), $0.01 par value, authorized. At December 31, 2013 and 2012, BlackRock had 20,000,000 series D nonvoting participating preferred shares ("Series D Preferred"), $0.01 par value, authorized.

May 2011 Barclays Sale and Conversion. In May 2011, 2,356,750 shares of Series B Preferred owned by Barclays were automatically converted to shares of common stock upon their disposition.

June 2011 Bank of America Stock Repurchase Agreement. On June 1, 2011, BlackRock completed its repurchase of Bank of America's remaining ownership interest of 13,562,878 Series B Preferred for $2.545 billion, or $187.65 per share.

September 2011 Institutional Investor Capital Exchange. In September 2011, an institutional investor exchanged 2,860,188 shares of Series B Preferred for common shares.

September 2011 PNC Capital Contribution. In September 2011, PNC surrendered to BlackRock approximately 1.3 million shares of BlackRock Series C Preferred to fund certain LTIP awards in accordance with the share surrender agreement between PNC and BlackRock.

May 2012 Barclays Sale and Capital Exchange. BlackRock completed the secondary offering of 26,211,335 shares of common stock held by Barclays at a price of $160.00 per share, which included 23,211,335 shares of common stock issued upon the conversion of Series B Preferred by a subsidiary of Barclays.

Upon completion of this offering, BlackRock repurchased 6,377,552 shares directly from Barclays outside the publicly announced share repurchase program at a price of $156.80 per share (consisting of 6,346,036 of Series B Preferred and 31,516 shares of common stock). The total transactions, including the full exercise of the underwriters' option to purchase 2,621,134 additional shares in the secondary offering, amounted to 35,210,021 shares, resulting in Barclays exiting its entire ownership position in BlackRock.

May 2012 PNC Capital Exchange. In May 2012, PNC exchanged 2,000,000 shares of Series B Preferred for an equal number of shares of common stock.

Other Changes. In September and October 2012, 593,786 and 2,594,070 shares of Series B Preferred, respectively, converted into an equal number of shares of common stock.

January 2013 PNC Capital Contribution. In January 2013, PNC surrendered to BlackRock 205,350 shares of BlackRock Series C Preferred to fund certain LTIP awards in accordance with the share surrender agreement between PNC and BlackRock.

Cash Dividends for Common and Preferred Shares / RSUs. During 2013, 2012 and 2011, the Company paid cash dividends of $6.72 per share (or $1,168 million), $6.00 per share (or $1,060 million) and $5.50 per share (or $1,014 million), respectively.

Share Repurchase Approvals. In January 2013, the Board of Directors (the "Board") approved an increase in the availability under the Company's existing share repurchase program to allow for the repurchase of up to 10.2 million shares of BlackRock common stock. The Company repurchased 3.7 million common shares in open market-transactions under the share repurchase program for approximately $1.0 billion during 2013. At December 31, 2013, there were 6.5 million shares still authorized to be repurchased.

The Company's common and preferred shares issued and outstanding and related activity consist of the following:

	Shares Issued					Shares Outstanding		
	Common Shares	Escrow Common Shares	Treasury Common Shares	Series B Preferred	Series C Preferred	Common Shares	Series B Preferred	Series C Preferred
December 31, 2010	131,923,624	(3,603)	(703,460)	57,108,553	2,866,439	131,216,561	57,108,553	2,866,439
Exchange of Series B Preferred for common shares	5,216,938	—	—	(5,216,938)	—	5,216,938	(5,216,938)	—
Shares repurchased	—	—	(618,000)	(13,562,878)	—	(618,000)	(13,562,878)	—
Net issuance of common shares related to employee stock transactions and convertible debt conversions	2,739,818	—	(92,182)	—	—	2,647,636	—	—
PNC LTIP capital contribution	—	—	—	—	(1,349,202)	—	—	(1,349,202)
December 31, 2011	139,880,380	(3,603)	(1,413,642)	38,328,737	1,517,237	138,463,135	38,328,737	1,517,237
Exchange of Series B Preferred for common shares	31,159,513	—	—	(31,159,513)	—	31,159,513	(31,159,513)	—
Shares repurchased	(31,516)	—	(2,726,600)	(6,346,036)	—	(2,758,116)	(6,346,036)	—
Net issuance of common shares related to employee stock transactions	247,411	—	1,763,361	—	—	2,010,772	—	—
Release of common shares from escrow	(3,603)	3,603	—	—	—	—	—	—
December 31, 2012	171,252,185	—	(2,376,881)	823,188	1,517,237	168,875,304	823,188	1,517,237
Shares repurchased	—	—	(3,689,845)	—	—	(3,689,845)	—	—
Net issuance of common shares related to employee stock transactions	—	—	1,404,229	—	—	1,404,229	—	—
PNC LTIP capital contribution	—	—	—	—	(205,350)	—	—	(205,350)
December 31, 2013	**171,252,185**	**—**	**(4,662,497)**	**823,188**	**1,311,887**	**166,589,688**	**823,188**	**1,311,887**

20. Restructuring Charges

During 2011, the Company reduced its workforce globally by approximately 3.4%. This action was the result of a cost-cutting initiative 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 approximately $32 million ($22 million after-tax) during 2011. This charge was comprised of $24 million of severance and associated outplacement costs and $8 million of expenses related to the accelerated amortization of previously granted equity-based compensation awards.

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

(in millions)	
Liability as of December 31, 2010[1]	$ 2
Additions	32
Cash payments	(8)
Accelerated amortization of equity-based awards	(8)
Liability as of December 31, 2011	$ 18
Cash payments	(17)
Liability as of December 31, 2012	$ 1
Other adjustments	(1)
Liability as of December 31, 2013	**$ —**

(1) Liability amount as of December 31, 2010 related to a pre-tax restructuring charge of $22 million recorded during 2009.

21. Income Taxes

The components of income tax expense for 2013, 2012 and 2011, are as follows:

(in millions)	2013	2012	2011
Current income tax expense:			
Federal	**$ 869**	$ 856	$ 693
State and local	**39**	49	54
Foreign	**307**	186	186
Total net current income tax expense	**1,215**	1,091	933
Deferred income tax expense (benefit):			
Federal	**(68)**	4	52
State and local	**13**	13	(112)
Foreign	**(138)**	(78)	(77)
Total net deferred income tax expense (benefit)	**(193)**	(61)	(137)
Total income tax expense	**$ 1,022**	$ 1,030	$ 796

Income tax expense has been based on the following components of income before taxes, less net income (loss) attributable to noncontrolling interests:

(in millions)	2013	2012	2011
Domestic	**$ 2,814**	$ 2,690	$ 2,397
Foreign	**1,140**	798	736
Total	**$ 3,954**	$ 3,488	$ 3,133

The foreign income before taxes includes countries that have statutory tax rates that are lower than the U.S. federal statutory tax rate of 35%, such as the United Kingdom, Luxembourg, Canada and the Netherlands.

A reconciliation of income tax expense with expected federal income tax expense computed at the applicable federal income tax rate of 35% is as follows:

(in millions)	2013	%	2012	%	2011	%
Statutory income tax expense	**$ 1,383**	35%	$ 1,221	35%	$ 1,097	35%
Increase (decrease) in income taxes resulting from:						
State and local taxes (net of federal benefit)	**39**	1	49	2	59	2
Impact of foreign, state, and local tax rate changes on deferred taxes	**(69)**	(2)	(50)	(2)	(188)	(6)
Effect of foreign tax rates	**(329)**	(8)	(221)	(5)	(197)	(6)
Other	**(2)**	—	31	—	25	—
Income tax expense	**$ 1,022**	26%	$ 1,030	30%	$ 796	25%

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the consolidated financial statements. These temporary differences result in taxable or deductible amounts in future years.

The components of deferred income tax assets and liabilities are shown below:

(in millions)	December 31, 2013	2012
Deferred income tax assets:		
Compensation and benefits	**$ 345**	$ 355
Unrealized investment losses	**99**	71
Loss carryforwards	**42**	81
Foreign tax credit carryforwards	**28**	—
Other	**290**	222
Gross deferred tax assets	**804**	729
Less: deferred tax valuation allowances	**(48)**	(95)
Deferred tax assets net of valuation allowances	**756**	634
Deferred income tax liabilities:		
Goodwill and acquired indefinite-lived intangibles	**5,594**	5,656
Acquired finite-lived intangibles	**110**	158
Other	**133**	109
Gross deferred tax liabilities	**5,837**	5,923
Net deferred tax (liabilities)	**$ (5,081)**	$ (5,289)

Deferred income tax assets and liabilities are recorded net when related to the same tax jurisdiction. At December 31, 2013, the Company recorded on the consolidated statement of financial condition deferred income tax assets, within other assets, and deferred income tax liabilities of $4 million and $5,085 million, respectively. At December 31, 2012, the Company recorded on the consolidated statement of financial condition deferred income tax assets, within other assets, and deferred income tax liabilities of $4 million and $5,293 million, respectively.

During 2013, tax legislation enacted in the United Kingdom and domestic state tax law changes resulted in a $69 million net noncash benefit related to the revaluation of certain deferred income tax liabilities. During 2012, tax legislation enacted in the United Kingdom and the state and local income tax effect resulting from changes in the Company's organizational structure primarily resulted in a $50 million net noncash benefit related to the revaluation of certain deferred income tax liabilities.

The Company had a deferred income tax asset related to unrealized investment losses of approximately $99 million and $71 million at December 31, 2013 and 2012, respectively, reflecting the Company's conclusion that based on the weight of available evidence, it is more likely than not that the deferred tax asset will be realized. U.S. Federal realized capital losses may be carried back three years and carried forward five years and offset against realized capital gains for federal income tax purposes. The Company expects to hold certain fixed income securities over a period sufficient for them to recover their unrealized losses, and to generate future capital gains sufficient to offset the unrealized capital losses.

At December 31, 2013 and 2012, the Company had available state net operating loss carryforwards of $935 million and $842 million, respectively, which will begin to expire in 2017. At December 31, 2013 and December 31, 2012, the Company had foreign net operating loss carryforwards of $109 million and $152 million, respectively, of which $11 million will begin to expire in 2017 and the balance will carry forward indefinitely. At December 31, 2013, the Company had foreign tax credit carryforwards for income tax purposes of $28 million which will begin to expire in 2023.

At December 31, 2013 and 2012, the Company had $48 million and $95 million of valuation allowances for deferred income tax assets, respectively, recorded on the consolidated statements of financial condition. The year-over-year decrease in the valuation allowance primarily related to the realization of tax loss carryforwards and certain foreign deferred income tax assets.

Goodwill recorded in connection with the Quellos Transaction has been reduced during the period by the amount of tax benefit realized from tax-deductible goodwill. See Note 9, *Goodwill*, for further discussion.

Current income taxes are recorded net on the consolidated statements of financial condition when related to the same tax jurisdiction. At December 31, 2013, the Company had current income taxes receivable and payable of $89 million and $168 million, respectively, recorded in other assets and accounts payable and accrued liabilities, respectively. At December 31, 2012, the Company had current income taxes receivable and payable of $102 million and $121 million, respectively, recorded in other assets and accounts payable and accrued liabilities, respectively.

The Company does not provide deferred taxes on the excess of the financial reporting over tax basis on its investments in foreign subsidiaries that are essentially permanent in duration. The excess totaled $3,074 million and $2,125 million at December 31, 2013 and 2012, respectively. The determination of the additional deferred income taxes on the excess has not been provided because it is not practicable due to the complexities associated with its hypothetical calculation.

The following tabular reconciliation presents the total amounts of gross unrecognized tax benefits:

(in millions)	Year ended December 31, 2013	2012	2011
Balance at January 1	**$ 404**	$ 349	$ 307
Additions for tax positions of prior years	**11**	4	22
Reductions for tax positions of prior years	**(5)**	(1)	(1)
Additions based on tax positions related to current year	**67**	69	46
Lapse of statute of limitations	**—**	—	—
Settlements	**(12)**	(29)	(25)
Positions assumed in acquisitions	**2**	12	—
Balance at December 31	**$ 467**	$ 404	$ 349

Included in the balance of unrecognized tax benefits at December 31, 2013, 2012 and 2011, respectively, are $304 million, $250 million and $226 million of tax benefits that, if recognized, would affect the effective tax rate.

The Company recognizes interest and penalties related to income tax matters as a component of income tax expense. Related to the unrecognized tax benefits noted above, the Company accrued interest and penalties of $(1) million during 2013 and in total, as of December 31, 2013, had recognized a liability for interest and penalties of $68 million. The Company accrued interest and penalties of

$3 million during 2012 and in total, as of December 31, 2012, had recognized a liability for interest and penalties of $69 million. The Company accrued interest and penalties of $10 million during 2011 and in total, as of December 31, 2011, had recognized a liability for interest and penalties of $66 million. Pursuant to the Amended and Restated Stock Purchase Agreement, the Company has been indemnified by Barclays for $50 million and Guggenheim for $6 million of unrecognized tax benefits.

BlackRock is subject to U.S. federal income tax, state and local income tax, and foreign income tax in multiple jurisdictions. Tax years after 2007 remain open to U.S. federal income tax examination. The IRS is in the process of concluding its audit of the 2008 and 2009 years and its case must be approved by The Joint Committee on Taxation. The BGI group's tax years 2007 through December 1, 2009 are under IRS examination. The IRS is in the process of concluding its audit and its case must be approved by The Joint Committee on Taxation.

The Company is currently under audit in several state and local jurisdictions. The significant state and local income tax examinations are in California for tax years 2009 through 2010, New York State and New York City for tax years 2009 through 2011, and New Jersey for tax years 2007 through 2009. No state and local income tax audits cover years earlier than 2007. No state and local income tax audits are expected to result in an assessment material to BlackRock's consolidated financial statements.

Her Majesty's Revenue and Customs ("HMRC") commenced its United Kingdom income tax audit of various U.K. BlackRock subsidiaries in respect of 2009 through 2011 tax years. While the impact on the consolidated financial statements is undetermined, it is not expected to be material.

At December 31, 2013, it is reasonably possible the total amounts of unrecognized tax benefits will change within the next twelve months due to completion of tax authorities' exams or the expiration of statues of limitations. Management estimates that the existing liability for uncertain tax positions could decrease by approximately $110 million to $135 million within the next twelve months.

22. Earnings Per Share

The following table sets forth the computation of basic and diluted EPS for 2013 under the treasury stock method:

(in millions, except share data)	2013
Net income attributable to BlackRock	**$ 2,932**
Basic weighted-average shares outstanding	**170,185,870**
Dilutive effect of nonparticipating RSUs and stock options	**3,643,032**
Total diluted weighted-average shares outstanding	**173,828,902**
Basic earnings per share	**$ 17.23**
Diluted earnings per share	**$ 16.87**

The following table sets forth the computation of basic and diluted EPS for 2012 and 2011 under the two-class method:

(in millions, except per share data)	2012	2011
Net income attributable to BlackRock	$ 2,458	$ 2,337
Less:		
Dividends distributed to common shares	1,059	1,004
Dividends distributed to participating RSUs	1	10
Undistributed net income attributable to BlackRock	1,398	1,323
Percentage of undistributed net income allocated to common shares[1]	99.9%	99.1%
Undistributed net income allocated to common shares	1,396	1,311
Plus:		
Common share dividends	1,059	1,004
Net income attributable to common shares	$ 2,455	$ 2,315
Basic weighted-average shares outstanding	174,961,018	184,265,367
Dilutive effect of nonparticipating RSUs and stock options	3,056,661	2,826,292
Dilutive effect of convertible debt	—	24,751
Total diluted weighted-average shares outstanding	178,017,679	187,116,410
Basic earnings per share	$ 14.03	$ 12.56
Diluted earnings per share	$ 13.79	$ 12.37

(1) Allocation to common stockholders was based on the total of common shares and participating securities (which represent unvested RSUs that contain nonforfeitable rights to dividends). For 2012 and 2011, average outstanding participating securities were 0.2 million and 1.8 million, respectively.

For 2012 and 2011, 449 and 5,125 RSUs, respectively, were excluded from the calculation of diluted EPS because to include them would have an anti-dilutive effect. There were no anti-dilutive RSUs for 2013. In addition, there were no anti-dilutive stock options for 2013, 2012 and 2011.

23. Segment Information

The following table illustrates investment advisory, administration fees, securities lending revenue and performance fees, *BlackRock Solutions* and advisory revenue, distribution fees and other revenue for 2013, 2012 and 2011.

(in millions)	2013	2012	2011
Equity	**$ 4,816**	$ 4,334	$ 4,447
Fixed income	**1,996**	1,900	1,659
Multi-asset	**1,063**	972	914
Alternatives	**1,104**	968	864
Cash management	**321**	361	383
Total investment advisory, administration fees, securities lending revenue and performance fees	**9,300**	8,535	8,267
BlackRock Solutions and advisory	**577**	518	510
Distribution fees	**73**	71	100
Other revenue	**230**	213	204
Total revenue	**$ 10,180**	$ 9,337	$ 9,081

The following table illustrates total revenue for 2013, 2012 and 2011 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the customer resides.

(in millions)

Revenue	2013	2012	2011
Americas	**$ 6,829**	$ 6,429	$ 6,064
Europe	**2,832**	2,460	2,517
Asia-Pacific	**519**	448	500
Total revenue	**$ 10,180**	$ 9,337	$ 9,081

The following table illustrates long-lived assets that consist of goodwill and property and equipment at December 31, 2013, 2012 and 2011 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the asset is physically located.

(in millions)

Long-lived Assets	2013	2012	2011
Americas	**$ 13,204**	$ 13,238	$ 13,133
Europe	**214**	166	123
Asia-Pacific	**87**	63	73
Total long-lived assets	**$ 13,505**	$ 13,467	$ 13,329

Americas primarily is comprised of the United States, Canada, Brazil, Chile and Mexico, while Europe primarily is comprised of the United Kingdom. Asia-Pacific is comprised of Japan, Australia, Singapore, Hong Kong, Taiwan, Korea, India, Malaysia and China.

24. Selected Quarterly Financial Data (unaudited)

(in millions, except per share data)

2013	1st Quarter	2nd Quarter[1]	3rd Quarter[2]	4th Quarter
Revenue	**$ 2,449**	**$ 2,482**	**$ 2,472**	**$ 2,777**
Operating income	**$ 909**	**$ 849**	**$ 966**	**$ 1,133**
Net income	**$ 666**	**$ 706**	**$ 729**	**$ 850**
Net income attributable to BlackRock	**$ 632**	**$ 729**	**$ 730**	**$ 841**
Earnings per share attributable to BlackRock, Inc. common stockholders:				
Basic	**$ 3.69**	**$ 4.27**	**$ 4.30**	**$ 4.98**
Diluted	**$ 3.62**	**$ 4.19**	**$ 4.21**	**$ 4.86**
Weighted-average common shares outstanding:				
Basic	**171,301,800**	**170,648,731**	**169,811,633**	**169,010,606**
Diluted	**174,561,132**	**173,873,583**	**173,371,508**	**172,999,529**
Dividend declared per share	**$ 1.68**	**$ 1.68**	**$ 1.68**	**$ 1.68**
Common stock price per share:				
High	**$ 258.70**	**$ 291.69**	**$ 286.62**	**$ 316.47**
Low	**$ 212.77**	**$ 245.30**	**$ 255.26**	**$ 262.75**
Close	**$ 256.88**	**$ 256.85**	**$ 270.62**	**$ 316.47**

(in millions, except per share data)

2012	1st Quarter	2nd Quarter	3rd Quarter[3]	4th Quarter[4]
Revenue	$ 2,249	$ 2,229	$ 2,320	$ 2,539
Operating income	$ 815	$ 829	$ 875	$ 1,005
Net income	$ 575	$ 560	$ 655	$ 650
Net income attributable to BlackRock	$ 572	$ 554	$ 642	$ 690
Earnings per share attributable to BlackRock, Inc. common stockholders:				
Basic	$ 3.19	$ 3.13	$ 3.72	$ 4.02
Diluted	$ 3.14	$ 3.08	$ 3.65	$ 3.93
Weighted-average common shares outstanding:				
Basic	179,022,840	177,010,239	172,359,141	171,518,278
Diluted	181,917,864	179,590,702	175,450,532	175,176,037
Dividend declared per share	$ 1.50	$ 1.50	$ 1.50	$ 1.50
Common stock price per share:				
High	$ 205.60	$ 206.57	$ 183.00	$ 209.29
Low	$ 179.13	$ 163.37	$ 164.06	$ 177.17
Close	$ 204.90	$ 169.82	$ 178.30	$ 206.71

(1) In the second quarter of 2013 in connection with the PennyMac IPO the Company recorded a noncash, nonoperating pre-tax gain of $39 million related to the carrying value of its equity method investment. In connection with the Charitable Contribution the Company recorded an expense of $124 million and a noncash, nonoperating pre-tax gain of $80 million related to the contributed investment. For further information, see Note 11, *Other Assets*.

In addition, the second quarter of 2013 included approximately a $57 million tax benefit recognized in connection with the Charitable Contribution and a tax benefit of approximately $29 million, primarily due to the realization of tax loss carryforwards.

(2) The third quarter of 2013 included a $64 million net noncash tax benefit primarily related to the revaluation of certain deferred income tax liabilities, including the effect of legislation enacted in the United Kingdom and domestic state and local income tax changes.

(3) The third quarter of 2012 included a $30 million net noncash tax benefit related to the revaluation of certain deferred income tax liabilities, including the effect of legislation enacted in the United Kingdom, and the state and local income tax effect resulting from changes in the Company's organizational structure.

(4) The fourth quarter of 2012 included a one-time pre-tax $30 million charge related to a contribution to certain of the Company's STIFs and $20 million of noncash tax benefits primarily associated with revaluation of certain deferred tax liabilities.

25. Subsequent Events

Dividend Approval. On January 15, 2014, the Board approved BlackRock's quarterly dividend of $1.93 to be paid on March 24, 2014 to stockholders of record on March 7, 2014.

Other. The Company conducted a review for additional subsequent events and determined that no additional subsequent events had occurred that would require accrual or additional disclosures.

As used in this exhibit list, "BlackRock" refers to BlackRock, Inc. (formerly named New BlackRock, Inc. and previously, New Boise, Inc.) (Commission File No. 001-33099) and "Old BlackRock" refers to BlackRock Holdco 2, Inc. (formerly named BlackRock, Inc.) (Commission File No. 001-15305), which is the predecessor of BlackRock. The following exhibits are filed as part of this Annual Report on Form 10-K:

EXHIBIT INDEX

Please note that the agreements included as exhibits to this Form 10-K are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about BlackRock or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

Exhibit No.	Description
3.1(1)	Amended and Restated Certificate of Incorporation of BlackRock.
3.2(2)	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of BlackRock, Inc.
3.3(29)	Amended and Restated Bylaws of BlackRock.
3.4(1)	Certificate of Designations of Series A Convertible Participating Preferred Stock of BlackRock.
3.5(3)	Certificate of Designations of Series B Convertible Participating Preferred Stock of BlackRock.
3.6(3)	Certificate of Designations of Series C Convertible Participating Preferred Stock of BlackRock.
3.7(4)	Certificate of Designations of Series D Convertible Participating Preferred Stock of BlackRock.
4.1(5)	Specimen of Common Stock Certificate.
4.2(6)	Indenture, dated September 17, 2007, between BlackRock and The Bank of New York, as trustee, relating to senior debt securities.
4.3(7)	Form of 6.25% Notes due 2017.
4.4(8)	Form of 3.50% Notes due 2014.
4.5(8)	Form of 5.00% Notes due 2019.
4.6(9)	Form of 4.25% Notes due 2021.
4.7(10)	Form of 1.375% Notes due 2015.
4.8(10)	Form of 3.375% Notes due 2022.
10.1(11)	BlackRock, Inc. Amended and Restated 1999 Stock Award and Incentive Plan. +
10.2(12)	Amended and Restated BlackRock, Inc. 1999 Annual Incentive Performance Plan. +
10.3(13)	Amendment No. 1 to the BlackRock, Inc. Amended and Restated 1999 Annual Incentive Performance Plan.+
10.4(5)	BlackRock, Inc. Voluntary Deferred Compensation Plan, as amended and restated as of January 1, 2005.+
10.5(1)	Form of Stock Option Agreement expected to be used in connection with future grants of Stock Options under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.6(1)	Form of Restricted Stock Agreement expected to be used in connection with future grants of Restricted Stock under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.7(14)	Form of Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.8(14)	Form of Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units for long-term incentive awards under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.9(1)	Form of Directors' Restricted Stock Unit Agreement expected to be used in connection with future grants of Restricted Stock Units under the BlackRock, Inc. 1999 Stock Award and Incentive Plan.+
10.10(5)	Registration Rights Agreement, dated as of September 29, 2006, among BlackRock, Merrill Lynch & Co., Inc. and the PNC Financial Service Group, Inc.

Exhibit No.	Description
10.11(15)	Share Surrender Agreement, dated October 10, 2002 (the "Share Surrender Agreement"), among Old BlackRock, PNC Asset Management, Inc. and The PNC Financial Services Group, Inc.+
10.12(16)	First Amendment, dated as of February 15, 2006, to the Share Surrender Agreement.+
10.13(17)	Second Amendment, dated as of June 11, 2007, to the Share Surrender Agreement.+
10.14(3)	Third Amendment, dated as of February 27, 2009, to the Share Surrender Agreement.+
10.15(18)	Fourth Amendment, dated as of August 7, 2012, to the Share Surrender Agreement.+
10.16(19)	Five-Year Revolving Credit Agreement, dated as of March 10, 2011, by and among BlackRock, Inc., certain of its subsidiaries, Wells Fargo Bank, National Association, as administrative agent, swingline lender, issuing lender and L/C agent, Sumitomo Mitsui Banking Corporation, as Japanese Yen lender, a group of lenders, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital, J.P. Morgan Securities LLC and Morgan Stanley Senior Funding, Inc., as joint lead arrangers and joint bookrunners, Citibank, N.A., as syndication agent and Bank of America, N.A., Barclays Bank PLC, JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc., as documentation agents.
10.17(20)	Amendment No. 1, dated as of March 30, 2012, by and among BlackRock, Inc., certain of its subsidiaries, Wells Fargo Bank, National Association, as administrative agent, swingline lender, issuing lender, L/C agent and a lender, and the banks and other financial institutions referred to therein.
10.18(27)	Amendment No. 2, dated as of March 28, 2013, by and among BlackRock, Inc., certain of its subsidiaries, Wells Fargo Bank, National Association, as administrative agent, swingline lender, issuing lender, L/C agent and a lender, and the banks and other financial institutions referred to therein.
10.19(21)†	Second Amended and Restated Global Distribution Agreement, dated as of November 15, 2010, among BlackRock and Merrill Lynch & Co., Inc.
10.20(3)	Amended and Restated Implementation and Stockholder Agreement, dated as of February 27, 2009, between The PNC Financial Services Group, Inc. and BlackRock.
10.21(22)	Amendment No. 1, dated as of June 11, 2009, to the Amended and Restated Implementation and Stockholder Agreement between The PNC Financial Services Group, Inc. and BlackRock.
10.22(23)	Commercial Paper Dealer Agreement between BlackRock and Barclays Capital Inc., dated as of October 14, 2009.
10.23(24)	Lease Agreement, dated as of February 17, 2010, among BlackRock Investment Management (UK) Limited and Mourant & Co Trustees Limited and Mourant Property Trustees Limited as Trustees of the Drapers Gardens Unit Trust for the lease of Drapers Gardens, 12 Throgmorton Avenue, London, EC2, United Kingdom.
10.24(25)	Stock Repurchase Agreement, dated as of May 21, 2012, between Barclays Bank PLC and BlackRock.
10.25(25)	Exchange Agreement, dated as of May 21, 2012, between Barclays Bank PLC and BlackRock.
10.26(25)	Exchange Agreement, dated as of May 21, 2012, among PNC Bancorp, Inc., The PNC Financial Services Group, Inc. and BlackRock.
10.27(26)	Letter Agreement, dated November 20, 2012, between Susan L. Wagner and BlackRock. +
10.28(28)	Letter Agreement, dated February 12, 2013, between Gary S. Shedlin and BlackRock. +
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of Registrant.
23.1	Deloitte & Touche LLP Consent.
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.

Exhibit No.	Description
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 October 5, 2006.

(2) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 25, 2012.

(3) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on February 27, 2009.

(4) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on December 3, 2009.

(5) Incorporated by reference to BlackRock's Registration Statement on Form S-8 (Registration No. 333-137708) filed on September 29, 2006.

(6) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2007.

(7) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on September 17, 2007.

(8) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on December 10, 2009.

(9) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 25, 2011.

(10) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 31, 2012.

(11) Incorporated by reference to BlackRock's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010.

(12) Incorporated by reference to Old BlackRock's Annual Report on Form 10-K for the year ended December 31, 2002.

(13) Incorporated by reference to Old BlackRock's Current Report on Form 8-K filed on May 24, 2006.

(14) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2008.

(15) Incorporated by reference to Old BlackRock's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002.

(16) Incorporated by reference to Old BlackRock's Current Report on Form 8-K filed on February 22, 2006.

(17) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on June 15, 2007.

(18) Incorporated by reference to BlackRock's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012.

(19) Incorporated by reference to BlackRock's Current Report on Form 8-K/A filed on August 24, 2012.

(20) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on April 4, 2012.

(21) Incorporated by reference to BlackRock's Current Report on Form 8-K/A filed on August 24, 2012.

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

(23) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on October 20, 2009.

(24) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2009.

(25) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on May 23, 2012.

(26) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on November 27, 2012.

(27) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on April 3, 2013.

(28) Incorporated by reference to BlackRock's Current Report on Form 8-K filed on February 19, 2013.

(29) Incorporated by reference to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2012.

+ Denotes compensatory plans or arrangements

† Confidential treatment has been granted for certain portions of this exhibit, which portions have been omitted and filed separately with the Securities and Exchange Commission.

Exhibit 12.1

RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)

(in millions)	Year ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Income before income taxes	**$ 3,973**	$ 3,470	$ 3,135	$ 3,021	$ 1,272
Less: Net income (loss) attributable to noncontrolling interests[1]	**19**	(18)	2	(13)	22
Pre-tax income attributable to BlackRock, Inc.	**3,954**	3,488	3,133	3,034	1,250
Add: Fixed charges	**258**	261	236	209	104
Distributions of earnings from equity method investees	**80**	42	30	14	18
Less: (Losses) earnings from equity method investees	**158**	175	23	141	30
Pre-tax income before fixed charges	**$ 4,134**	$ 3,616	$ 3,376	$ 3,116	$ 1,342
Fixed charges:					
Interest expense	**$ 211**	$ 215	$ 176	$ 150	$ 68
Interest expense on uncertain tax positions[2]	**3**	3	10	8	8
Portion of rent representative of interest[3]	**44**	43	50	51	28
Total fixed charges	**$ 258**	$ 261	$ 236	$ 209	$ 104
Ratio of earnings to fixed charges	**16.0x**	13.9x	14.3x	14.9x	12.9x

(1) Amount includes redeemable and nonredeemable noncontrolling interests.

(2) Interest expense on uncertain tax positions, in accordance with ASC 740-10, *Income Taxes*, has been recorded within income tax expense on the consolidated statements of income.

(3) The portion of rent representative of interest is calculated as one third of the total rent expense.

Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

The following table lists the direct and indirect subsidiaries of BlackRock, Inc. as of December 31, 2013*.

Name of Subsidiary	Jurisdiction/State of Incorporation
BAA Holdings, LLC	Delaware
BlackRock Advisors, LLC	Delaware
BlackRock Advisors Holdings, Inc.	Pennsylvania
BlackRock Advisors Singapore Pte. Limited	Singapore
BlackRock Advisors (UK) Limited	United Kingdom
BlackRock Asia-Pac Holdco, LLC	Delaware
BlackRock Asset Management Schweiz AG	Switzerland
BlackRock Asset Management Australia Limited	Australia
BlackRock Asset Management Canada Limited	Canada
BlackRock Asset Management Deutschland AG	Germany
BlackRock Asset Management Guernsey Limited	Guernsey
BlackRock Asset Management International Inc.	Delaware
BlackRock Asset Management Investors Services Limited	United Kingdom
BlackRock Asset Management Ireland Limited	Ireland
BlackRock Asset Management North Asia Limited	Hong Kong
BlackRock Asset Management UK Limited	United Kingdom
BlackRock Australia Holdco Pty. Ltd.	Australia
BlackRock Brasil Gestora de Investimentos Ltda.	Brazil
BlackRock Cal 1 Investor, LLC	Delaware
BlackRock Canada Holdings LP	Canada
BlackRock Canada Holdings, ULC	Canada
BlackRock Capital Holdings, Inc.	Delaware
BlackRock Capital Management, Inc.	Delaware
BlackRock Capital Markets, LLC	Delaware
BlackRock Cayco Limited	Cayman Islands
BlackRock Cayman Finco Limited	Cayman Islands
BlackRock Cayman Capital Holdings Limited	Cayman Islands
BlackRock (Channel Islands) Limited	Jersey
BlackRock Colombia Holdco, LLC	Delaware
BlackRock Colombia SAS	Colombia
BlackRock Corporation US Inc.	California
BlackRock Delaware Holdings Inc.	Delaware
BlackRock Europe Development Management Limited	Cyprus
BlackRock Execution Services	California
BlackRock Executor & Trustee Co. Limited	United Kingdom
BlackRock Finance Europe Limited	United Kingdom
BlackRock Financial Management, Inc.	Delaware
BlackRock Finco UK Ltd.	United Kingdom
BlackRock Finco, LLC	Delaware
BlackRock First Partner Limited	Jersey
BlackRock Fund Advisors	California
BlackRock Fund Management Company (Ireland) Limited.	Ireland
BlackRock Fund Management Company S.A.	Luxembourg
BlackRock Fund Managers (Isle of Man) Limited	Isle of Man
BlackRock Fund Managers Limited	United Kingdom
BlackRock Funding International, Ltd.	Cayman Islands
BlackRock Funds Services Group, LLC.	Delaware
BlackRock Group Limited	United Kingdom
BlackRock HK Holdco Limited	Hong Kong
BlackRock Holdco 2, Inc.	Delaware
BlackRock Holdco 3, LLC	Delaware

Name of Subsidiary	Jurisdiction/State of Incorporation
BlackRock Holdco 4, LLC	Delaware
BlackRock Holdco 5, LLC	Delaware
BlackRock Holdco 6, LLC	Delaware
BlackRock Holdings (Schweiz) AG	Switzerland
BlackRock (Hong Kong) Limited	Hong Kong
BlackRock India Private Ltd.	India
BlackRock Index Services, LLC.	Delaware
BlackRock Institutional Services, Inc.	Delaware
BlackRock Institutional Trust Company, National Association	United States
BlackRock International Holdings, Inc.	Delaware
BlackRock International Limited	Scotland
BlackRock Investment Management (Australia) Limited	Australia
BlackRock Investment Management (Dublin) Limited	Ireland
BlackRock Investment Management (Korea) Limited	Korea
BlackRock Investment Management (Taiwan) Limited	Taiwan
BlackRock Investment Management (UK) Limited	United Kingdom
BlackRock Investment Management Ireland Holdings Limited	Ireland
BlackRock Investment Management, LLC	Delaware
BlackRock Investments, LLC	Delaware
BlackRock (Isle of Man) Holdings Limited	Isle of Man
BlackRock (Isle of Man) Limited	Isle of Man
BlackRock Japan Co., Ltd.	Japan
BlackRock Japan Holdings GK	Japan
BlackRock Kelso Capital Advisors LLC	Delaware
BlackRock Life Limited	United Kingdom
BlackRock Lux Finco S.à r.l.	Luxembourg
BlackRock Luxembourg Holdco S.à r.l.	Luxembourg
BlackRock (Luxembourg) S.A.	Luxembourg
BlackRock Mexican Holdco, LLC	Delaware
BlackRock Mortgage Ventures, LLC	Delaware
BlackRock (Netherlands) B.V.	Netherlands
BlackRock Operations (Luxembourg) S.à r.l.	Luxembourg
BlackRock Pensions Limited	United Kingdom
BlackRock Pensions Nominees Limited	United Kingdom
BlackRock Private Equity Partners AG	Switzerland
BlackRock Property Advisory Singapore Pte. Ltd.	Singapore
BlackRock Property Asia Limited	Hong Kong
BlackRock Property Australia Pty Limited	Australia
BlackRock Property Consulting (Beijing) Co., Ltd.	China
BlackRock Property Denmark ApS	Denmark
BlackRock Property Europe Limited	United Kingdom
BlackRock Property France S.a.r.l	France
BlackRock Property Germany GmbH	Germany
BlackRock Property Holdings Australia Pty Limited	Australia
BlackRock Property Lux S.à.r.l.	Luxembourg
BlackRock Property Malaysia Sdn. Bhd.	Malaysia
BlackRock Property Poland sp. z.o.o.	Poland
BlackRock Property Singapore Pte. Ltd.	Singapore
BlackRock Realty Advisors, Inc.	Delaware
BlackRock Services India Private Limited	India
BlackRock (Singapore) Limited	Singapore
BlackRock (Singapore) Holdco Pte. Limited	Singapore
BlackRock Slovakia s.r.o.	Slovakia
BlackRock Trident Holding Company Limited	Ireland
BlackRock UK 1 LP	United Kingdom
BlackRock UK 2 LLP	United Kingdom
BlackRock UK 3 LLP	United Kingdom
BlackRock UK 4 LLP	United Kingdom
BlackRock UK Holdco Limited	United Kingdom

Name of Subsidiary	Jurisdiction/State of Incorporation
BR Acquisition Mexico S.A. de C.V.	Mexico
BR Jersey International Holdings L.P.	Jersey
Grosvenor Alternate Partner Limited	United Kingdom
Grosvenor Ventures Limited	United Kingdom
HLX Financial Holdings, LLC	Delaware
Impulsora y Promotora BlackRock Mexico, S.A. de C.V.	Mexico
iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen	Germany
iShares Chile Holdings Inversiones Limitada	Chile
iShares Chile Asesorias Limitada	Chile
iShares Delaware Trust Sponsor LLC	Delaware
Mercury Carry Company Ltd.	Isle of Man
Mercury Private Equity MUST 3 (Jersey) Limited	Jersey
MGPA (Shanghai) Co., Ltd.	China
Portfolio Administration & Management Ltd.	Cayman Islands
Prestadora de Servicios Integrales BlackRock Mexico, S.A. de C.V.	Mexico
St. Albans House Nominees (Jersey) Ltd.	Jersey
Trident Merger, LLC	Delaware
Wimco Nominees Ltd.	United Kingdom

* Certain subsidiaries that are not significant have been omitted.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-191157 on Form S-3 and Registration Statement Nos. 333-137708 and 333-169329 on Form S-8 of BlackRock, Inc. of our reports dated February 28, 2014, relating to the consolidated financial statements of BlackRock, Inc., and the effectiveness of BlackRock, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of BlackRock, Inc. for the year ended December 31, 2013.

/s/ Deloitte & Touche LLP

New York, New York
February 28, 2014

Exhibit 31.1

CEO CERTIFICATION

I, Laurence D. Fink, certify that:

1. I have reviewed this Annual Report on Form 10-K, for the fiscal year ended December 31, 2013 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 functions):
   (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: February 28, 2014

By: /s/ Laurence D. Fink
Laurence D. Fink
Chairman &
Chief Executive Officer

Exhibit 31.2

CFO CERTIFICATION

I, Gary S. Shedlin, certify that:

1. I have reviewed this Annual Report on Form 10-K, for the fiscal year ended December 31, 2013 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 functions):
   (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: February 28, 2014

By: /s/ Gary Shedlin
Gary S. Shedlin
Senior Managing Director &
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 Annual Report on Form 10-K of BlackRock, Inc. (the "Company") for the annual period ending December 31, 2013 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 Gary Shedlin, 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: Chairman & Chief Executive Officer
Date: February 28, 2014

/s/ Gary Shedlin
Name: Gary S. Shedlin
Title: Senior Managing Director &
Chief Financial Officer
Date: February 28, 2014