

BlackRock Inc.
Form 10-Q
November 09, 2011
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 September 30, 2011

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)

Delaware
(State or Other Jurisdiction of

32-0174431
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

55 East 52nd Street, New York, NY 10055

(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)

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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. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2011, there were 139,050,009 shares of the registrant's common stock outstanding.

Table of Contents

BlackRock, Inc.

Index to Form 10-Q

PART I

FINANCIAL INFORMATION

	Page
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>	45
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	95
Item 4. <u>Controls and Procedures</u>	97

PART II

OTHER INFORMATION

Item 1. <u>Legal Proceedings</u>	98
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	98
Item 6. <u>Exhibits</u>	99

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****BlackRock, Inc.****Condensed Consolidated Statements of Financial Condition****(Dollar amounts in millions, except share data)****(unaudited)**

	September 30, 2011	December 31, 2010
Assets		
Cash and cash equivalents	\$ 2,983	\$ 3,367
Accounts receivable	2,073	2,095
Due from related parties	145	150
Investments	1,525	1,540
Assets of consolidated variable interest entities		
Cash and cash equivalents	70	93
Bank loans and other investments	1,638	1,312
Separate account assets	115,265	121,137
Collateral held under securities lending agreements	19,317	17,638
Deferred sales commissions, net	45	66
Property and equipment (net of accumulated depreciation of \$518 and \$426 at September 30, 2011 and December 31, 2010, respectively)	545	428
Intangible assets (net of accumulated amortization of \$712 and \$615 at September 30, 2011 and December 31, 2010, respectively)	17,395	17,512
Goodwill	12,797	12,805
Other assets	484	316
Total assets	\$ 174,282	\$ 178,459
Liabilities		
Accrued compensation and benefits	\$ 1,105	\$ 1,520
Accounts payable and accrued liabilities	1,171	1,068
Due to related parties	23	57
Short-term borrowings	100	100
Liabilities of consolidated variable interest entities		
Borrowings	1,586	1,278
Other liabilities	7	7
Convertible debentures		67
Long-term borrowings	4,690	3,192
Separate account liabilities	115,265	121,137
Collateral liabilities under securities lending agreements	19,317	17,638
Deferred income tax liabilities	5,366	5,477
Other liabilities	713	584
Total liabilities	149,343	152,125

Commitments and contingencies (Note 11)

Temporary equity		
Redeemable non-controlling interests	1	6

Table of Contents**BlackRock, Inc.****Condensed Consolidated Statements of Financial Condition (continued)****(Dollar amounts in millions, except share data)****(unaudited)**

	September 30, 2011	December 31, 2010
Permanent Equity		
BlackRock, Inc. stockholders' equity		
Common stock, \$0.01 par value;	1	1
Shares authorized: 500,000,000 at September 30, 2011 and December 31, 2010;		
Shares issued: 139,880,380 and 131,923,624 at September 30, 2011 and December 31, 2010, respectively;		
Shares outstanding: 139,015,436 and 131,216,561 at September 30, 2011 and December 31, 2010, respectively		
Preferred stock (Note 14)		1
Additional paid-in capital	20,150	22,502
Retained earnings	4,736	3,723
Appropriated retained earnings	79	75
Accumulated other comprehensive loss	(110)	(96)
Escrow shares, common, at cost (3,603 shares held at September 30, 2011 and December 31, 2010)	(1)	(1)
Treasury stock, common, at cost (861,341 and 703,460 shares held at September 30, 2011 and December 31, 2010, respectively)	(128)	(111)
Total BlackRock, Inc. stockholders' equity	24,727	26,094
Nonredeemable non-controlling interests	175	189
Nonredeemable non-controlling interests of consolidated variable interest entities	36	45
Total permanent equity	24,938	26,328
Total liabilities, temporary equity and permanent equity	\$ 174,282	\$ 178,459

See accompanying notes to condensed consolidated financial statements.

Table of Contents**BlackRock, Inc.****Condensed Consolidated Statements of Income****(Dollar amounts in millions, except per share data)****(unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue				
Investment advisory, administration fees and securities lending revenue				
Related parties	\$ 1,320	\$ 1,217	\$ 4,075	\$ 3,529
Other third parties	629	577	1,958	1,810
Investment advisory, administration fees and securities lending revenue	1,949	1,794	6,033	5,339
Investment advisory performance fees	91	114	224	214
<i>BlackRock Solutions</i> and advisory	117	101	361	328
Distribution fees	23	29	78	89
Other revenue	45	54	158	149
Total revenue	2,225	2,092	6,854	6,119
Expenses				
Employee compensation and benefits	771	774	2,425	2,256
Distribution and servicing costs				
Related parties	1	67	3	194
Other third parties	89	38	296	108
Amortization of deferred sales commissions	20	26	63	79
Direct fund expenses	139	124	435	359
General and administration	389	316	1,074	945
Amortization of intangible assets	39	40	117	120
Total expenses	1,448	1,385	4,413	4,061
Operating income	777	707	2,441	2,058
Non-operating income (expense)				
Net gain (loss) on investments	(59)	93	18	117
Net gain (loss) on consolidated variable interest entities	(16)	12	(36)	(16)
Interest and dividend income	12	10	25	19
Interest expense	(49)	(37)	(128)	(115)
Total non-operating income (expense)	(112)	78	(121)	5
Income before income taxes	665	785	2,320	2,063
Income tax expense	95	201	564	662
Net income	570	584	1,756	1,401
Less:				
Net income (loss) attributable to redeemable non-controlling interests				2
Net income (loss) attributable to nonredeemable non-controlling interests	(25)	33	(26)	(7)

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Net income attributable to BlackRock, Inc.	\$ 595	\$ 551	\$ 1,782	\$ 1,406
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