

BLACKROCK®

Q3 2016 Earnings

Earnings Release Supplement

October 18, 2016

A broadly diversified business across clients, products and geographies

Q3 2016 Long-term Base Fees of \$2.428 billion
 Long-term Assets Under Management of \$4.718 trillion at September 30, 2016



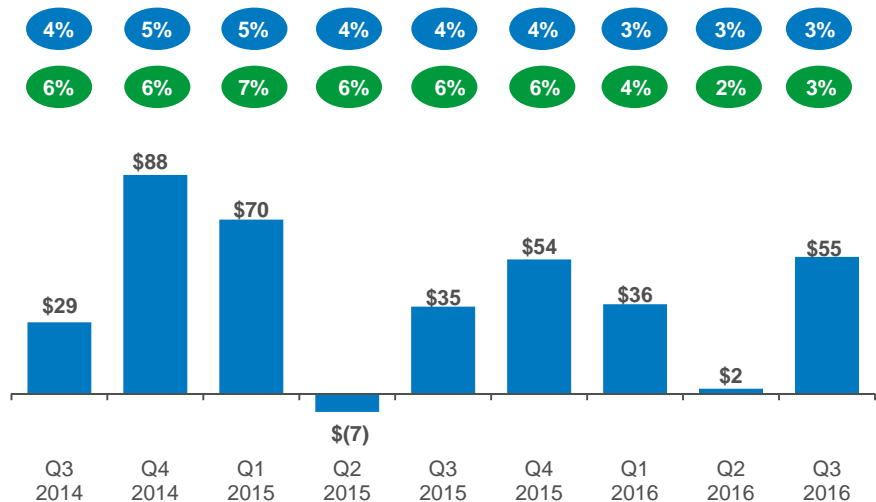
Note: Base Fees and AUM by region data is based on client domicile.

Long-term net flows (\$ in billions)

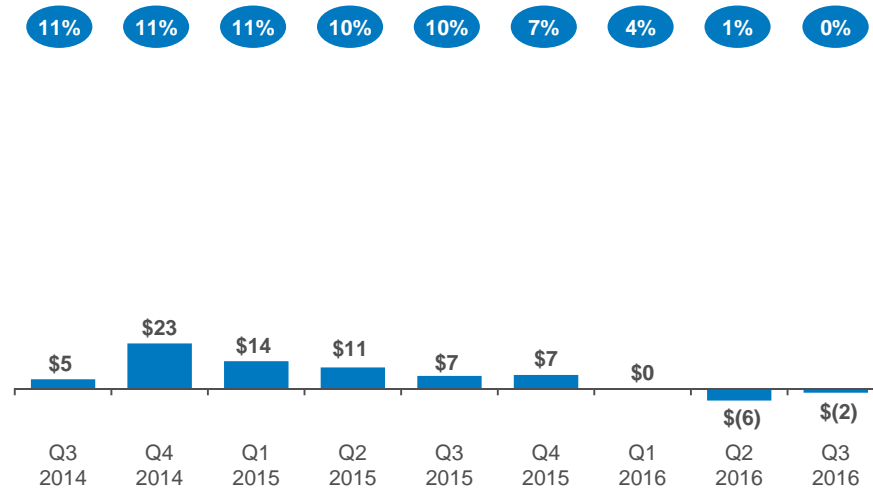
● LTM organic asset growth rate (%)

● LTM organic base fee growth rate (%)

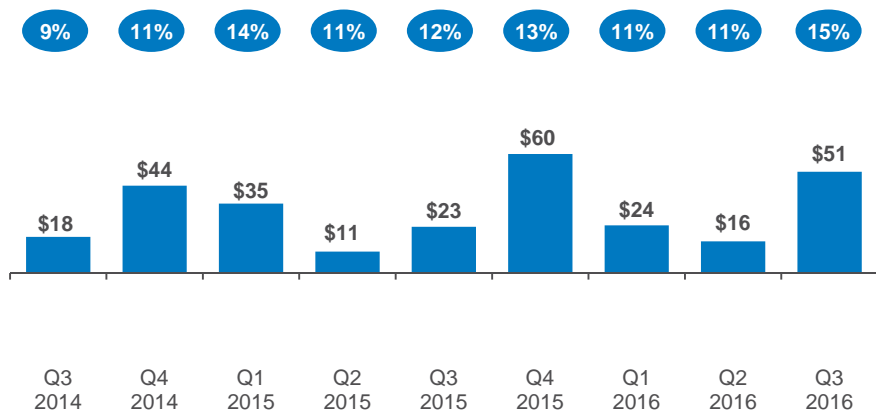
Total Long-Term



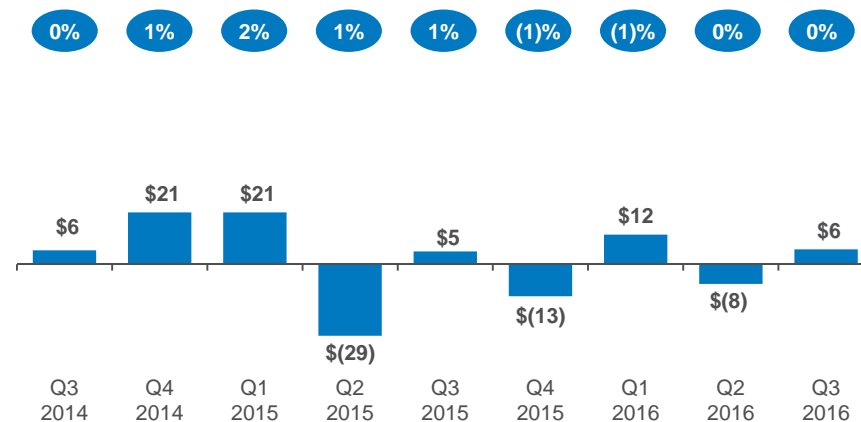
Retail



iShares



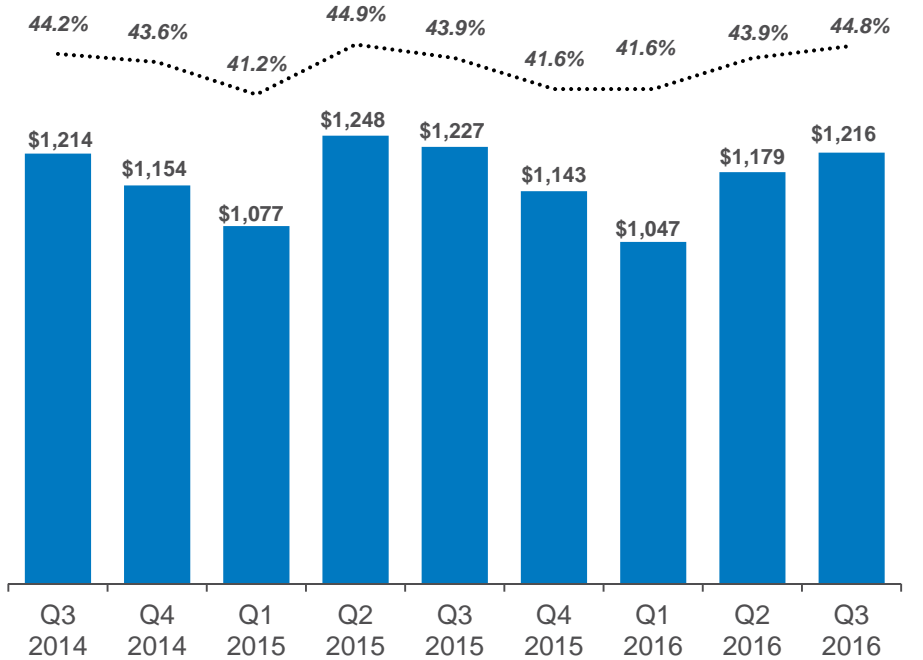
Institutional



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

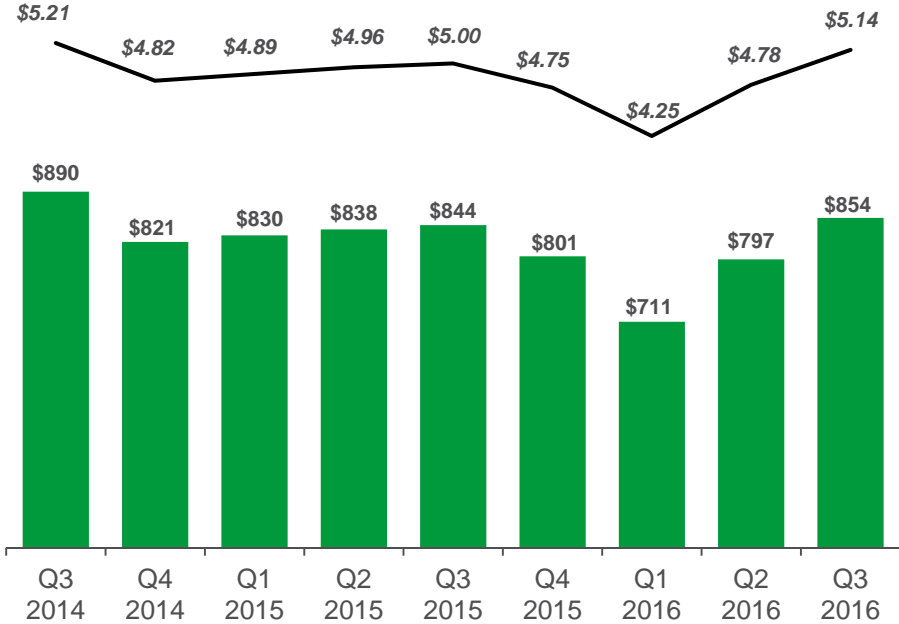
Profitability (\$ in millions, except per share data)

Operating Income and Margin, as adjusted



Operating Income, as adjusted Operating Margin, as adjusted

Net Income and EPS, as adjusted

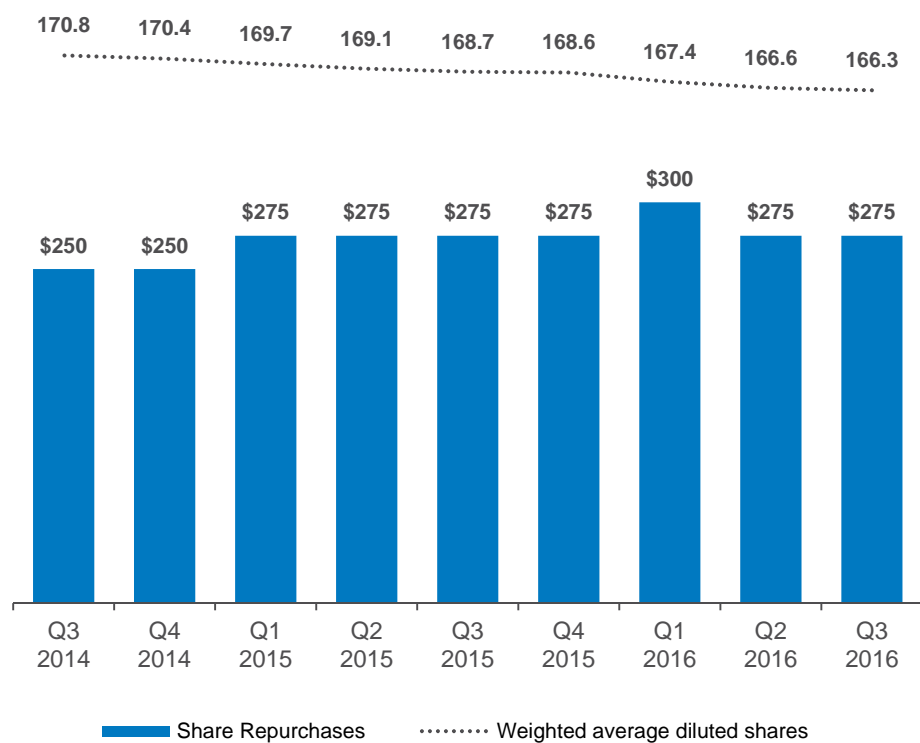


Net Income, as adjusted EPS, as adjusted

For further information and reconciliations between GAAP and as adjusted, see page 9 of this earnings release supplement, notes (1) through (4) in the current earnings release as well as previously filed Form 10-Ks, 10-Qs and 8-Ks.

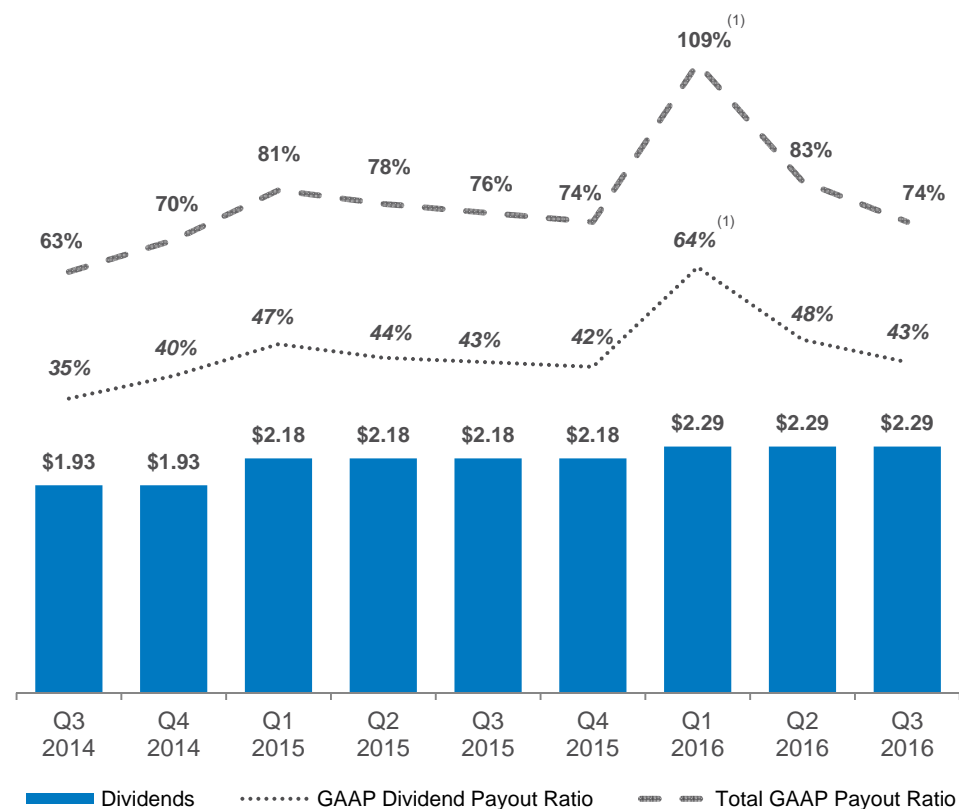
Capital management (amounts in millions, except per share data)

Share repurchases and weighted average diluted shares



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

Dividends and Payout Ratios



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

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

⁽¹⁾ GAAP Dividend Payout Ratio and Total GAAP Payout Ratio include the pre-tax restructuring charge of \$76 million.

Major market indices and exchange rates

	Spot			% Change 9/30/2016 vs.		Average			% Change Q3 2016 vs.	
	9/30/2015	6/30/2016	9/30/2016	6/30/2016	9/30/2015	Q3 2015	Q2 2016	Q3 2016	Q2 2016	Q3 2015
Equity Indices:										
<i>Domestic</i>										
S&P 500	1,920	2,099	2,168	3%	13%	2,026	2,075	2,161	4%	7%
<i>Global</i>										
MSCI Barra World Index	1,582	1,653	1,726	4%	9%	1,691	1,656	1,712	3%	1%
MSCI Europe Index	117	112	116	4%	(1)%	127	114	115	1%	(9)%
MSCI AC Asia Pacific Index	124	129	140	9%	13%	135	128	137	7%	1%
MSCI Emerging Markets Index	792	834	903	8%	14%	860	819	887	8%	3%
S&P Global Natural Resources	2,365	2,768	2,930	6%	24%	2,714	2,720	2,888	6%	6%
Fixed Income Index:										
Barclays U.S. Aggregate Bond Index	1,936	2,028	2,037	-%	5%	1,924	1,997	2,035	2%	6%
Foreign Exchange Rates:										
GBP to USD	1.51	1.33	1.30	(2)%	(14)%	1.55	1.44	1.31	(9)%	(15)%
EUR to USD	1.12	1.11	1.12	1%	-%	1.11	1.13	1.12	(1)%	1%

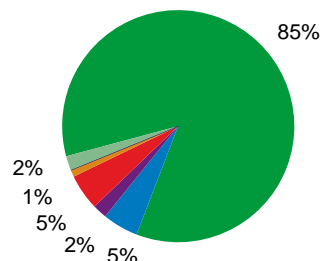
Source: Bloomberg

Quarterly revenue

Total Revenue

Q3 2016

\$2,837 million



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

Percentage Change

	Year-over-Year	Sequential
Base Fees ex. SL	3%	3%
Securities Lending	23%	(6)%
Performance Fees	(72)%	(22)%
Aladdin	13%	4%
Other BRS	(31)%	(15)%
Distribution Fees	(29)%	(9)%
Other Revenue	(25)%	(16)%
Total	(3)%	1%

Q3 2016 Compared to Q3 2015

\$(73) million



Q3 2016 Compared to Q2 2016

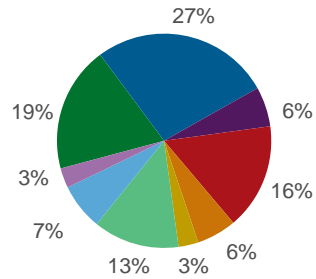
\$33 million



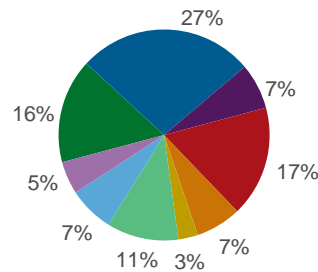
Quarterly investment advisory, administration fees and securities lending revenue

Investment advisory, administration fees and securities lending revenue

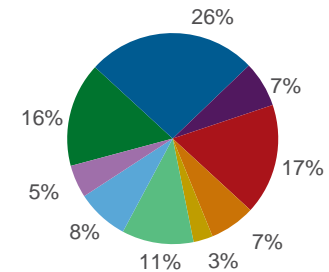
Q3 2015: \$2,456 million



Q3 2016: \$2,546 million

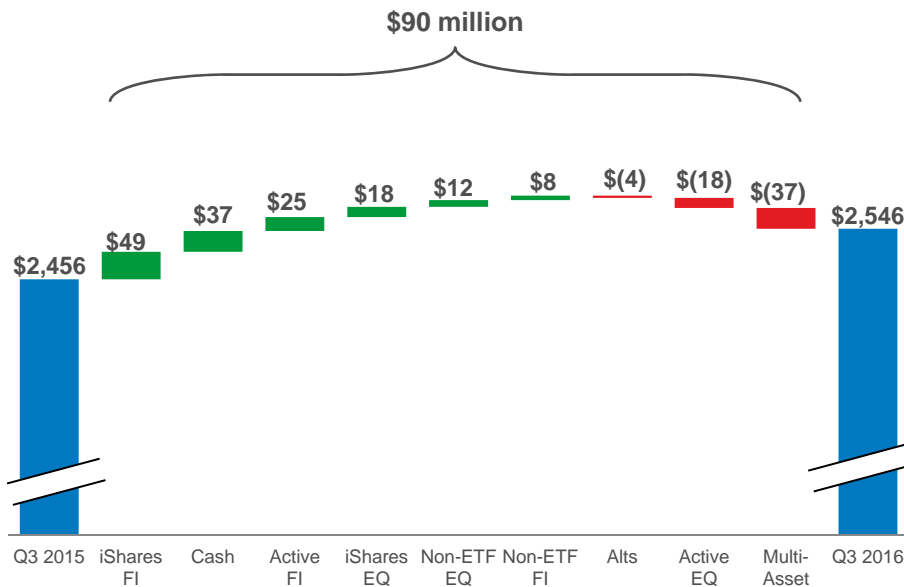


Q2 2016: \$2,489 million

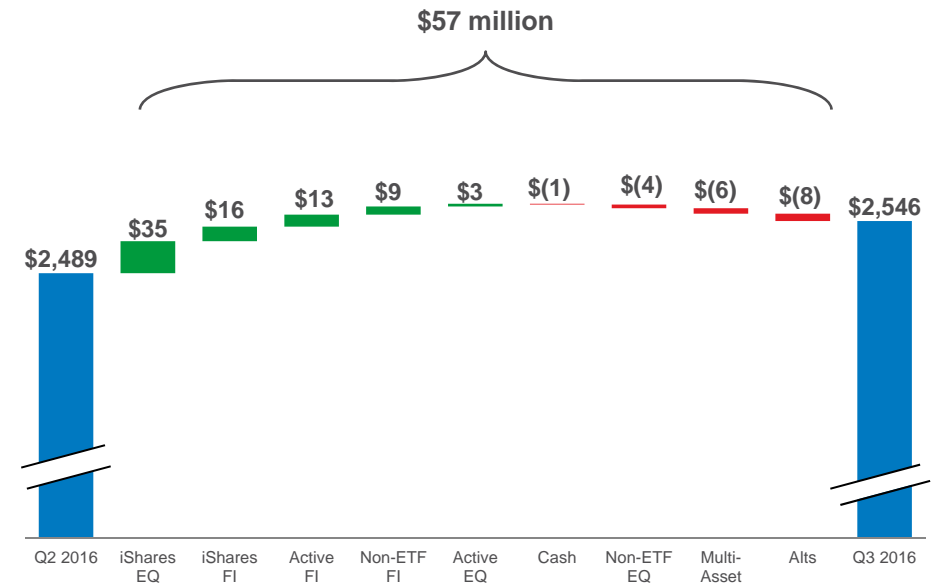


Active Equity iShares Equity Non-ETF Index Equity Active Fixed Income iShares Fixed Income Non-ETF Index Fixed Income Multi-Asset Alternatives Cash

Q3 2016 Compared to Q3 2015



Q3 2016 Compared to Q2 2016

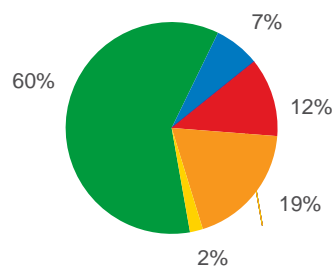


Quarterly expense

Expense, as adjusted, by category

Q3 2016

\$1,621 million

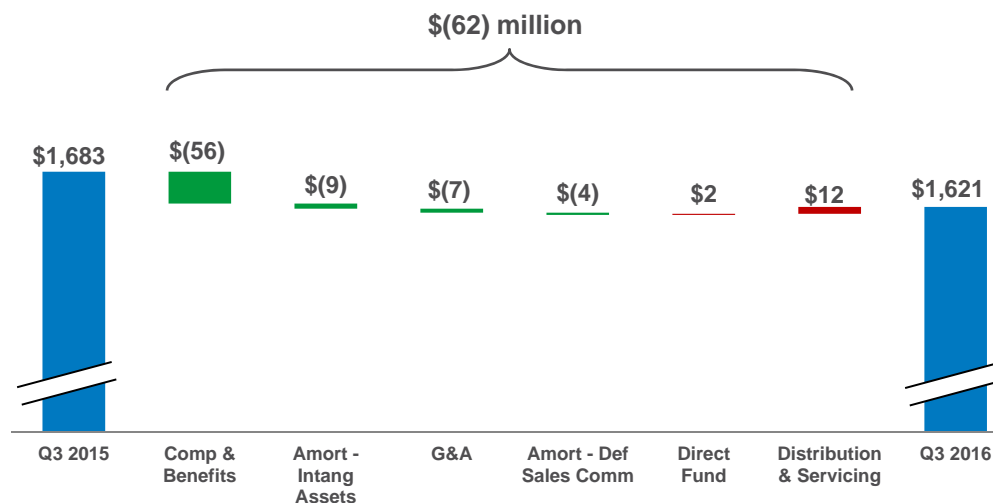


- Employee Comp. & Benefits
- Distribution & Servicing Costs
- Direct Fund Expense
- General & Administration
- Amortization of Intangibles

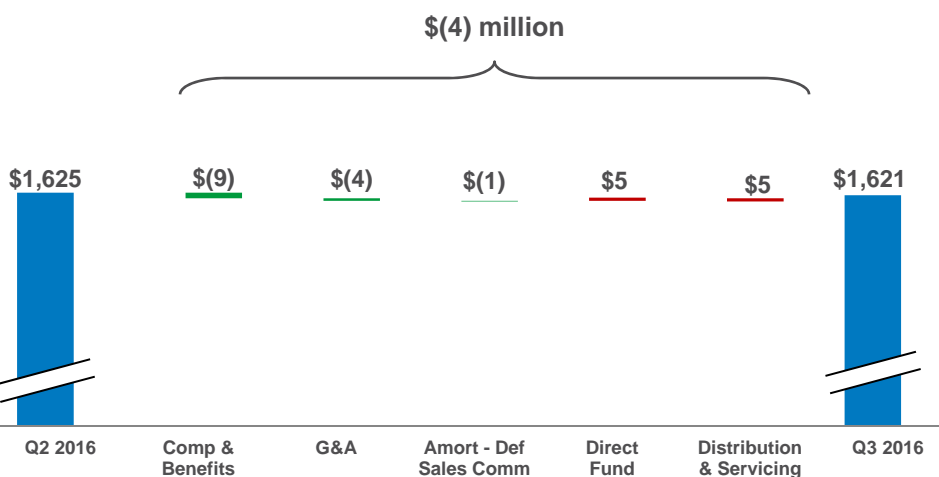
Percentage Change

	Year-over-Year	Sequential
Employee Comp. & Benefits	(6)%	(1)%
Distribution & Servicing Costs	12%	5%
Amort. of Deferred Sales Commissions	(33)%	(11)%
Direct Fund Expense	1%	3%
General & Administrative	(2)%	(1)%
Amortization of Intangibles	(26)%	- %
Total	(4)%	- %

Q3 2016 Compared to Q3 2015, as adjusted



Q3 2016 Compared to Q2 2016, as adjusted



Expense, as adjusted, includes non-GAAP adjustments related to PNC LTIP funding obligation of \$7 million in the third quarter of 2016, \$10 million in third quarter of 2015 and \$6 million in the second quarter of 2016. Expense, as adjusted, also includes a non-GAAP adjustments for compensation related to appreciation (depreciation) on certain deferred compensation plans of \$(5) million in the third quarter of 2015. For further information, see notes (1) through (4) in the current earnings release.

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

	2014		2015				2016		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Operating Income									
GAAP	\$1,157	\$1,144	\$1,067	\$1,238	\$1,222	\$1,137	\$963	\$1,173	\$1,209
Non-GAAP adjustments	57	10	10	10	5	6	84	6	7
As Adjusted	<u>\$1,214</u>	<u>\$1,154</u>	<u>\$1,077</u>	<u>\$1,248</u>	<u>\$1,227</u>	<u>\$1,143</u>	<u>\$1,047</u>	<u>\$1,179</u>	<u>\$1,216</u>
Nonoperating Income (Expense)									
GAAP	\$(52)	\$(60)	\$16	\$(41)	\$(48)	\$11	\$(48)	\$(25)	\$1
Non-GAAP adjustments	44	6	(5)	(9)	16	(10)	10	(6)	(2)
As Adjusted	<u>\$(8)</u>	<u>\$(54)</u>	<u>\$11</u>	<u>\$(50)</u>	<u>\$(32)</u>	<u>\$1</u>	<u>\$(38)</u>	<u>\$(31)</u>	<u>\$(1)</u>
Net Income									
GAAP	\$917	\$813	\$822	\$819	\$843	\$861	\$657	\$789	\$875
Non-GAAP adjustments	(27)	8	8	19	1	(60)	54	8	(21)
As Adjusted	<u>\$890</u>	<u>\$821</u>	<u>\$830</u>	<u>\$838</u>	<u>\$844</u>	<u>\$801</u>	<u>\$711</u>	<u>\$797</u>	<u>\$854</u>

Non-GAAP adjustments include amounts related to a restructuring charge, PNC LTIP funding obligation, compensation related to appreciation (depreciation) on certain deferred compensation plans and noncash income tax matters, as applicable.

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

Important Notes

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

This presentation also includes non-GAAP financial measures. You can find our presentations on the most directly comparable GAAP financial measures calculated in accordance with GAAP and our reconciliations on page 9 of this earnings release supplement, our current earnings release dated October 18, 2016, and BlackRock’s other periodic reports, which are available on BlackRock’s website at www.blackrock.com.