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The financial system is poised for tremendous change. Reinvention is the watchword of the day. BlackRock is ready. Ready to leverage our unique, globally integrated platform. Ready to tap into our unique combination of alpha, beta and solutions. Ready to create value for clients and shareholders alike. We highlight 10 key trends driving change and opportunity in our 2010 annual report to shareholders.

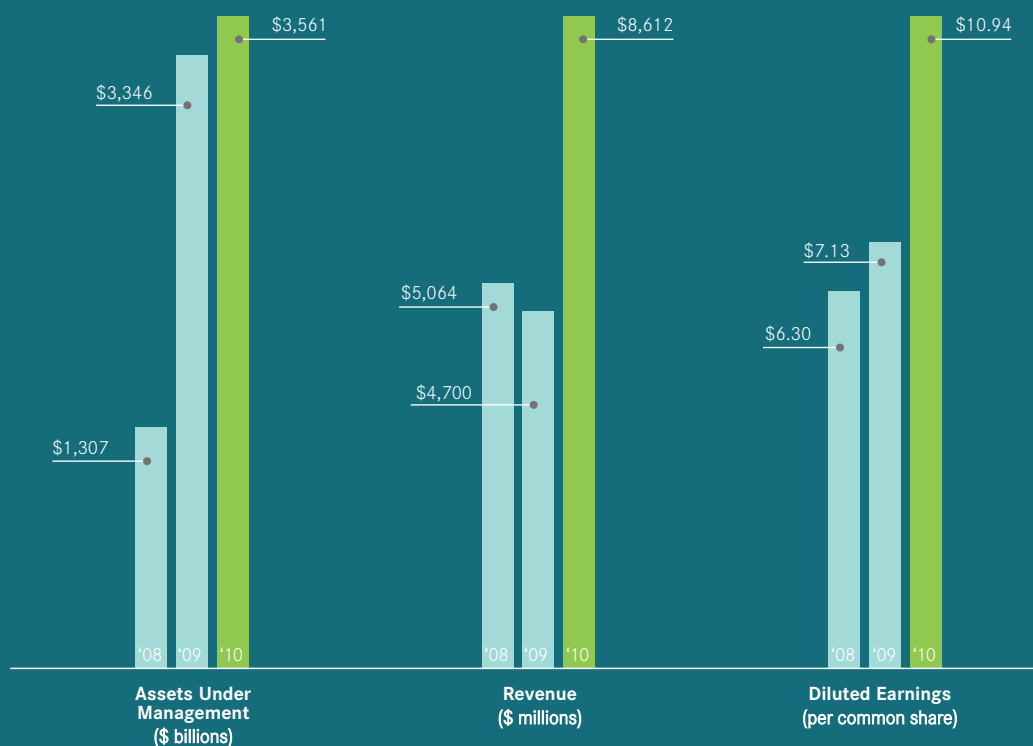
Business Highlights

- > BlackRock's financial results were strong in 2010, capturing early benefits of the BGI Transaction.* Revenue increased 83% to \$8.6 billion, earnings per share, as adjusted,* rose 53% to \$10.94.
- > Financial discipline enabled us to double adjusted operating income* to \$3.2 billion and increase adjusted operating margin* by more than 2 percentage points to 39%.
- > Net new business in long-term products was \$131.2 billion,* helping to fuel an increase in assets under management ("AUM") to \$3.561 trillion at year-end.
- > Investment performance remained competitive with 70% of our active AUM outperforming their benchmarks or peer medians and over 97% of our index AUM achieving tracking errors within established tolerances.*
- > At year-end 2010, BlackRock served institutional, retail and high net worth investors in more than 100 countries. AUM managed for clients located outside of the U.S. totaled 44%, and 41% of our employees were based outside the U.S. We expect these figures to approach 50% over the coming years.
- > At year-end 2010, products invested primarily in long-term assets represented 88% of total AUM or \$3.131 trillion, of which 54% were equity mandates, 36% fixed income accounts, 6% multi-asset class portfolios and 4% alternative investments. The remaining AUM was in cash management products and advisory mandates.
- > The BGI Transaction included an at-scale index business that materially changed BlackRock's AUM mix. Index AUM, including institutional and *iShares*[®] products, increased from 4% of AUM at year-end 2008 (prior to the BGI Transaction) to 54% of AUM at December 31, 2010.
- > Equity and fixed income AUM include a wide range of active and passive strategies. In total, equity AUM increased \$158.4 billion or 10% to \$1.694 trillion at year-end 2010. Fixed income AUM ended 2010 at \$1.41 trillion, up \$85.7 billion or 8% relative to December 31, 2009.
- > Institutional AUM is well diversified by product and region – we serve institutional investors on six continents, with 55% of AUM managed on behalf of investors in the Americas, 32% in Europe, the Middle East and Africa ("EMEA") and 13% in Asia-Pacific.
- > At December 31, 2010, assets managed for retail and high net worth investors totaled \$414.7 billion, up 8%, or \$31.3 billion, versus year-end 2009.
- > During 2010, we launched *BlackRock Alternative Investors* ("BAI") to coordinate our alternative investment efforts, including product management, business development and client service. At year-end, we managed \$109.7 billion of AUM in hedge funds, funds of funds, real estate, commodities and currencies.
- > *iShares* is the leading exchange traded fund ("ETF") provider in the world, with \$590.2 billion of AUM at December 31, 2010, an increase of \$96.0 billion or 19% since year-end 2009. We were the top asset gatherer globally in 2010, with \$44.0 billion of net inflows complemented by \$52.0 billion of market appreciation. We also introduced 78 new exchange traded products during the year, maintaining our dual commitment to innovation and responsible product structuring.
- > Demand for *BlackRock Solutions*[®] continued to be robust – adding 62 net new assignments and increasing *Aladdin*[®] revenue 14% year over year largely as a result of continued strong demand for risk management services. We ended the year with over \$10 trillion of positions processed on our system for nearly 150 clients.

*See Important Notes on page 140.

Financial Highlights

<i>(in millions of dollars, except per share data)</i>	2010	2009	2008
Revenue	\$8,612	\$4,700	\$5,064
Operating Income, as adjusted*	3,167	1,570	1,662
Net Income, as adjusted*	2,139	1,021	856
Per Share:			
Diluted Earnings, as adjusted*	10.94	7.13	6.30
Book Value	136.09	128.86	92.91
Assets Under Management	3,560,968	3,346,256	1,307,151



My Fellow Shareholders

April 2011

This past year, the world continued to recover from the financial crisis and adapt to the changing dynamics among developed and emerging markets. Equity and bond markets extended their rally, but were highly volatile in the face of ongoing sovereign debt concerns, dissension over fiscal, monetary and foreign exchange policies, and uncertain and uneven growth prospects. While excess supply continued to plague the U.S. housing market, home prices in China soared amid worries of new asset bubbles in the fast growing emerging markets. Demand for commodities remained robust and gold appreciated sharply, enjoying its renewed status as a preferred store of wealth. Although investors took tentative steps to re-risk their portfolios with allocations to bonds, index equities and emerging markets, bank deposits and cash balances remained exceptionally high.

As always, navigating these markets as a fiduciary for our clients was BlackRock's first priority. For the most part, we succeeded: 70% of our active assets under management ("AUM") outperformed their benchmarks or peer medians last year, delivering positive alpha to our clients, and over 97% of our index AUM achieved tracking errors within established tolerances consistent with the market beta investors expected. Investment performance is, and always will be, the most important barometer of our success, the essential ingredient in building enduring client relationships and, as a consequence, shareholder value.

Our financial results were equally strong in 2010, as we captured the early benefits of the BGI Transaction. Revenue increased 83% to \$8.6 billion, aided in part by performance fees of \$540 million, a sharp increase from 2009, though still well below pre-crisis levels. Strong financial discipline enabled us to double adjusted operating income to \$3.2 billion and increase adjusted operating margin by more than 2 percentage points to 39%. Earnings per share, as adjusted rose 53% to \$10.94. Net new business in long-term products was \$131.2 billion, helping to fuel an increase in AUM to \$3.561 trillion at year-end. Demand remained strong for *BlackRock Solutions*, as crisis engagements gave way to longer-term mandates and higher quality earnings.

I am especially proud of our 2010 results given the significant focus on the BGI integration throughout

the year. Our objectives in this regard were clear, though not simple: ensure continuity of investment focus and strengthen teams where necessary, communicate frequently with clients and work with them to resolve manager concentration issues, and bring our organization together into a more powerful, unified whole.

During the year, we worked together to define our core values and mission, the foundation upon which to build a robust culture. We modified our governance model to streamline our efforts and more broadly engage and empower our talented professionals. We made steady progress implementing our global operating platform, which underpins connectivity and the integrity and efficiency of our operating processes. Thanks to the hard work of many employees, much of our integration work is behind us.

Our message to employees is to embrace change as an agent for reinvention and renewal. That theme is equally fitting for the financial services industry, which needs to embrace change as a way to restore trust and to adapt to a new world order featuring greater balance between developed and emerging markets. The adjustments may be wrenching, but they are unavoidable. As H.G. Wells said, "adapt or perish." With technology hastening change, that imperative takes on even greater urgency. Who, for example, could have imagined populations across the Middle East texting and tweeting their way to uprisings and democratization?

As we become more interconnected globally, we should expect the pace of change to be faster, the impact to be more widespread, and the potential to be exhilarating. Many emerging markets have emerged. Middle classes are burgeoning; standards of living are increasing. There are whole new populations of consumers and savers to serve. They are driving economic growth at home and abroad (and financing developed markets). They are growing the global pie. This is not a zero sum game. It is, in my opinion, a cause for great optimism. It is also a warning shot: global perspective is absolutely critical no matter where you are doing business and where you are investing.

The implications of globalization are widespread. Consider, for example, Prada's recent decision to do their IPO on the Hong Kong stock exchange rather than in their home market, following L'Occitane and a growing number of international companies. Similarly, the dim sum (offshore yuan-denominated) bond market is gradually expanding, with non-Chinese issuers like McDonald's and Caterpillar coming to market in 2010. These firms recognized the need to build on their global brands, to be close to their fastest growing markets and, in the words of Prada CEO, Patrizio Bertelli, to "seize the best opportunities offered by the international capital markets."¹ Investors must do the same.

Every day, we work with clients to address these and other investment challenges and capture investment opportunities for them. That work is not one area of focus for us, *it is our only focus* and occupies all of our efforts every day. Let me share with you some of the specific ways we are working to bring BlackRock's best thinking and our full capabilities to bear for our clients.

Among the most talked-about challenges is persistent low rates. Yet, many investors remain over-invested in cash and deposits earning near zero. That is not sustainable if you need to meet earnings targets, satisfy liabilities or provide for the future. Clients are employing a variety of approaches to meet these challenges, but there is no magic bullet. We bring a unique set of products and services to the task, spanning alpha (active) and beta (index) strategies, as well as our *BlackRock Solutions* risk management offerings. We can offer them individually or in combinations tailored to clients' specific

circumstances. Very few clients use only one of our offerings, and an increasing number seek to work with us as a strategic partner. That means different things to different clients, as highlighted in the examples below:

> For LPL Financial, a leading U.S. independent broker dealer, partnership means developing an integrated solution for LPL Financial advisors which leverages BlackRock's expertise across asset allocation, ETFs and mutual funds, combining both active and passive investments for their clients.

> For the Australian Government Future Fund, it means having our *BlackRock Alternative Advisors* team build an opportunistic portfolio of funds to complement Future Fund's direct hedge fund program and provide advisory services on niche segments of the industry.

> For Banca Fideuram, Italy's leading financial advisors network, it means making our product range available on their platform, sub-advising investment solutions to BlackRock and working with us to import and translate value-added tools to help their financial advisors better serve their clients.

> For The Equitable Life Assurance Society, it means developing a comprehensive investment and risk management program to maximize returns for policyholders while meeting regulatory solvency ratios.

> Across the *Aladdin*[®] client community, which crossed 40 organizations in 2010, it means leading the industry in preparing for regulatory reform. *Aladdin* was enhanced to support the new U.S. money market reporting requirements and a derivatives central clearing workflow.

> For Delta Air Lines, it means implementing the default target date fund option in their defined contribution plan, including coordinating mapping of assets, supporting communications with participants, and providing world class investment options for the long-term benefit of their employees.

> As an advisor to the Central Bank of Ireland in support of its Financial Measure Programme, it means performing a risk assessment of the six largest banks in Ireland having total loan books in excess of €300 billion, helping our client fulfill its

¹Passariello, Chrisine and Alison Tudor. (2011, January 27) Prada to List on Hong Kong Exchange. *Wall Street Journal*. Accessed March 25, 2011, from <http://online.wsj.com/article/SB10001424052748703399204576108183221548792.html>

reporting obligations to the European Commission, the European Central Bank and the International Monetary Fund.

> For Registered Investment Advisors, it means partnering with firms like Sage Advisory Services, which runs tactical all-ETF portfolios, to help Sage gain new clients and broaden its distribution in both the 401(k) and independent broker-dealer channels.

> For SPMS, the \$7.7 billion Dutch Medical Specialists pension plan, being a strategic partner means assuming a wide range of investment responsibilities, allowing the client to focus more on the scheme's strategic priorities. BlackRock advises on overall plan risk and on ways to realign fund investments to overall strategic objectives. We also oversee the manager structure, report on a range of fund risks and performance, and are responsible for implementing overlays, cash flow management and rebalancing. We deploy our global investment and liability capabilities on behalf of SPMS and deliver our services through a dedicated SPMS client team based in the Netherlands working alongside our London fiduciary management team.

Frequently, clients turn to BlackRock to adopt a more global approach to their portfolios. For investors seeking to achieve specific exposures, we offer a range of regional and country products that are ideal building blocks for their portfolios. Our Global Allocation and Global Ascent funds are examples of strategies where we allocate across geographies and asset classes to access the best investment opportunities for clients. We also work with clients to evaluate and implement strategic

reallocation of their portfolios. For example, last year we helped ExxonMobil undertake a major reallocation to achieve greater consistency across plans and improve diversification. The new passive strategy shifted their portfolio from a developed market index with less than 1,500 securities to a broad global index with over 8,500 securities in 45 countries. The transition involved \$18 billion of transactions across twelve plans in eleven countries. We achieved seamless execution through close coordination with the client, careful risk management and liquidity sourcing that saved the client considerable transaction cost.

The savings achieved for ExxonMobil were made possible partly by using our global trading platform, an internal crossing system that we are in the process of expanding to enhance our execution efficiency. In addition, we have built a fixed income capital markets desk to work directly with issuers on the structure of new bond offerings, enabling us to source better securities for our portfolios. This year, we are launching the BlackRock Investment Institute to facilitate information and idea sharing among our portfolio managers and other experts, fostering debate that can lead to better investment decisions. These are just three of the ways in which we are working behind the scenes to leverage our scale and capabilities to achieve better results for our clients.

Our government relations work has been another differentiator. Historically, banks have lobbied extensively to influence laws affecting their leverage ratios, capital standards and business activities. Given the very different business model of a fiduciary, asset managers have had no need for such lobbying activities. As a fiduciary, though, we



felt it was our responsibility to represent our clients' interests in the debate about the post-crisis reshaping of the financial system. In 2009, therefore, we launched a government relations effort to educate policymakers on market dynamics and the needs of investors as they considered sweeping financial reform. The team has had many meetings, submitted numerous letters and consultations, and prepared special reports for our clients on a wide range of topics, including Dodd-Frank, Basel III, derivatives clearing, MiFID, money market fund reform, the flash crash and SIFI designation criteria. Our goal is to ensure that unintended consequences and operational practicalities are carefully considered before our clients' ability to execute their investment strategies is impaired.

The extent and pace of regulatory change, lingering effects of the financial crisis, and more recent events all spell continuing uncertainty for markets. Debtor nations in the euro zone are facing tremendous political and social upheaval as they struggle to deal with the extensive fiscal adjustments required in the absence of a currency devaluation option. Even with the considerable help of their stronger neighbors, it is far from certain that debt restructuring can be avoided. Rather, the European Financial Stability Fund and its successor, the European Stability Mechanism, buy some time to cushion the impact at banks that hold substantial sovereign debt positions, all of which had been given preferential risk weightings under both Basel rules and the EU's stress tests.

On the other side of the Channel, David Cameron's coalition government in the U.K. has proposed a

program of fiscal austerity that could sacrifice near-term GDP growth in order to achieve a balanced budget by 2015. The U.S. is effectively pursuing a hybrid approach: the federal government has provided fiscal and monetary stimulus to promote jobs and economic growth, while the states adopt austerity measures to balance their budgets (since, like euro zone members, they cannot print money). A number of states have already pushed through bold measures amid protests and lawsuits. This is democracy at work – messy to be sure, but the best system we have for driving the evolution, or revolution, needed to survive and thrive.

That same messy process makes the result of revolts in the Middle East, and attempts at democratization, volatile and uncertain. It is too early to predict the outcome, though the risk of an oil shock cannot be ignored. At the same time, imbalances in the standard of living in China have spurred demands for higher wages. China's government has done a magnificent job of engineering the economy, but the challenges will intensify as the country develops a presence on the global stage commensurate with its economic power. In particular, I would expect continued pressure to let its currency trade more freely, to open its markets to increased participation and competition, and to build its capital markets. These steps will be necessary if the central government is to establish the yuan as a reserve currency over time.

The recent events in Japan inspire both concern and respect. The world's largest creditor nation has already suffered a "lost decade" of economic malaise and is grappling with a rapidly increasing

“ We believe that investors will be best served by combining efficient market exposures (beta) with opportunities to enhance returns (alpha) and by employing dynamic risk management processes. ”

dependency ratio. Now they face the daunting task of rebuilding, which will most certainly impact insurance companies globally, may have negative repercussions for global supply chains, and could put pressure on markets to the extent that the government sells their foreign reserves to finance reconstruction. I would be remiss not to commend our team in Japan, who distinguished themselves and BlackRock throughout the tragedy. I also would like to welcome Mizuho Financial Group as a shareholder and business partner in Japan and Asia.

I look forward with great enthusiasm. I have never been prouder of our team or more excited by the potential of our platform. Over the past five years, we did two major mergers and endured a financial crisis of epic proportions. We were driven by a vision of what we believed would be needed to best serve clients as a fiduciary in a rapidly changing global landscape. Unlike Warren Buffett, my elephant gun is not loaded – we are not looking to do any significant transactions. We are happily focused on running our business – executing for our clients and our shareholders by refining and continuously improving our business practices, raising the bar on our operations and our people, and fostering global content and connectivity.

We have assembled a range of capabilities unlike any other asset manager anywhere in the world. And we have done so intentionally. We believe that investors will be best served by combining efficient market exposures (beta) with opportunities to enhance returns (alpha) and by employing dynamic risk management processes. We believe that investing, whether in home markets or abroad,

is a global activity requiring insight into the world’s capital markets, economies and regulations. We believe fervently in the merits of our business model as an independent, globally integrated fiduciary, as well as the importance of information sharing and the power of connectivity and collaboration to make more informed investment decisions, to develop more innovative products, and to provide thoughtful, independent advice to our clients.

Lots of firms claim to be global, but few try to achieve global connectedness, and even fewer do so for the sole purpose of serving their clients. That connectivity is at the core of who we are, and we think makes us the most differentiated financial services firm in the world. To sustain and build upon that position, we must be a fertile home for manufacturing of alpha and beta, and expand our manufacturing footprint. We also need to build our brand globally, as demographics and trends in retirement savings necessitate increased name recognition among retail investors worldwide.

Most importantly, we must invest in our people. We are committed to raising the bar and to ensuring that we have a deep bench for succession in each of our teams. We drew upon the depth of our bench when, for example, Evy Hambro and Robin Batchelor assumed leadership of the Natural Resources team, Rick Rieder was named global CIO of Fundamental Fixed Income, Ken Kroner took charge of Scientific Active Equities, Chip Castille was appointed head of our Defined Contribution platform in the U.S. and Canada, and Charles Prideaux was asked to lead the EMEA Institutional effort in our Global Client Group. At the same time, we have been able to attract

world-class talent, such as Nancy Everett, head of U.S. Fiduciary Management Services, Chris Leavy, CIO of U.S. Fundamental Equities, Edwin Conway, head of U.S. and Canada Institutional in our Global Client Group, Tom Garside, head of *BlackRock Solutions* in EMEA, Lee Kempler, Executive Director of the BlackRock Investment Institute, and Jim Barry, CIO of our renewable power investment team.

During 2010, we completed a secondary offering of 58.7 million shares of common stock, raising gross proceeds of \$9.6 billion for Bank of America and The PNC Financial Services Group and reducing their stakes to 7% and 20%, respectively. Both banks remain valued partners of BlackRock and active participants on our Board. We were very gratified by the warm reception we received from investors: the book was 1.8 times oversubscribed, with 48 existing and 164 new institutional investors coming into the deal. The offering increased our public float to over 50%, which led to BlackRock being added to the S&P 500* index on April 1, 2011. Going forward, we expect to generate substantial free cash flow, which will give us the flexibility to consider returning more capital to shareholders. In February 2011, we announced a 37.5% increase to our dividend.

Bringing two firms together is a huge undertaking. It requires tremendous planning and tireless contributions from every employee, not to mention patience and a sense of humor. We took people out of their comfort zones with new roles and routines. We collectively embraced a culture of performance and accountability. It wasn't for everybody – some

employees chose to leave, but the vast majority chose to stay and many more joined the firm. We entered 2011 energized and focused on doing our jobs: delivering alpha in active products, achieving low tracking error in passive strategies, being good listeners so we can help our clients think about the markets and how to meet their investment objectives, and being good partners to each other.

I feel very fortunate to work with an incredibly talented team, over 9,000 strong in 25 countries around the world. They continue to make me proud and to inspire me. Thank you all. I also have the great fortune to be able to tap into the wisdom of an exceptionally strong, engaged Board of Directors. I rely on their guidance and am enormously grateful for their devotion to our Company. Finally, I would like to thank our clients for believing in BlackRock and entrusting us with their investments. Our goal is to meet your goals. It's that simple. Thank you for giving us the opportunity to do so.

Sincerely,



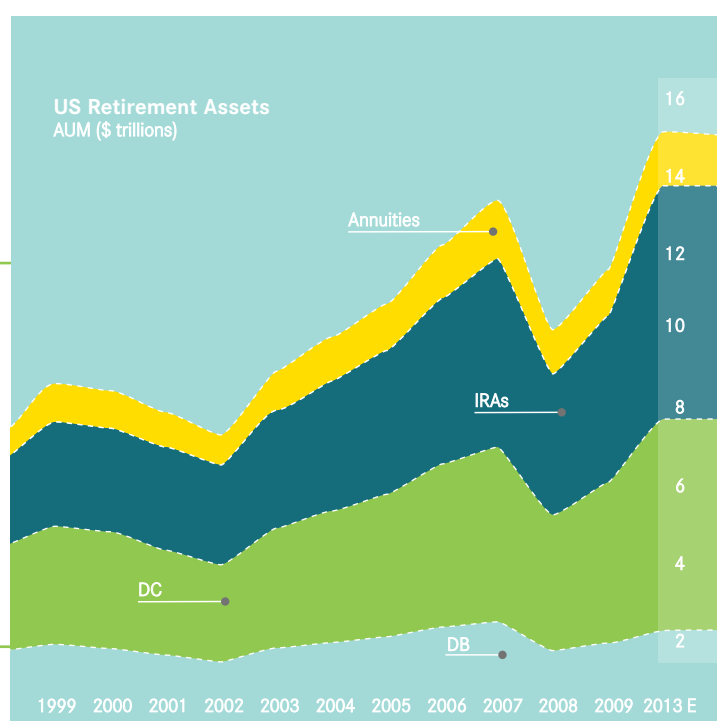
Laurence D. Fink
Chairman and Chief Executive Officer

*See Important Notes on page 140.

Our Business

BlackRock serves institutional, retail and high net worth investors in more than 100 countries. Through the efforts of professionals located in 25 countries, we strive to leverage our global expertise and scale, together with our understanding of local requirements and business customs, to most effectively serve our clients. Portfolios may be invested in local, regional or global capital markets. Products may be structured to address location-specific issues, such as regulations, taxation, operational infrastructure, market liquidity, and client-specific issues, such as investment policy, liability structure and ratings.

In order to enhance our ability to best serve our clients and develop our talent, we modified our matrix organizational structure in 2010 to reinforce the teamwork required among global functions and regions. The global functions – Portfolio Management, *BlackRock Solutions*[®] (“BRS,”) Global Clients, and Corporate & Business Operations – are key to driving coordination and consistency, and to achieving the benefits of our scale. The regions – Americas, EMEA, and Asia-Pacific – support local clients, employees, regulators and business strategy. At December 31, 2010, 44% of our assets under management (“AUM”) was managed for clients outside the U.S., and 41% of our employees were based outside the U.S. We expect these figures to approach 50% over the coming years.



Source: Cerulli Associates for VAs; ICI for IRA, DC and DB assets

Global Clientele

Americas

At year-end 2010, assets managed on behalf of clients domiciled in the Americas (defined as the U.S., Caribbean, Canada, Latin America and Iberia), totaled \$2.177 trillion or 61% of total AUM, an increase of \$118.8 billion or 6% in 2010. Growth was driven by \$78.4 billion in net new business in long-term products and \$177.3 billion in investment performance and market appreciation. Clients are served through offices in Brazil, Canada, Chile, Mexico, Spain and throughout the U.S.

Offerings include closed-end funds and *iShares*[®] traded on domestic stock exchanges, a full range of open-end mutual funds, collective investment funds, common trusts, private funds and separate accounts. The long-term product mix is well diversified and proportional to the firm's mix: 57% in equities, 34% in fixed income, 6% in multi-asset class and 3% in alternatives. By comparison, cash management offerings predominantly serve clients in the Americas. We also have a wide variety of *BRS* assignments for institutional investors and governmental entities in the U.S. and Canada.

The mix by investment style is also balanced, with 39% of long-term AUM managed in active products, 35% in institutional index accounts and 26%

in *iShares* and other exchange traded products ("ETPs") at year-end. Note that the *iShares* figures are based on the jurisdiction of the fund, rather than the underlying investor. Non-U.S. investors often prefer U.S. *iShares*, primarily due to the depth of the markets and liquidity of the products.

Europe, Middle East, Africa

AUM for clients based in Europe, the Middle East and Africa ("EMEA") ended the year at \$1.017 trillion or 29% of total AUM, an increase of \$79.7 billion from 2009. During the year, clients awarded us net new business of \$28.0 billion, including inflows from investors in 24 countries across the region. Our offerings include fund families in the U.K., Luxembourg and Dublin, and *iShares* listed on stock exchanges throughout Europe, as well as separate accounts and pooled investment products.

Clients invested across the entire product spectrum with 51% of long-term AUM in equities, 40% in fixed income, 6% in multi-asset class and 3% in alternatives. EMEA clients constitute the remaining 25% of our cash management AUM, and represent just 3% of our advisory AUM, which are long-term portfolio liquidation assignments. *BRS* has steadily built its presence in EMEA, including *Aladdin*[®] relationships with a variety of institutional investors and *Financial Markets Advisory* ("FMA") engagements for financial

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DEMOGRAPHIC TRENDS ARE IMMUTABLE

Baby boomers are retiring. People are living longer. Savings are inadequate. Government social security schemes and corporate defined benefit plans are rapidly giving way to defined contribution, foisting responsibility for investment decisions onto individuals. BlackRock introduced the first target date fund in 1993, and we continue to develop innovative retirement solutions for the DC market.

“ At December 31, 2010, 44% of our AUM was managed for clients outside the U.S. ”

services companies and official institutions, including the valuation assignment announced in January 2011 for the Central Bank of Ireland.

The mix by investment style is slightly more concentrated than in the Americas, with 36% invested in active products, 53% in institutional index accounts and 11% in *iShares* and other ETPs. The relatively higher percentage in institutional index is driven by low fee institutional liability hedging portfolios which account for approximately 25% of total institutional index assets. The relatively lower percentage in *iShares* primarily reflects the fact that the European ETP market is at an earlier stage of development.

Asia-Pacific

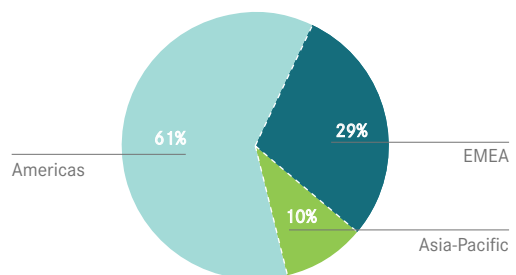
Clients in the Asia-Pacific region are served through offices in Japan, Australia, Hong Kong, Singapore, Taiwan and Korea, and joint ventures in China and India. At December 31, 2010, we managed \$367.2 billion of AUM for clients in the region, an increase of 5% or \$16.2 billion from 2009. Net new business contributed \$15.4 billion, and the remainder of the increase was attributable to investment performance and favorable market movements. We also acquired the Taiwan-based asset manager Primasia Investment Trust Co. Ltd, strengthening our onshore investment capabilities by offering locally managed investment solutions.

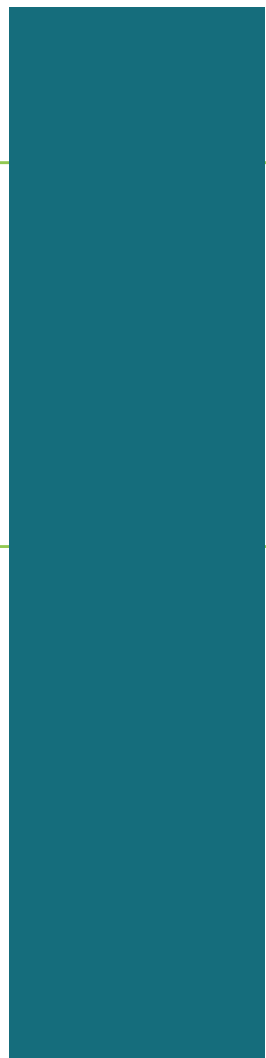
At year-end, the mix of long-term products managed for these clients consisted of 46% equities, 43%

fixed income, 5% multi-asset class and 6% alternative investments. Asia-Pacific clients represented 2% of our advisory AUM and less than 1% of our cash management AUM. *BRS* served a select number of the largest and most sophisticated investors in the region.

The mix among investment styles was more tilted toward institutional index accounts than in the other regions, with \$219.9 billion or 61% of long-term AUM in these products. This bias can be traced to the presence of very large governmental institutions and pensions that are heavy users of index products. Asia-Pacific institutional investors also use *iShares* for tactical allocation, but often favor the liquidity of the U.S. products (which are counted in Americas *iShares*). Active mandates represented 36% of AUM managed for investors in the region at year-end.

Client Region
Total AUM \$3.561 trillion





Groups Represented:
BlackRock Multi-Asset
Client Solutions
U.S. & Canada Defined
Contribution

02/

CHANGING FACE OF THE WORLD'S WEALTHY

While developed markets struggle to recover from the financial crisis, emerging markets continue to grow. As they get wealthier, their expanding middle classes will consume more. Deeper capital markets will develop to finance business growth, which will in turn attract investors at home and abroad. A global platform like BlackRock's is essential for fiduciaries to navigate the investment opportunities and risks that arise, and to serve the world's growing population of savers and investors.

Clients Served

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 and high net worth investors. We also serve both institutional and retail and high net worth investors who acquire *iShares* on exchanges worldwide.

Institutional Investors

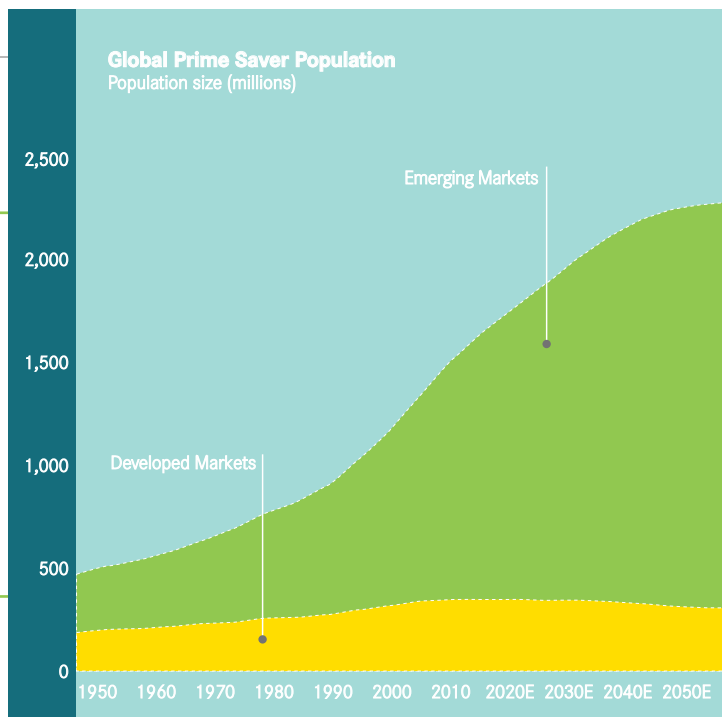
Assets managed for institutional investors totaled \$2.556 trillion or 72% of total AUM at year-end 2010. During the year, net new business, excluding merger-related outflows, in long-term products totaled \$60.3 billion, which was partially offset by \$38.4 billion of net outflows in cash management and \$12.0 billion of net distributions in advisory assignments. Investment performance and market appreciation contributed \$201.2 billion of additional AUM growth.

BlackRock's institutional AUM is well diversified by both product and region. Long-term AUM was \$2.167

trillion at year-end, 49% of which was in equities, 42% fixed income, 5% multi-asset class and 4% alternatives. The mix by investment style was 38% active and 62% passive (excluding institutional investors in *iShares*). As noted earlier, institutional index accounts tend to be very large mandates managed for relatively low fee rates and subject to higher turnover.

We serve institutional investors on six continents, with 55% of AUM managed on behalf of investors in the Americas, 32% in EMEA and 13% in Asia-Pacific. Institutional clients are further diversified by sub-segments: tax-exempt, official institutions, taxable and cash investors, as described below.

> BlackRock is among the largest managers of pension plan assets in the world, with \$1.487 trillion, or 58%, of institutional AUM managed for defined benefit, defined contribution and other pension plans for corporations, governments and unions at December 31, 2010. An additional \$57.0 billion was managed for other tax-exempt investors, including charities, foundations and endowments. Assets managed for these clients grew \$90.4 billion during 2010, including \$18.4 billion of net inflows from defined contribution plans, which represent an important and growing component of the retirement market.



Source: United Nations; Note: Prime saver defined as ages 40-59

> We also managed \$245.4 billion or 10% of institutional AUM for official institutions, including central banks, sovereign wealth funds, supranationals, multilateral entities and government ministries and agencies. These clients often require specialized investment policy advice, the use of customized benchmarks and training support. In addition, *BRS* has been selected by a number of official institutions to provide a range of services, including *Aladdin*, risk management and financial markets advisory assignments.

> BlackRock is the top independent manager of assets for insurance companies, which accounted for \$218.6 billion or 9% of institutional AUM at year-end. These clients awarded us \$4.6 billion of net new business, driven by a trend toward outsourcing, particularly in Europe last year. Assets managed for other taxable institutions, including corporations, banks and third party fund sponsors for which we provide sub-advisory services, totaled \$326.6 billion or 13% of institutional AUM at year-end.

> The remaining \$221.7 billion or 9% of institutional AUM was managed on behalf of taxable and tax-exempt institutions invested in our cash manage-

ment products at December 31, 2010. See “Cash Management and Securities Lending” section for additional information on cash management AUM.

Retail and High Net Worth Investors

BlackRock serves retail and high net worth investors globally through separate accounts, open-end and closed-end funds, unit trusts and private investment funds. At December 31, 2010, assets managed for retail and high net worth investors totaled \$414.7 billion, up 8%, or \$31.3 billion, versus year-end 2009 AUM. During the year, net inflows of \$26.9 billion in long-term products were partially offset by \$21.9 billion of net outflows in money market funds. Investment performance and market appreciation contributed \$31.1 billion of additional AUM growth.

Retail and high net worth 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 \$318.2 billion or 77% of retail and high net worth AUM at year-end, with the remainder invested in private investment funds and separately managed accounts. The product mix is well diversified, with 47%



Groups Represented:
Corporate Governance
iShares
Portfolio Management -
Fundamental Fixed Income
Portfolio Management -
Fundamental Equity
U.S. & Canada Consultant
Relations
U.S. & Canada Institutional
U.S. Retail

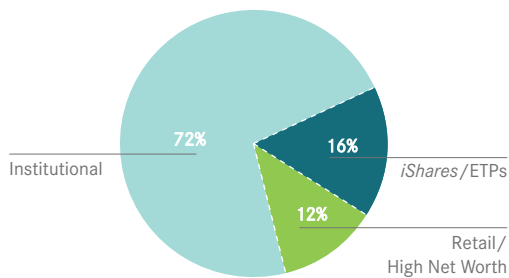


03/

FIDUCIARY FOCUS

of long-term AUM in equities, 29% in fixed income, 22% in multi-asset class and 2% in alternatives. The vast majority (98%) of long-term AUM is invested in active products, although this is partially inflated by the fact that *iShares* is shown independently, since we cannot identify all of the underlying investors.

Client Type
Total AUM \$3.561 trillion



The client base is also diversified geographically, with 68% of long-term AUM managed for investors based in the Americas, 23% in EMEA, and 9% in Asia-Pacific. The remaining \$40.7 billion, or 10%, of retail and high net worth AUM is invested in cash management products, principally money market funds offered

in the U.S. Our success 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.

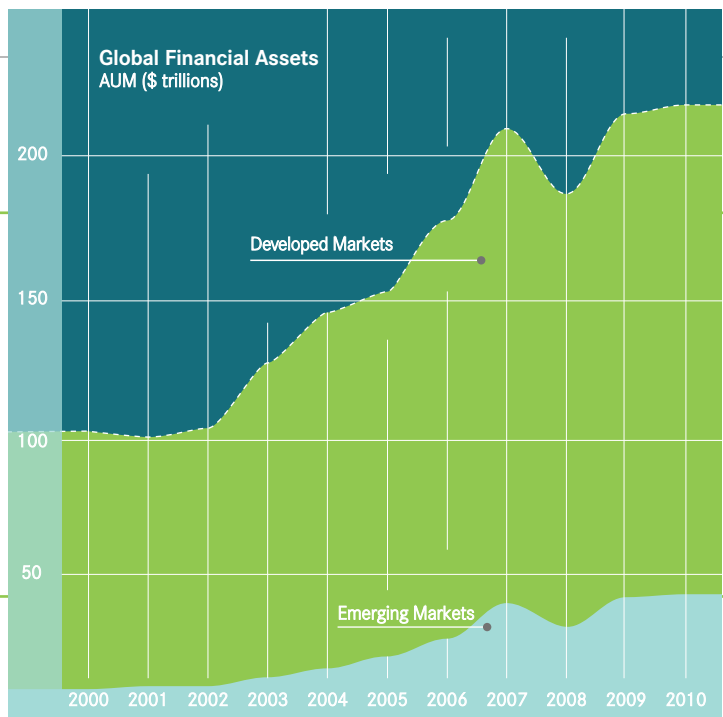
Our retail and high net worth offerings include the *BlackRock Funds* in the U.S., our Luxembourg cross-border fund families, *BlackRock Global Funds* (“BGF”), BlackRock Strategic Funds and a range of retail funds in the U.K. BGF is comprised of 61 funds and is registered in 35 countries. Over 60% of the funds are rated by S&P. In 2010, we were ranked as the second largest cross border fund provider.¹ In the U.K., we ranked among the six largest fund managers,¹ and are known for our innovative product offerings, including the absolute alpha products we introduced in 2005. In the U.S., we had over 50 product placements on broker-dealer platforms during the year and have grown our market position from tenth to fourth largest fund manager since we acquired Merrill Lynch Investment Managers (“MLIM”) in late-2006.² In 2010, BlackRock won the Dalbar award for customer service in financial services, the eleventh occasion on which we have been recognized for outstanding achievement in this area.

Fully understanding a client’s needs, abiding by their constraints, competing for them, not with them. That’s what it means to be a fiduciary. That’s BlackRock. It may be a new standard imposed on financial advisors, but it’s the only standard we’ve ever known. And we embrace it daily by doing one thing and one thing only: investment and risk management for our clients.

¹Source, Lipper Feri
²Source, Simfund

04/

GLOBALIZATION OF THE CAPITAL MARKETS



Source: McKinsey & Company, BlackRock

Asset Classes

At year-end 2010, products invested primarily in long-term assets represented 88% of total AUM or \$3.131 trillion, of which 54% were equity mandates, 36% fixed income accounts, 6% multi-asset class portfolios and 4% alternative investments. The remaining AUM was in cash management products and advisory mandates. Net new business in long-term products totaled \$131.2 billion, before giving effect to merger-related outflows. Net inflows in long-term products were offset by net outflows in cash management products, as money market fund yields remained near zero and net distributions from advisory portfolios.

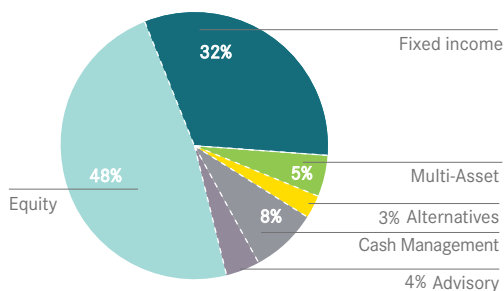
Equity and Fixed Income

Equity and fixed income AUM include a wide range of active and passive strategies. In total, equity AUM increased \$158.4 billion or 10% to \$1.694 trillion at year-end 2010. Growth was driven by \$69.1 billion of net new business and \$197.1 billion of investment performance and market appreciation. Fixed income

AUM ended 2010 at \$1.141 trillion, up \$85.7 billion or 8% relative to December 31, 2009. Net new business contributed \$36.0 billion of the growth, while markets and investment performance contributed \$66.1 billion. Merger-related outflows totaled \$99.4 billion and \$19.9 billion in equities and fixed income, respectively, primarily due to manager concentration and underperformance in scientific active equities. (See additional discussion under “Investment Styles”.)

Product Mix

Total AUM \$3.561 trillion



Multi-Asset Class

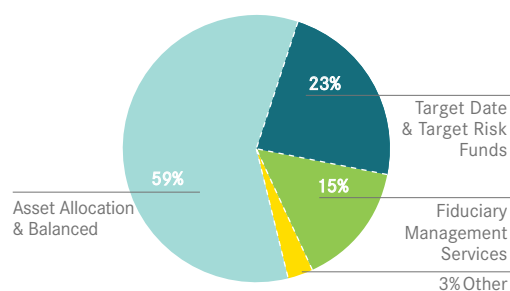
BlackRock’s multi-asset class AUM ended 2010 at \$185.6 billion, an increase of 31% or \$43.6 billion. During the year, we were awarded \$26.3 billion of net new business and portfolio values rose \$13.9 billion. BlackRock’s multi-asset class team manages a variety of bespoke mandates that leverage our broad investment expertise in global equities, currencies, bonds and commodities and our extensive risk management capabilities. Investment solutions

As newly adopted regulations constrain the global banking system, it will be increasingly necessary to finance growth through the capital markets. Companies often want to finance where they need to invest, and they need to invest where they are growing. Thus, we see robust issuance and trading on the Bovespa, Brazil's stock exchange, Hong Kong becoming increasingly popular for IPOs, and the debut of dim sum bonds. Whether investing in one or more markets around the world, BlackRock's global presence and the systems and culture to support global information sharing are a significant advantage for our clients.

might include a combination of long-only portfolios and alternative investments, as well as tactical asset allocation overlays. The products are described briefly below.

Multi-Asset AUM

Total \$185.6 billion



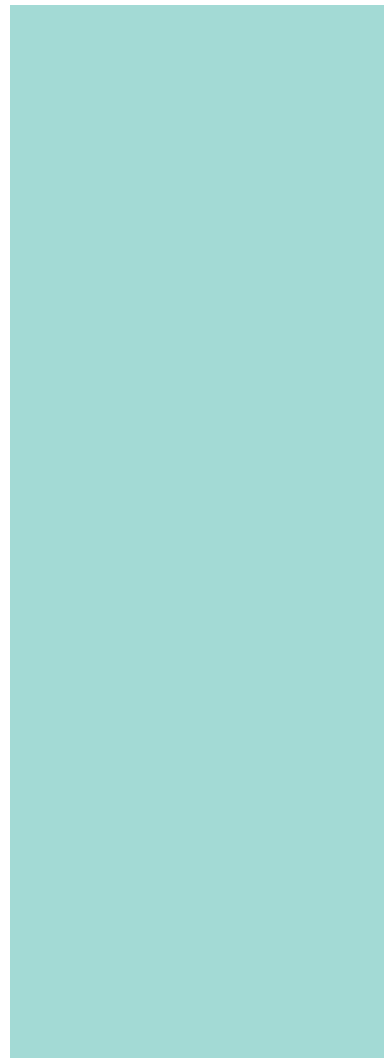
BlackRock's multi-asset class products were managed on behalf of a well-balanced client base. At December 31, 2010, institutional investors represented 56% of multi-asset class AUM, while retail and high net worth investors accounted for 44%. Flows were almost evenly split as well, with \$15.3 billion or 59% and \$10.7 billion or 41% coming from institutional and retail and high net worth investors, respectively. The geographic mix was similarly diversified, with 59% of multi-asset class AUM managed for clients based in

the Americas, 32% in EMEA and 9% in Asia-Pacific. During the year, clients in the Americas and EMEA awarded BlackRock net new business of \$26.6 billion, which offset net outflows of \$0.5 billion from clients in Asia-Pacific.

> *Asset allocation and balanced products* represented 59% or \$109.8 billion of multi-asset class AUM at year-end, up \$23.0 billion on the strength of net new business of \$14.0 billion and favorable investment performance and market movements of \$9.0 billion. Our industry leading global allocation funds surpassed \$70 billion in AUM in 2010.

> *Target date and target risk funds* ended the year at \$41.9 billion, or 23% of multi-asset class AUM, driven by net inflows of \$7.5 billion, a year-over-year organic growth rate of 26% and portfolio appreciation of \$4.5 billion. Products include our *LifePath*[®] and *LifePath* Retirement Income offerings, which are Qualified Default Investment Alternatives under the Pension Protection Act of 2006. These 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* accounted for 15% or \$28.6 billion of multi-asset class AUM at



Groups Represented:
BlackRock Multi-Asset
Client Solutions
iShares
Portfolio Management –
Cash and Securities
Lending
Portfolio Management –
Fundamental Equity
Portfolio Management –
Fundamental Fixed Income
Portfolio Management –
Index Equity

December 31, 2010. AUM increased \$4.1 billion during the year. These are complex mandates in which pension plan sponsors retain BlackRock to assume responsibility for some or all aspects of plan management. Customized services include tailoring investment strategy to client-specific risk budgets and return objectives, working closely with the client's investment staff and trustees.

Volatile investor sentiment presented challenges for asset allocation strategies in 2010. While 35% of multi-asset class AUM achieved returns above their benchmarks or peer medians for the one year, longer-term results remained strong, with 81% of multi-asset class AUM outperforming for the three years and 87% for the five years ended December 31, 2010.

Alternative Investments

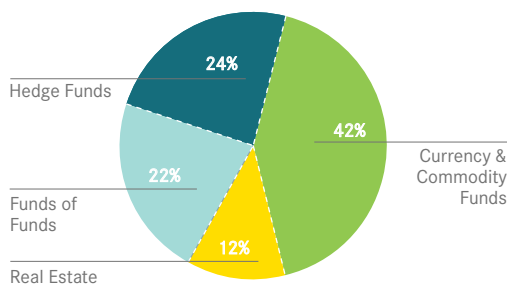
BlackRock ended 2010 with \$109.7 billion of AUM in its alternative investment products, an increase of \$7.6 billion. Net outflows totaled \$0.1 billion, as withdrawals and disbursements in real estate, currency and opportunistic funds were offset by inflows in single- and multi-strategy hedge funds, global macro funds, funds of hedge funds and commodity products. We believe that as investors adapt their asset allocation strategies to best meet their invest-

ment objectives in the current environment, they will continue to increase their use of alternative investments to complement their core holdings.

The alternative investment client base was predominantly institutional, representing 75% or \$81.8 billion of alternatives AUM with retail and high net worth investors comprising 8% or \$9.3 billion of AUM at December 31, 2010. *iShares* comprised \$18.6 billion or 17% of ending AUM. The geographic mix was well diversified, with 55% of AUM managed for clients in the Americas, 24% for clients in EMEA and 21% for clients in Asia-Pacific.

Alternative Investments AUM

Total \$109.7 billion



“ BlackRock ended 2010 with \$109.7 billion of AUM in its alternative investment products, an increase of \$7.6 billion. ”

During 2010, we launched *BlackRock Alternative Investors* (“BAI”) to coordinate our alternative investment efforts, including product management, business development and client service. The products offered under the BAI umbrella are described below.

> *Real estate* debt and equity products managed by BlackRock totaled \$12.9 billion at year-end. Offerings include high yield debt and core, value-added and opportunistic equity portfolios. Real estate AUM decreased \$5.5 billion during the year, driven by \$3.3 billion in net outflows and \$2.2 billion in market declines. Market performance rebounded for U.S. funds in 2010 and showed continued strength in the U.K. and within separate accounts.

> *Funds of funds* AUM increased \$1.8 billion or 8% to \$23.9 billion at December 31, 2010, including \$18.5 billion in funds of hedge funds and hybrid vehicles and \$5.4 billion in private equity fund of funds. During the year, growth was driven by net inflows of \$0.5 billion and \$1.3 billion of investment and market performance. Performance was strong and a growing number of institutional clients worldwide

sought our expertise in customized accounts and commingled vehicles.

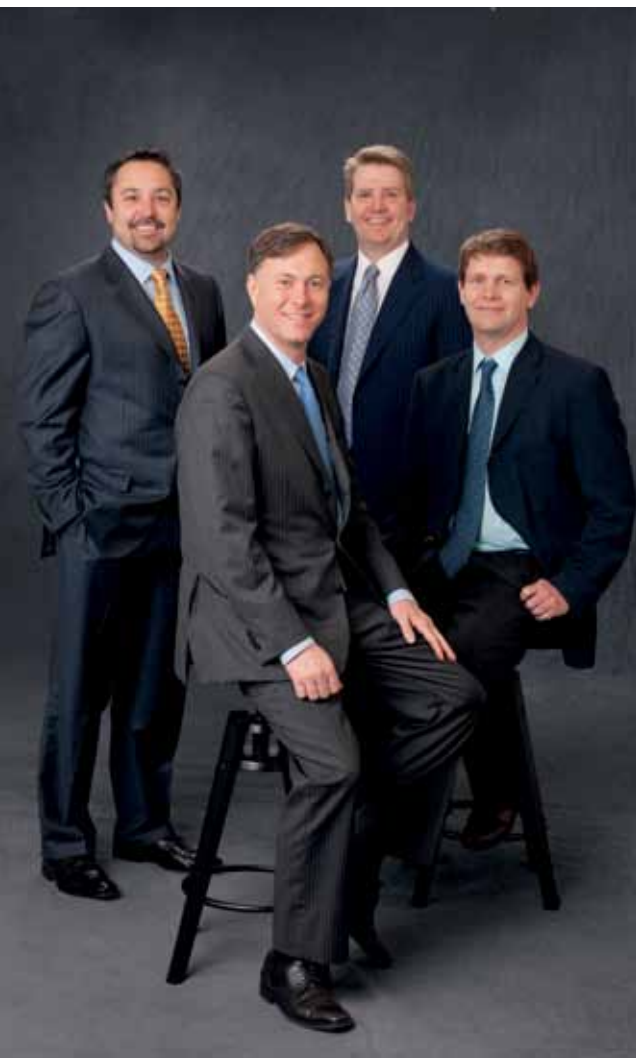
> *Hedge funds* ended the year with \$25.9 billion of AUM in a variety of single-strategy, multi-strategy and global macro hedge funds, as well as portable alpha, distressed and opportunistic offerings. Products include both open-end hedge funds and similar products and closed-end funds that have been created to take advantage of specific opportunities over a defined, often longer-term investment horizon. Growth of \$1.1 billion primarily came from \$0.6 billion of net inflows into fixed income and multi-strategy hedge funds and strong investment and market performance of \$1.8 billion across all strategies.

> *Currency and commodity mandates* totaled \$45.6 billion at year-end 2010. These products include a range of active and passive products primarily managed through institutional separate accounts. AUM increased \$10.0 billion during the year, driven by \$2.8 billion of net inflows, primarily in commodities and currency overlays and \$7.1 billion of market appreciation. Our *iShares* commodities products represented \$18.6 billion of AUM, which are not eligible to pay performance fees.

05/

CONTINUING LOW RATES

Low rates are a tax on all savers. Driven to try new asset allocation strategies, investors are increasingly barbellizing their portfolios — pairing core positions, such as fixed income and index equities, with satellite positions in higher alpha strategies, including long-only and alternative investments. BlackRock works with clients seeking a full spectrum of services, from a single product to a comprehensive, customized solution.



Groups Represented:

- | | |
|---|---|
| BlackRock Alternative Investors | Portfolio Management - Global Markets Strategies |
| BlackRock Multi-Asset Client Solutions | Portfolio Management - Index Equity |
| Business Operations | Portfolio Management - Index & Model-Based Fixed Income |
| <i>iShares</i> | Portfolio Management - Scientific Active Equity |
| Portfolio Management - Fundamental Equity | |
| Portfolio Management - Fundamental Fixed Income | |



Cash Management and Securities Lending

AUM in cash management products totaled \$279.2 billion at December 31, 2010, a decrease of \$70.1 billion, or 20%, from AUM reported at year-end 2009. Investors continued to look for higher returns by reallocating balances to deposits and operations and to a lesser extent, longer-term investment products. Cash management products include taxable and tax-exempt money market funds and customized separate accounts. Portfolios may be denominated in U.S. dollar, euro or pound sterling.

Our cash management clientele is largely institutional, with 85% of cash AUM managed for institutions and 15% for retail and high net worth investors at year-end 2010. The investor base was also predominantly domestic, with 75% managed for investors in the Americas and 25% for clients in other regions, almost all EMEA-based. We suffered net outflows during the year, as investors sought higher yields in bank deposits, direct money market investments and as they became more confident of the market recovery, in longer-term assets. Clients also used their cash for operating purposes, as business

investment increased and merger and acquisition activity increased. We expect these trends to continue, which will continue to put pressure on cash management flows.

The cash management team also invests the cash we receive as collateral for securities on loan in other portfolios. Securities lending, which is offered as a potential source of incremental returns on long-term portfolios, is managed by a dedicated team, supported by quantitative analysis, proprietary technology and disciplined risk management. Fees for securities lending can be structured as a share of earnings and/or 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 in AUM. The value of the cash or securities collateral is not included in cash management AUM.

The combination of the legacy businesses, along with the addition of new lending mandates, has increased lendable inventory and solidified BlackRock as a top tier provider of lendable

“ BlackRock employs a conservative cash management investment style that emphasizes quality, liquidity and superior client service throughout all market cycles. ”

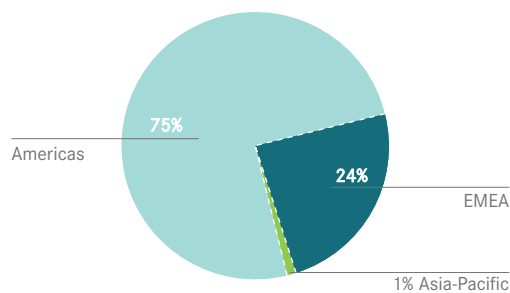
assets. Outstanding loan balances ended the year at approximately \$104 billion, down slightly from \$111 billion at year-end 2009. Balance volatility throughout 2010 was lower than in recent years. Demand remained weak, as relatively few securities command premium lending fees. This trend is expected to continue through 2011, with a turnaround occurring when the end-borrowers of securities begin re-risking and putting their capital to work with more conviction.

BlackRock employs a conservative investment style that emphasizes quality, liquidity and superior client service throughout all market cycles. Disciplined risk management, including a rigorous credit surveillance process, is an integral part of the investment process. BlackRock's Cash Management Risk 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 and 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.

Cash Management AUM

By Client Region
Total \$279.2 billion



06/

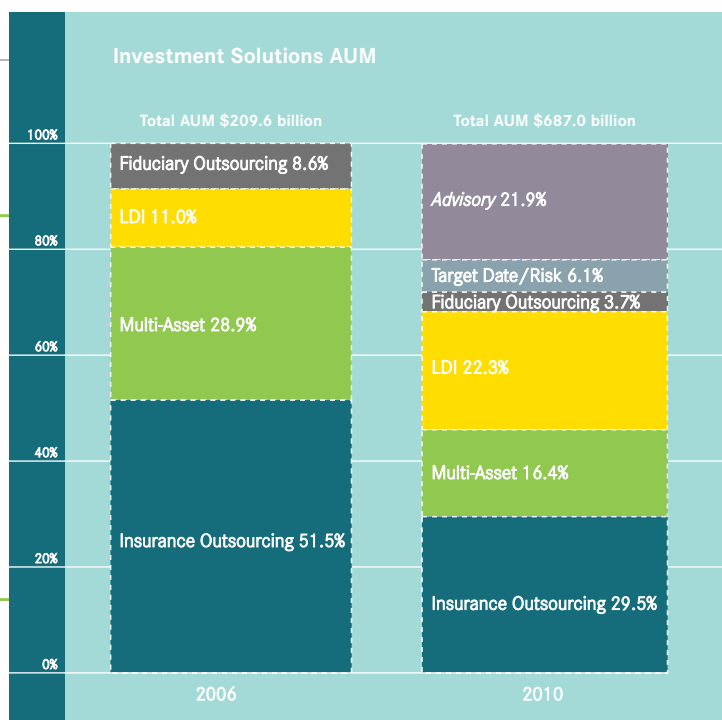
DEMAND FOR INVESTMENT SOLUTIONS

An increasingly complex market environment drives demand for customized portfolio solutions. Only BlackRock has the full range of alpha and beta capabilities and risk management expertise to capitalize on these trends now.



Groups Represented:
BlackRock Multi-Asset Client Solutions
BlackRock Solutions
BlackRock Solutions - Financial Markets Advisory
Financial Institutions
Global Consultant Relations
iShares
Portfolio Management - Global Markets Strategies
U.S. & Canada Institutional





Source: BlackRock

Investment Styles

Long-term product offerings include active and passive (index) strategies. The investment objective for active portfolios is to earn attractive returns in excess of a market benchmark or performance hurdle (alpha). In contrast, passive strategies seek to closely track the returns of the corresponding index (beta), generally by investing in the securities that comprise the index or in a subset of those securities selected to approximate the risk and return profile of the index. BlackRock's acquisition of Barclays Global Investors included an at-scale index business that materially changed BlackRock's AUM mix. Index AUM, including institutional and *iShares* products, increased from 4% of AUM at year-end 2008 (prior to the BGI Transaction) to 54% of AUM at December 31, 2010.

Although many clients use both active and passive strategies, the profile of these assets differs greatly. For example, clients often use index products to gain exposure to a market or asset class pending reallocation to an active manager. This has the effect of increasing turnover on index AUM. In addition, institutional index assignments tend to be very large (multi-billion dollars) and priced at low fee rates. This has the effect of exaggerating the significance of net flows in institutional index on BlackRock's earnings.

Active Strategies

We offer two types of active strategies: those that rely primarily on fundamental research and those that utilize primarily quantitative models to drive security selection and portfolio construction. At year-end 2010, active long-term AUM increased \$18.0 billion to \$1.190 trillion at year-end, of which 28% was in equities, 50% in fixed income, 15% in multi-asset and 7% in alternatives. Favorable markets contributed \$89.4 billion of growth, which was slightly offset by \$2.0 billion of net outflows. AUM growth was significantly hampered by merger-related outflows of \$64.6 billion, primarily in scientific active equities ("SAE").

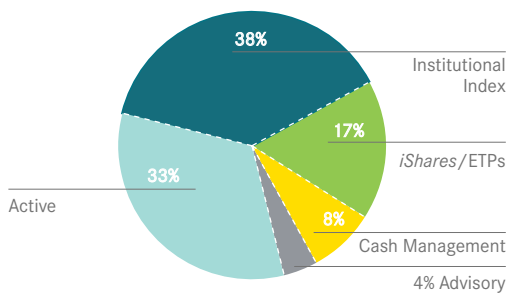
Active Equity

BlackRock's active equity AUM closed the year at \$334.5 billion, a decline of 4%, or \$14.0 billion relative to year-end 2009. Net new business contributed \$2.6 billion of growth, while investment and market performance added \$41.7 billion. A wide variety of products are offered, including global and regional portfolios; value, growth and core products; large, mid and small cap strategies; and selected sector funds. We believe an improving U.S. economy, strong corporate balance sheets, and sustained strong growth in the emerging markets bodes well for equity markets in 2011, although geopolitical risk remains a potential drag on investor sentiment.

BlackRock manages active equity portfolios for a diverse base of institutional and retail and high net worth investors globally. At December 31, 2010, approximately half of active equity AUM (\$165.8 billion) was managed on behalf of institutional investors in separate accounts, collective investment trusts and mutual funds and half (\$168.7 billion) for retail and high net worth investors, largely through open-end mutual funds and separately managed accounts. Approximately 46% of our active equity AUM was managed for investors based in the Americas, 39% in EMEA and 15% in Asia-Pacific.

Investment Style

Total \$3,561 trillion



> *Fundamental active equity* ended 2010 with \$239.1 billion in AUM. Net inflows of \$3.9 billion in equity dividend, global, European and other regional strategies were offset by outflows of \$0.2 billion in U.S. equity funds. Market appreciation of \$30.4 billion bolstered AUM as equity markets rebounded late in the year. BlackRock's fundamental active equity investors seek to add value relative to a specified index or on an absolute basis primarily through security selection based on proprietary research and portfolio manager judgment. Performance was strong in European and emerging market products, as well as selected sector funds including: energy, natural resources and

health sciences. In total, 62%, 65% and 77% of fundamental active equity AUM beat their benchmarks or peer medians for the one-, three- and five-year periods ended December 31, 2010, respectively. During the year, we drew on existing talent to fill out the leadership team and attracted an experienced CIO for our U.S. fundamental active equity strategies.

> *Scientific active equity* AUM declined 32% to \$95.4 billion. Portfolio appreciation of \$11.4 billion was insufficient to overcome BGI merger-related outflows of \$52.6 billion, much of which was anticipated due to underperformance dating back to 2007 in key developed market products. SAE strategies seek superior investment outcomes through a stock selection process that aims to systematically find and exploit pricing opportunities, while rigorously managing risk and cost. During the year, we appointed a new head of the SAE business, who reorganized the team and instilled a strong performance culture that has begun to stabilize the asset base. Though still nascent, there are early signs of improvement, as 55%, 45% and 36% of SAE AUM outperformed their benchmarks or peer medians for the one-, three- and five-year periods ended December 31, 2010, respectively.

Active Fixed Income

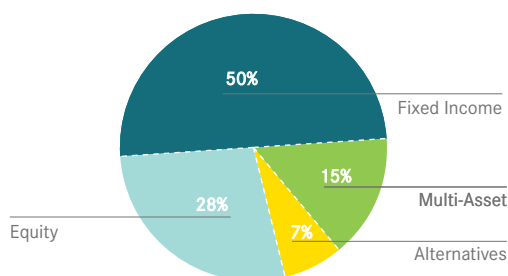
BlackRock's active fixed income AUM ended 2010 at \$592.3 billion, a slight decrease of 1% or \$3.3 billion, from the previous year's results. During the year, we had \$22.1 billion of net outflows, partially offset by \$32.3 billion of investment and market performance. Fixed income mandates are often tailored to client-specified liabilities, accounting, regulatory or rating agency requirements, or other investment policies. U.S. bonds enjoyed good absolute returns in 2010. Despite a slight pullback during the fourth quarter,

FINANCIAL REFORM

07/

the Barclays Capital U.S. Aggregate Index* returned 6.5% for the year. While sovereign credit risk remains a concern, particularly in parts of Europe, inflation is not expected to have a material impact on Federal Reserve policy in 2011.

Active AUM
Total \$1.190 trillion



Of BlackRock’s total active fixed income AUM, 82% was managed on behalf of institutional investors and 18% for retail and high net worth investors. The client base reflects our historical roots, with 69% of active fixed income AUM managed for investors in the Americas, 23% for EMEA domiciled clients, and 8% for investors in the Asia-Pacific region. Net inflows of \$1.3 billion from Asia-Pacific clients were more than offset by outflows of \$23.4 billion from investors in the Americas and EMEA.

> *Fundamental fixed income* AUM totaled \$553.5 billion, or 93% of active fixed income AUM, at year-end 2010. These products emphasize risk-controlled sector rotation and security selection driven by sector experts and direct interaction with issuers and market makers. Fundamental strategies experienced net outflows of \$10.2 billion largely driven by client changes

in overall asset allocation and long-term performance concerns. In addition, \$8.8 billion of fixed income assets, on which we have been waiving fees for more than a year, transferred to cash management. Market appreciation contributed \$30.5 billion to ending AUM. Positive flows in U.S. municipal bonds of \$2.0 billion were buoyed by the successful launch of the \$1.2 billion Build America Bond Trust in the third quarter of the year. Fundamental taxable fixed income strategies achieved strong performance in 2010, with 72%, 49% and 49% of AUM above their benchmarks or peer medians for the one-, three-, and five-year periods ended December 31, 2010, respectively.

> *Model-driven fixed income* AUM declined \$3.9 billion or 9%, ending the year at \$38.8 billion. Investment and market performance of \$1.7 billion was insufficient to overcome \$3.2 billion of outflows. These strategies employ models to identify relative return opportunities and to apply those results, subject to a pragmatic review of model risk, on a systematic basis across portfolios. Performance in our model-driven fixed income strategies was mixed, with 66%, 81% and 92% of AUM above their benchmarks or peer medians for the one-, three- and five-year periods ended December 31, 2010, respectively.

Multi-Asset and Alternatives

Virtually all (98%) of AUM in multi-asset class mandates, and the majority (75%) of AUM in alternative investments are managed in active strategies. These products are discussed earlier. (See the corresponding sections under “Asset Classes”.)

Institutional Index

Institutional index AUM, generally managed in common trust funds or separate accounts, comprised 38% of total AUM at December 31, 2010. AUM

Financial reform is creating opportunities for disruptive innovation — and BlackRock is using its scale and position in the market to ensure our clients are represented. First, we’ve organized our efforts under a newly formed government relations effort that will ensure our clients are heard in the post crisis debate about reform. Second, we’re expanding our global trading platform to enhance execution efficiency, including an internal crossing network to reduce transaction costs for clients; and third, we have developed a fixed income capital markets desk that works directly with issuers to source securities for our portfolios.

*See Important Notes on page 140.

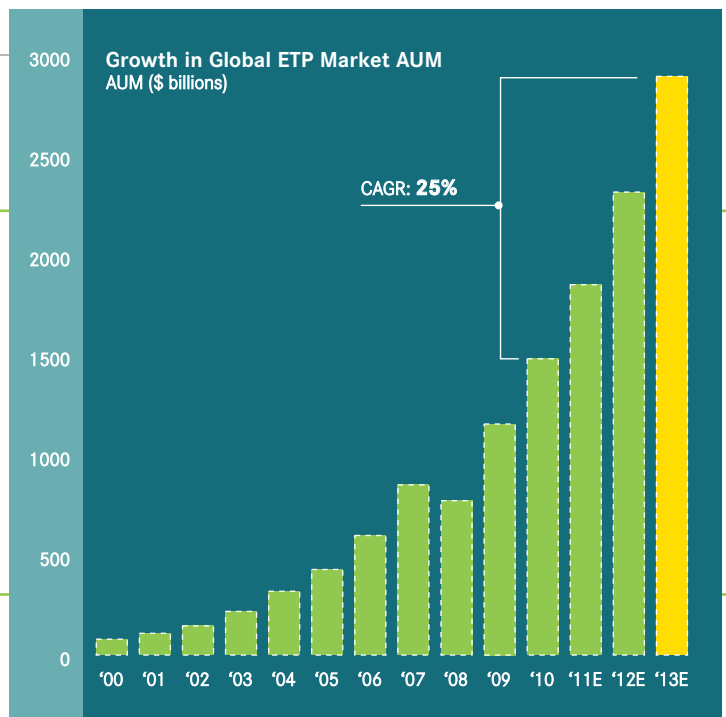
08/

GROWTH OF THE ETF MARKET

Institutional and retail investors worldwide increasingly use ETFs to gain exposure to markets. Efficiency is key — investors want to get the beta they sought, and have the liquidity needed to sell without moving the market. Regulatory and investment trends favor continued growth of ETFs as efficient building blocks for clients' portfolios. *iShares* is the world's leading ETF provider, offering the widest range of products and serving the broadest client base.



Groups Represented:
Corporate Strategy
iShares
Portfolio Management -
Index Equity

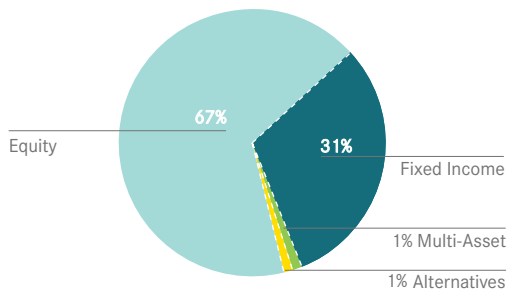


Source: Financial Research Corporation; BlackRock ETF Landscape Industry Highlights

growth was driven by net new business of \$89.2 billion and market appreciation of \$143.9 billion. Merger-related outflows of \$55.3 billion were concentrated among a relatively small number of clients. Where possible, we worked with these investors to

Institutional Index AUM

Total \$1.350 trillion



address manager concentration issues by reallocating commoditized, low fee AUM, while retaining significant relationships and opportunities.

> Equity products comprised approximately 68% of institutional index AUM, ending the year at \$911.8 billion, driven by net inflows of \$44.6 billion and \$110.4 billion of market appreciation. Net inflows in global, U.S. equity and other regional strategies were partially offset by outflows of \$2.7 billion in other low fee currency overlays for equity strategies. Toward the end of the year, investors began to reallocate to higher return asset classes, helping to fuel a recovery in the global equity markets. Institutional index equity portfolios closely tracked their respective benchmarks,

with 97%, 96% and 98% of AUM at or above tracking error tolerance for one-, three-, and five-year periods.

> Fixed income products represented approximately 32% or \$425.9 billion of institutional index AUM, an increase of 19% or \$68.4 billion. Net new business totaled \$39.1 billion fueled by \$12.8 billion of net inflows primarily in liability hedging strategies. Investors remained risk averse largely due to the European sovereign debt crisis in the first half of the year, favoring low risk fixed income exposures. As global markets stabilized and a recovery in the U.S. looked increasingly likely, equity markets recovered and investor confidence returned. Institutional index fixed income portfolios closely tracked their respective benchmarks, with 92%, 94% and 98% of AUM at or above tracking error tolerance for one-, three-, and five-year periods.

> Less than 1% of institutional index AUM is in alternatives or multi-asset class products. (See discussions under the “Asset Classes” section.)

iShares / ETPs

iShares is the leading exchange traded funds (“ETF”) provider in the world, with \$590.2 billion of AUM at December 31, 2010, an increase of \$96.0 billion or 19% since year-end 2009. We were the top asset gatherer globally in 2010,³ with \$44.0 billion of net inflows complemented by \$52.0 billion of market appreciation. We also introduced 78 new ETPs

³Source, Year-end 2010 ETF Landscape Industry Review; BlackRock Global ETF Research and Implementation Strategy Team, Bloomberg, National Stock Exchange (NSX)



Group Represented:
iShares

“ At year end, our *iShares* offerings were traded on 19 exchanges throughout the world. ”

during the year, maintaining our dual commitment to innovation and responsible product structuring. Our broad product range offers investors the building blocks required to assemble diversified portfolios and implement tactical asset allocation strategies and the liquidity required to make adjustments to their exposures quickly and cost-efficiently.

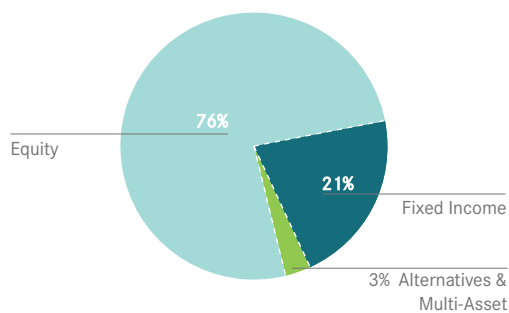
The market for ETPs continues to grow globally, with investor preference driven to varying degrees by performance (as measured by tracking error, which is the difference between net returns on the ETP and the corresponding index), liquidity (bid-ask spread), tax-efficiency, transparency and client service. Flows also reflect investor risk appetite, which shifted toward fixed income and, within equities, to broad and single country emerging market funds in 2010. In early 2011, investors have begun to shift equity allocations back to developed markets.

At year-end, our *iShares* product mix included \$448.2 billion, or 76%, in equity offerings, and \$123.1 billion, or 21%, in bond ETPs. The remaining \$19.0 billion or 3% of *iShares* AUM was in multi-asset and alternative investments. *iShares* equity AUM increased \$66.8 billion or 18% versus 2009, with \$21.9 billion in net inflows and \$44.9 billion of market and foreign exchange appreciation. *iShares* fixed income AUM rose \$20.6 billion or 20% over the previous year, with 92% of the increase being driven by \$19.0 billion of net inflows. *iShares* multi-asset and alternatives AUM grew by \$8.6 billion or 84%, with \$3.2 billion of net inflows, predominately in commodity products such as gold and silver, and \$5.5 billion of market and foreign exchange appreciation.

In total, we had net inflows in 315 different ETPs during 2010. As of year-end, we managed three of

the top five, six of the top ten, and twelve of the 20 largest ETFs in the U.S.³ Our *iShares* offerings were traded on 19 exchanges throughout the world. These included 276 funds³ in the Americas with \$480.3 billion, or 81%, of *iShares* AUM. Assets in these funds increased \$77.6 billion, or 19%, during the year, including \$27.8 billion of net inflows.

***iShares*/ETPs AUM**
Total \$590.2 billion



Notwithstanding a substantial increase in the number of ETP sponsors and products, *iShares* has maintained market share of more than 48% in the U.S. and 36% in EMEA³. In addition, we are the largest ETF manager in Mexico, have pioneered the product in Chile and Peru, and have introduced products in Brazil, Australia, Hong Kong and Japan. Importantly, our share of revenues is significantly higher due to our product mix. In general, we expect to maintain our pricing, so long as it is supported by performance and the *iShares* value proposition, although we continually seek to achieve efficiencies and pass them through to our clients.

³Source, Year-end 2010 ETF Landscape Industry Review; BlackRock Global ETF Research and Implementation Strategy Team, Bloomberg, National Stock Exchange (NSX)

BlackRock Solutions and Advisory

BlackRock offers investment systems, risk management, outsourcing and advisory services under the *BlackRock Solutions* brand name. Over \$10.0 trillion of positions are processed on our *Aladdin* operating platform, which serves as the investment system for BlackRock and a growing number of sophisticated institutional investors around the world. *BRS* also offers comprehensive risk reporting 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. Clients have also retained *BRS' Financial Markets Advisory* group for a variety of engagements, such as valuation and risk assessment of illiquid assets, portfolio restructuring, workouts and dispositions of distressed assets and financial and balance sheet strategies.

As global capital markets have recovered, clients have focused more on risk management, and demand for *BRS* services continues to be robust. During the year, *BRS* added 62 net new assignments. While revenue declined modestly by 4% to \$460 million, demand was strong for *Aladdin* and risk management services, with year-over-year revenue growing 14%, particularly in EMEA where we signed a record number of new *BRS* clients onto the platform. *Aladdin* assignments are long-term contracts providing significant recurring revenue.

During the year we added 49 new *FMA* assignments and completed 33 engagements. The

nature of *FMA* assignments shifted from urgent, short-term risk analyses to longer term advisory and risk monitoring engagements, with year-over-year revenue declining 23%, as the crisis subsided and fewer clients required emergency valuation and liquidation services. Advisory AUM decreased 7% to \$150.7 billion, with \$1.5 billion of market appreciation insufficient to offset \$12.0 billion of client distributions in these long-term liquidation portfolios.

At year-end, *BRS* served 149 clients, including banks, insurance companies, official institutions, pension funds, asset managers and other institutional investors across North America, Europe, Asia and

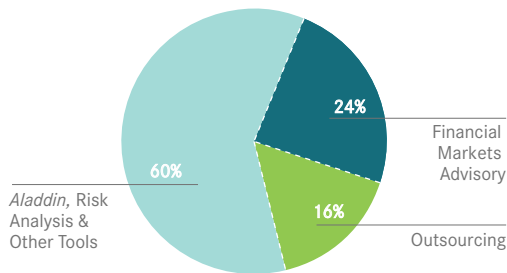
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RISK MANAGEMENT MATTERS

Opportunity and risk are two sides of the same coin. If the financial crisis taught investors anything, it's that risk management matters. And that's not just about having models and processes. It's about having the culture to question the models and challenge conventional wisdom. Risk management is not just something we do, it's at the core of who BlackRock and *BlackRock Solutions* are.

Australia. During the year, BlackRock acquired and integrated Helix Financial Group LLC to enhance BRS' commercial real estate capabilities, which proved to be critical to BRS' success in winning several high profile assignments. We will continue to consider acquisition opportunities that can expand Aladdin functionality and our risk management expertise.

2010 BlackRock Solutions Assignments

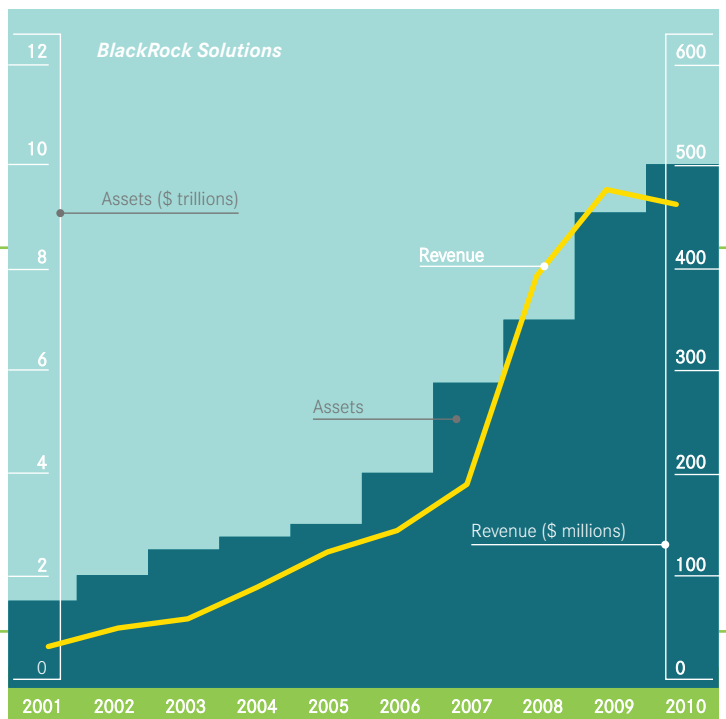


The BRS and Aladdin teams are also supporting key aspects of the BGI integration. These efforts are vital to establishing a unified operating platform and consistent operating processes. We expect functionality

added in connection with the integration to enhance the Aladdin platform over time. Additionally, we will seek to leverage our scale for the benefit of our clients through the creation of a robust global trading platform and other initiatives.

Transition Management Services

BlackRock also offers transition management services, involving the temporary oversight of a client's assets as they transition from one manager to another or from one strategy to another. We provide a comprehensive service that includes project management and implementation based on achieving best execution consistent with the client's risk management tolerances. We use state-of-the-art tools and work closely with BlackRock's trading cost research team to manage four dimensions of risk throughout the transition: exposure, execution, process and operational risk. The average transition assignment is executed within two weeks, although the duration can be longer or shorter depending on the size, complexity and liquidity of the related assets. These portfolios are not included in AUM unless BlackRock has been retained to manage the assets after the transition phase.



Source: BlackRock

OUR PEOPLE — ENGAGED, CONNECTED AND COMMITTED TO BUILDING A BETTER FINANCIAL FUTURE FOR OUR CLIENTS

5,483 employees

OFFICES — AMERICAS:
ATLANTA, GA; BLOOMFIELD HILLS, MI;
BOSTON, MA; CHARLOTTE, NC;
CHICAGO, IL; CINCINNATI, OH;
DALLAS, TX; DURHAM, NC; HOUSTON, TX;
JACKSONVILLE, FL; JERSEY CITY, NJ;
LA JOLLA, CA; LOS ANGELES, CA;
MARIETTA, GA; MEXICO CITY, MEXICO;
MIAMI, FL; MINNEAPOLIS, MN;
MONTREAL, CANADA; NEW YORK, NY;
NEWPORT BEACH, CA; PALM BEACH, FL;
PHILADELPHIA, PA; PHOENIX, AZ;
PITTSBURGH, PA; PRINCETON, NJ;
SAN FRANCISCO, CA; SANTIAGO, CHILE;
SÃO PAULO, BRAZIL; SEATTLE, WA;
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BlackRock benefits from a broad and deep pool of talented professionals — a group energized by the potential to raise the bar, to help our clients solve problems and to transform our industry. Through innovation, perseverance and teamwork, our people will catapult us forward, using connectivity to unlock value.

2,449
employees

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LONDON; LUXEMBOURG;
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STOCKHOLM; VIENNA;
WARSAW; ZURICH

1,350 employees

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Head of BlackRock's Portfolio
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General Counsel

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Senior Vice Chairman, The PNC Financial Services Group, Inc. and PNC Bank

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President, BlackRock, Inc.

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Director General/Chairman of the Board of Directors of the Arab Fund for Economic and Social Development

Dennis D. Dammerman ^(1,3)

Former Vice Chairman of the Board and Executive Officer, General Electric Company and Chairman and CEO, General Electric Capital Services, Inc.

Robert E. Diamond Jr.

Chief Executive, Barclays PLC

Thomas K. Montag

President, Global Banking and Markets at Bank of America

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⁽¹⁾ Audit

⁽²⁾ Executive

⁽³⁾ Management Development & Compensation

⁽⁴⁾ Nominating & Governance