

BlackRock Inc.  
Form 10-Q  
August 07, 2009  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from            to            .

Commission file number 001-33099

**BlackRock, Inc.**

(Exact name of registrant as specified in its charter)

Edgar Filing: BlackRock Inc. - Form 10-Q

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)  
**32-0174431**  
(I.R.S. Employer  
Identification No.)  
**40 East 52nd Street, New York, NY 10022**  
(Address of principal executive offices)  
(Zip Code)  
**(212) 810-5300**  
(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer a non-accelerated filer or, a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

---

**Table of Contents**

**BlackRock, Inc.**

**Index to Form 10-Q**

**PART I**

**FINANCIAL INFORMATION**

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

**PART II**

**OTHER INFORMATION**

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

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****BlackRock, Inc.****Condensed Consolidated Statements of Financial Condition**

(Dollar amounts in millions, except per share data)

(unaudited)

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



**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****BlackRock, Inc.****Condensed Consolidated Statements of Financial Condition (continued)**

(Dollar amounts in millions, except per share data)

(unaudited)

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

*See accompanying notes to condensed consolidated financial statements.*

**Table of Contents****PART I FINANCIAL INFORMATION (continued)****Item 1. Financial Statements (continued)****BlackRock, Inc.****Condensed Consolidated Statements of Income**

(Dollar amounts in millions, except per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
<b>Revenue</b>				
Investment advisory and administration base fees				
Related parties	\$ 589	\$ 830	\$ 1,138	\$ 1,632
Other third parties	261	331	511	661
Investment advisory performance fees	17	57	28	99
Investment advisory and administration base and performance fees	867	1,218	1,677	2,392
<i>BlackRock Solutions</i> and advisory	116	100	256	160
Distribution fees	23	34	48	69
Other revenue	23	35	35	66
Total revenue	1,029	1,387	2,016	2,687
<b>Expenses</b>				
Employee compensation and benefits	390	552	741	1,021
Portfolio administration and servicing costs				
Related parties	96	127	199	257
Other third parties	29	25	53	49
Amortization of deferred mutual fund sales commissions	26	33	53	63
General and administration	191	208	344	422
Restructuring charges			22	
Amortization of intangible assets	36	37	72	74
Total expenses	768	982	1,484	1,886
Operating income	261	405	532	801
<b>Non-operating income (expense)</b>				
Net gain (loss) on investments	88		(84)	(20)
Interest and dividend income	4	14	12	32
Interest expense	(15)	(18)	(30)	(36)

Edgar Filing: BlackRock Inc. - Form 10-Q

Total non-operating income (expense)	77	(4)	(102)	(24)
Income before income taxes	338	401	430	777
Income tax expense	94	147	124	277
Net income	244	254	306	500
Less:				
Net income (loss) attributable to redeemable non-controlling interests	1		1	(3)
Net income (loss) attributable to nonredeemable non-controlling interests	25	(20)	3	(12)
Net income attributable to BlackRock, Inc.	\$ 218	\$ 274	\$ 302	\$ 515

**Earnings per share attributable to BlackRock, Inc. common stockholders:**

Basic	\$ 1.62	\$ 2.04	\$ 2.25	\$ 3.85
Diluted	\$ 1.59	\$ 2.00	\$ 2.22	\$ 3.78
<b>Cash dividends declared and paid per share</b>	<b>\$ 0.78</b>	<b>\$ 0.78</b>	<b>\$ 1.56</b>	<b>\$ 1.56</b>

**Weighted-average common shares outstanding:**

Basic	130,928,926	129,569,325	130,574,535	129,242,591
Diluted	133,364,611	132,032,538	132,668,695	131,812,500

*See accompanying notes to condensed consolidated financial statements.*



**Table of Contents****PART I FINANCIAL INFORMATION (continued)****Item 1. Financial Statements (continued)****BlackRock, Inc.****Condensed Consolidated Statements of Comprehensive Income**

(Dollar amounts in millions)

(unaudited)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Net income</b>	\$ 244	\$ 254	\$ 306	\$ 500
Other comprehensive income:				
Change in net unrealized gain (loss) from available-for-sale investments, net of tax <sup>(1)</sup>	8	1	15	(4)
Minimum pension liability adjustment			1	