

BlackRock Reports Second Quarter 2020 Diluted EPS of \$7.85

New York, July 17, 2020 – BlackRock, Inc. (NYSE: BLK) today reported financial results for the three and six months ended June 30, 2020.

\$100 billion of quarterly total net inflows, driven by fixed income and continued momentum in cash management

6% annualized organic asset growth in the quarter and higher organic base fee growth reflect strength of diversified investment management platform, especially in active capabilities and strategic focus areas of *iShares*®

4% increase in revenue year-over-year reflects higher performance fees and 17% growth in technology services revenue, driven by continued *Aladdin*® momentum

10% increase in operating income year-over-year also reflects lower G&A expense, including the impact of \$59 million of product launch costs in the prior year quarter

22% increase in diluted EPS reflects higher year-over-year nonoperating income, a lower effective tax rate and a lower diluted share count in the current quarter

\$1.1 billion of shares repurchases in the quarter as part of PNC's successful sale of its entire 22% ownership position

Laurence D. Fink, Chairman and CEO:

"Clients are turning to BlackRock more than ever before as they face increasing uncertainty about the future, and we are bringing together the entirety of our differentiated platform to help them. Clients are relying on BlackRock for our unique insights, guidance and comprehensive investment solutions. This is leading to deeper partnerships, and we're seeing clients entrust BlackRock with a greater share of their assets.

"BlackRock's globally integrated asset management and technology platform generated \$100 billion of total net inflows in the second quarter, representing 10% annualized organic base fee growth. *iShares* fixed income ETFs and BlackRock's active equity strategies both saw record inflows, and leadership in cash solutions drove strength in flows as clients sought liquidity. Momentum also continued in sustainable strategies and illiquid alternatives, where we are investing for future growth.

"BlackRock's strong fiduciary culture is resonating in the depth of our relationships and the strength of our results. It is one of the key drivers of growth in our *Aladdin* technology business, and a critical reason why our Financial Markets Advisory team is working with governments around the world as they support their economies.

"Our steadfast focus is on serving all of our stakeholders through this crisis. I am honored by the trust that clients, governments and communities have placed in us, which we approach with a deep sense of responsibility. I am also incredibly proud of our employees, who have come together, even while working remotely, to partner with clients, uphold our One BlackRock culture and live our purpose.

FINANCIAL RESULTS

| (in millions, except per share data) | Q2 2020 | Q2 2019 |
|--------------------------------------|--------------|--------------|
| AUM | \$ 7,317,949 | \$ 6,842,482 |
| % change | 7% | |
| Average AUM | \$ 6,975,779 | \$ 6,625,391 |
| % change | 5% | |
| Total net flows | \$ 100,217 | \$ 150,985 |
| GAAP basis: | | |
| Revenue | \$ 3,648 | \$ 3,524 |
| % change | 4% | |
| Operating income | \$ 1,406 | \$ 1,278 |
| % change | 10% | |
| Operating margin | 38.5% | 36.3% |
| Net income ⁽¹⁾ | \$ 1,214 | \$ 1,003 |
| % change | 21% | |
| Diluted EPS | \$ 7.85 | \$ 6.41 |
| % change | 22% | |
| Weighted average diluted shares | 154.7 | 156.4 |
| % change | (1)% | |
| As Adjusted: | | |
| Operating income ⁽²⁾ | \$ 1,406 | \$ 1,278 |
| % change | 10% | |
| Operating margin ⁽²⁾ | 43.7% | 43.1% |
| Net income ⁽¹⁾⁽²⁾ | \$ 1,214 | \$ 1,003 |
| % change | 21% | |
| Diluted EPS ⁽²⁾ | \$ 7.85 | \$ 6.41 |
| % change | 22% | |

⁽¹⁾ Net income represents net income attributable to BlackRock, Inc.

⁽²⁾ See notes (1) through (4) to the condensed consolidated statements of income and supplemental information on pages 11 and 12 for more information on adjusted items and the reconciliation to GAAP.

NET FLOW HIGHLIGHTS

| (in billions) | Q2 2020 | YTD 2020 |
|-----------------------------------|------------|-------------|
| Long-term net flows: | \$ 62.2 | \$ 43.5 |
| By region: | | |
| Americas | \$ 30.9 | \$ 17.2 |
| EMEA | 29.0 | 18.4 |
| APAC | 2.3 | 7.9 |
| By client type: | | |
| Retail: | \$ 16.2 | \$ 14.7 |
| US | 8.4 | 6.8 |
| International | 7.8 | 7.9 |
| iShares: | \$ 51.0 | \$ 64.8 |
| Core | 1.3 | 8.3 |
| Non-Core | 49.7 | 56.5 |
| Institutional: | \$ (5.0) | \$ (36.0) |
| Active | 2.5 | 0.7 |
| Index | (7.5) | (36.7) |
| Cash management net flows: | \$ 24.2 | \$ 76.7 |
| Advisory net flows: | \$ 13.8 | \$ 15.0 |
| Total net flows | \$ 100.2 | \$ 135.2 |

BUSINESS RESULTS

| <i>(in millions), (unaudited)</i> | Q2 2020 Net flows | June 30, 2020 AUM | Q2 2020 Base fees ⁽¹⁾ | June 30, 2020 AUM % of Total | Q2 2020 Base fees ⁽¹⁾ % of Total |
|------------------------------------|----------------------|----------------------|-------------------------------------|------------------------------------|---|
| RESULTS BY CLIENT TYPE | | | | | |
| Retail | \$ 16,210 | \$ 695,154 | \$ 825 | 9% | 28% |
| iShares ETFs | 50,970 | 2,162,597 | 1,089 | 30% | 37% |
| Institutional: | | | | | |
| Active | 2,513 | 1,341,610 | 546 | 18% | 18% |
| Index | (7,486) | 2,482,336 | 295 | 35% | 10% |
| Total institutional | (4,973) | 3,823,946 | 841 | 53% | 28% |
| Long-term | 62,207 | 6,681,697 | 2,755 | 92% | 93% |
| Cash management | 24,198 | 619,351 | 211 | 8% | 7% |
| Advisory ⁽²⁾ | 13,812 | 16,901 | - | - | - |
| Total | \$ 100,217 | \$ 7,317,949 | \$ 2,966 | 100% | 100% |
| RESULTS BY INVESTMENT STYLE | | | | | |
| Active | \$ 18,563 | \$ 1,943,828 | \$ 1,354 | 27% | 46% |
| Index and iShares ETFs | 43,644 | 4,737,869 | 1,401 | 65% | 47% |
| Long-term | 62,207 | 6,681,697 | 2,755 | 92% | 93% |
| Cash management | 24,198 | 619,351 | 211 | 8% | 7% |
| Advisory ⁽²⁾ | 13,812 | 16,901 | - | - | - |
| Total | \$ 100,217 | \$ 7,317,949 | \$ 2,966 | 100% | 100% |
| RESULTS BY PRODUCT TYPE | | | | | |
| Equity | \$ (4,414) | \$ 3,519,225 | \$ 1,351 | 48% | 46% |
| Fixed income | 60,266 | 2,411,092 | 854 | 33% | 29% |
| Multi-asset | (4,754) | 551,362 | 270 | 8% | 9% |
| Alternatives | 11,109 | 200,018 | 280 | 3% | 9% |
| Long-term | 62,207 | 6,681,697 | 2,755 | 92% | 93% |
| Cash management | 24,198 | 619,351 | 211 | 8% | 7% |
| Advisory ⁽²⁾ | 13,812 | 16,901 | - | - | - |
| Total | \$ 100,217 | \$ 7,317,949 | \$ 2,966 | 100% | 100% |

⁽¹⁾ Base fees include investment advisory, administration fees and securities lending revenue.

⁽²⁾ Approximately \$3.9 billion of iShares ETFs AUM held in advisory accounts associated with the Federal Reserve Bank of New York ("FRBNY") assignment as of June 30, 2020 (disclosed via FRBNY reporting as of July 10, 2020) are included within iShares AUM or Fixed Income AUM above. These holdings are excluded from Advisory AUM.

INVESTMENT PERFORMANCE AT JUNE 30, 2020⁽¹⁾

| | One-year period | Three-year period | Five-year period |
|--|-----------------|-------------------|------------------|
| Fixed income: | | | |
| <i>Actively managed AUM above benchmark or peer median</i> | | | |
| Taxable | 75% | 82% | 84% |
| Tax-exempt | 29% | 53% | 62% |
| <i>Index AUM within or above applicable tolerance</i> | 81% | 97% | 91% |
| Equity: | | | |
| <i>Actively managed AUM above benchmark or peer median</i> | | | |
| Fundamental | 76% | 82% | 85% |
| Systematic | 33% | 76% | 71% |
| <i>Index AUM within or above applicable tolerance</i> | 95% | 98% | 97% |

⁽¹⁾ Past performance is not indicative of future results. The performance information shown is based on preliminary available data. Please refer to page 13 for performance disclosure detail.

TELECONFERENCE, WEBCAST AND PRESENTATION INFORMATION

Chairman and Chief Executive Officer, Laurence D. Fink, President, Robert S. Kapito, and Chief Financial Officer, Gary S. Shedlin, will host a teleconference call for investors and analysts on Friday, July 17, 2020 at 8:30 a.m. (Eastern Time). Members of the public who are interested in participating in the teleconference should dial, from the United States, (800) 374-0176, or from outside the United States, (706) 679-8281, shortly before 8:30 a.m. and reference the BlackRock Conference Call (ID Number 7266989). A live, listen-only webcast will also be available via the investor relations section of www.blackrock.com.

Both the teleconference and webcast will be available for replay by 11:30 a.m. (Eastern Time) on Friday, July 17, 2020 and ending at midnight on Friday, July 31, 2020. To access the replay of the teleconference, callers from the United States should dial (855) 859-2056 and callers from outside the United States should dial (404) 537-3406 and enter the Conference ID Number 7266989. To access the webcast, please visit the investor relations section of www.blackrock.com.

ABOUT BLACKROCK

BlackRock's purpose is to help more and more people experience financial well-being. As a fiduciary to investors and a leading provider of financial technology, our clients turn to us for the solutions they need when planning for their most important goals. As of June 30, 2020, the firm managed approximately \$7.32 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit www.blackrock.com | Twitter: [@blackrock](https://twitter.com/blackrock) | Blog: www.blackrockblog.com | LinkedIn: www.linkedin.com/company/blackrock.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND SUPPLEMENTAL INFORMATION
(in millions, except shares and per share data), (unaudited)

| | Three Months Ended June 30, | | | Three Months Ended March 31, | |
|--|--------------------------------|-----------------|---------------|------------------------------------|---------------|
| | 2020 | 2019 | Change | 2020 | Change |
| Revenue | | | | | |
| Investment advisory, administration fees and securities lending revenue | \$ 2,966 | \$ 2,903 | \$ 63 | \$ 3,055 | \$ (89) |
| Investment advisory performance fees | 112 | 64 | 48 | 41 | 71 |
| Technology services revenue | 278 | 237 | 41 | 274 | 4 |
| Distribution fees | 253 | 267 | (14) | 276 | (23) |
| Advisory and other revenue | 39 | 53 | (14) | 64 | (25) |
| Total revenue | <u>3,648</u> | <u>3,524</u> | <u>124</u> | <u>3,710</u> | <u>(62)</u> |
| Expense | | | | | |
| Employee compensation and benefits | 1,152 | 1,083 | 69 | 1,137 | 15 |
| Distribution and servicing costs | 429 | 416 | 13 | 445 | (16) |
| Direct fund expense | 246 | 252 | (6) | 277 | (31) |
| General and administration | 388 | 470 | (82) | 1,142 | (754) |
| Amortization of intangible assets | 27 | 25 | 2 | 25 | 2 |
| Total expense | <u>2,242</u> | <u>2,246</u> | <u>(4)</u> | <u>3,026</u> | <u>(784)</u> |
| Operating income | 1,406 | 1,278 | 128 | 684 | 722 |
| Nonoperating income (expense) | | | | | |
| Net gain (loss) on investments | 398 | 89 | 309 | (40) | 438 |
| Interest and dividend income | 10 | 20 | (10) | 15 | (5) |
| Interest expense | (51) | (52) | 1 | (46) | (5) |
| Total nonoperating income (expense) | 357 | 57 | 300 | (71) | 428 |
| Income before income taxes | 1,763 | 1,335 | 428 | 613 | 1,150 |
| Income tax expense (benefit) | 361 | 322 | 39 | (14) | 375 |
| Net income | <u>1,402</u> | <u>1,013</u> | <u>389</u> | <u>627</u> | <u>775</u> |
| Less: | | | | | |
| Net income (loss) attributable to noncontrolling interests | 188 | 10 | 178 | (179) | 367 |
| Net income attributable to BlackRock, Inc. | <u>\$ 1,214</u> | <u>\$ 1,003</u> | <u>\$ 211</u> | <u>\$ 806</u> | <u>\$ 408</u> |
| Weighted-average common shares outstanding | | | | | |
| Basic | 153,732,878 | 155,354,552 | (1,621,674) | 155,243,279 | (1,510,401) |
| Diluted | 154,712,032 | 156,360,741 | (1,648,709) | 156,416,726 | (1,704,694) |
| Earnings per share attributable to BlackRock, Inc. common stockholders (4) | | | | | |
| Basic | \$ 7.90 | \$ 6.46 | \$ 1.44 | \$ 5.19 | \$ 2.71 |
| Diluted | \$ 7.85 | \$ 6.41 | \$ 1.44 | \$ 5.15 | \$ 2.70 |
| Cash dividends declared and paid per share | \$ 3.63 | \$ 3.30 | \$ 0.33 | \$ 3.63 | \$ - |
| Supplemental information: | | | | | |
| AUM (end of period) | \$ 7,317,949 | \$ 6,842,482 | \$ 475,467 | \$ 6,466,668 | \$ 851,281 |
| Shares outstanding (end of period) | 152,460,239 | 155,366,861 | (2,906,622) | 155,085,806 | (2,625,567) |
| GAAP: | | | | | |
| Operating margin | 38.5% | 36.3% | 220 bps | 18.4% | 2,010bps |
| Effective tax rate | 22.9% | 24.3% | (140) bps | (1.7)% | 2,460bps |
| As adjusted: | | | | | |
| Operating income (1) | \$ 1,406 | \$ 1,278 | \$ 128 | \$ 1,273 | \$ 133 |
| Operating margin (1) | 43.7% | 43.1% | 60 bps | 41.7% | 200bps |
| Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests (2) | \$ 169 | \$ 47 | \$ 122 | \$ (14) | \$ 183 |
| Net income attributable to BlackRock, Inc. (3) | \$ 1,214 | \$ 1,003 | \$ 211 | \$ 1,032 | \$ 182 |
| Diluted earnings attributable to BlackRock, Inc. common stockholders per share (3) (4) | \$ 7.85 | \$ 6.41 | \$ 1.44 | \$ 6.60 | \$ 1.25 |
| Effective tax rate | 22.9% | 24.3% | (140) bps | 18.0% | 490bps |

See pages 11-12 for the reconciliation to GAAP and notes (1) through (4) for more information on as adjusted items.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND SUPPLEMENTAL INFORMATION

(in millions, except shares and per share data), (unaudited)

| | Six Months Ended | | Change |
|--|------------------|-----------------|----------------|
| | 2020 | 2019 | |
| Revenue | | | |
| Investment advisory, administration fees and securities lending revenue | \$ 6,021 | \$ 5,708 | \$ 313 |
| Investment advisory performance fees | 153 | 90 | 63 |
| Technology services revenue | 552 | 441 | 111 |
| Distribution fees | 529 | 529 | - |
| Advisory and other revenue | 103 | 102 | 1 |
| Total revenue | <u>7,358</u> | <u>6,870</u> | <u>488</u> |
| Expense | | | |
| Employee compensation and benefits | 2,289 | 2,147 | 142 |
| Distribution and servicing costs | 874 | 820 | 54 |
| Direct fund expense | 523 | 494 | 29 |
| General and administration | 1,530 | 858 | 672 |
| Amortization of intangible assets | 52 | 40 | 12 |
| Total expense | 5,268 | 4,359 | 909 |
| Operating income | 2,090 | 2,511 | (421) |
| Nonoperating income (expense) | | | |
| Net gain (loss) on investments | 358 | 231 | 127 |
| Interest and dividend income | 25 | 49 | (24) |
| Interest expense | (97) | (98) | 1 |
| Total nonoperating income (expense) | 286 | 182 | 104 |
| Income before income taxes | 2,376 | 2,693 | (317) |
| Income tax expense (benefit) | 347 | 620 | (273) |
| Net income | 2,029 | 2,073 | (44) |
| Less: | | | |
| Net income (loss) attributable to noncontrolling interests | 9 | 17 | (8) |
| Net income attributable to BlackRock, Inc. | <u>\$ 2,020</u> | <u>\$ 2,056</u> | <u>\$ (36)</u> |
| Weighted-average common shares outstanding | | | |
| Basic | 154,488,079 | 156,803,244 | (2,315,165) |
| Diluted | 155,556,187 | 157,853,711 | (2,297,524) |
| Earnings per share attributable to BlackRock, Inc. common stockholders (4) | | | |
| Basic | \$ 13.08 | \$ 13.11 | \$ (0.03) |
| Diluted | \$ 12.99 | \$ 13.02 | \$ (0.03) |
| Cash dividends declared and paid per share | \$ 7.26 | \$ 6.60 | \$ 0.66 |
| Supplemental information: | | | |
| AUM (end of period) | \$ 7,317,949 | \$ 6,842,482 | \$ 475,467 |
| Shares outstanding (end of period) | 152,460,239 | 155,366,861 | (2,906,622) |
| GAAP: | | | |
| Operating margin | 28.4% | 36.6% | (820) bps |
| Effective tax rate | 14.7% | 23.2% | (850) bps |
| As adjusted: | | | |
| Operating income (1) | \$ 2,679 | \$ 2,511 | \$ 168 |
| Operating margin (1) | 42.7% | 42.5% | 20 bps |
| Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests (2) | \$ 155 | \$ 165 | \$ (10) |
| Net income attributable to BlackRock, Inc. (3) | \$ 2,246 | \$ 2,056 | \$ 190 |
| Diluted earnings attributable to BlackRock, Inc. common stockholders per share (3) (4) | \$ 14.44 | \$ 13.02 | \$ 1.42 |
| Effective tax rate | 20.7% | 23.2% | (250) bps |

See pages 11-12 for the reconciliation to GAAP and notes (1) through (4) for more information on as adjusted items.

ASSETS UNDER MANAGEMENT

(in millions), (unaudited)

Current Quarter Component Changes by Client Type and Product Type

| | March 31, 2020 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|-------------------------|---------------------|------------------------------|-------------------|--------------------------|---------------------|----------------------------|
| Retail: | | | | | | |
| Equity | \$ 204,742 | \$ 7,134 | \$ 41,803 | \$ 425 | \$ 254,104 | \$ 234,908 |
| Fixed income | 278,057 | 8,656 | 13,721 | 726 | 301,160 | 290,404 |
| Multi-asset | 101,032 | (1,345) | 12,127 | 120 | 111,934 | 107,444 |
| Alternatives | 24,993 | 1,765 | 1,158 | 40 | 27,956 | 26,315 |
| Retail subtotal | 608,824 | 16,210 | 68,809 | 1,311 | 695,154 | 659,071 |
| iShares ETFs: | | | | | | |
| Equity | 1,253,690 | (14,249) | 226,848 | 4,025 | 1,470,314 | 1,384,781 |
| Fixed income | 554,009 | 57,306 | 20,451 | 2,332 | 634,098 | 594,631 |
| Multi-asset | 4,499 | 52 | 503 | 20 | 5,074 | 4,850 |
| Alternatives | 39,992 | 7,861 | 5,205 | 53 | 53,111 | 46,967 |
| iShares ETFs subtotal | 1,852,190 | 50,970 | 253,007 | 6,430 | 2,162,597 | 2,031,229 |
| Institutional: | | | | | | |
| Active: | | | | | | |
| Equity | 112,440 | (316) | 20,937 | 871 | 133,932 | 124,521 |
| Fixed income | 625,345 | 4,978 | 33,808 | 2,562 | 666,693 | 646,344 |
| Multi-asset | 381,416 | (3,337) | 45,012 | 3,462 | 426,553 | 406,737 |
| Alternatives | 110,891 | 1,188 | 1,787 | 566 | 114,432 | 112,512 |
| Active subtotal | 1,230,092 | 2,513 | 101,544 | 7,461 | 1,341,610 | 1,290,114 |
| Index: | | | | | | |
| Equity | 1,388,790 | 3,017 | 261,528 | 7,540 | 1,660,875 | 1,555,131 |
| Fixed income | 778,404 | (10,674) | 38,702 | 2,709 | 809,141 | 795,846 |
| Multi-asset | 7,230 | (124) | 682 | 13 | 7,801 | 7,628 |
| Alternatives | 4,075 | 295 | 153 | (4) | 4,519 | 4,229 |
| Index subtotal | 2,178,499 | (7,486) | 301,065 | 10,258 | 2,482,336 | 2,362,834 |
| Institutional subtotal | 3,408,591 | (4,973) | 402,609 | 17,719 | 3,823,946 | 3,652,948 |
| Long-term | 5,869,605 | 62,207 | 724,425 | 25,460 | 6,681,697 | 6,343,248 |
| Cash management | 594,089 | 24,198 | 143 | 921 | 619,351 | 621,985 |
| Advisory ⁽³⁾ | 2,974 | 13,812 | 94 | 21 | 16,901 | 10,546 |
| Total | \$ 6,466,668 | \$ 100,217 | \$ 724,662 | \$ 26,402 | \$ 7,317,949 | \$ 6,975,779 |

Current Quarter Component Changes by Investment Style and Product Type (Long-Term)

| | March 31, 2020 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|---------------------------------|---------------------|------------------------------|-------------------|--------------------------|---------------------|----------------------------|
| Active: | | | | | | |
| Equity | \$ 252,758 | \$ 7,647 | \$ 51,204 | \$ 1,200 | \$ 312,809 | \$ 287,991 |
| Fixed income | 887,458 | 12,645 | 46,761 | 3,279 | 950,143 | 919,877 |
| Multi-asset | 482,450 | (4,682) | 57,139 | 3,582 | 538,489 | 514,181 |
| Alternatives | 135,882 | 2,953 | 2,946 | 606 | 142,387 | 138,826 |
| Active subtotal | 1,758,548 | 18,563 | 158,050 | 8,667 | 1,943,828 | 1,860,875 |
| Index and iShares ETFs: | | | | | | |
| iShares ETFs: | | | | | | |
| Equity | 1,253,690 | (14,249) | 226,848 | 4,025 | 1,470,314 | 1,384,781 |
| Fixed income | 554,009 | 57,306 | 20,451 | 2,332 | 634,098 | 594,631 |
| Multi-asset | 4,499 | 52 | 503 | 20 | 5,074 | 4,850 |
| Alternatives | 39,992 | 7,861 | 5,205 | 53 | 53,111 | 46,967 |
| iShares ETFs subtotal | 1,852,190 | 50,970 | 253,007 | 6,430 | 2,162,597 | 2,031,229 |
| Non-ETF Index: | | | | | | |
| Equity | 1,453,214 | 2,188 | 273,064 | 7,636 | 1,736,102 | 1,626,569 |
| Fixed income | 794,348 | (9,685) | 39,470 | 2,718 | 826,851 | 812,717 |
| Multi-asset | 7,228 | (124) | 682 | 13 | 7,799 | 7,628 |
| Alternatives | 4,077 | 295 | 152 | (4) | 4,520 | 4,230 |
| Non-ETF Index subtotal | 2,258,867 | (7,326) | 313,368 | 10,363 | 2,575,272 | 2,451,144 |
| Index and iShares ETFs subtotal | 4,111,057 | 43,644 | 566,375 | 16,793 | 4,737,869 | 4,482,373 |
| Long-Term | \$ 5,869,605 | \$ 62,207 | \$ 724,425 | \$ 25,460 | \$ 6,681,697 | \$ 6,343,248 |

Current Quarter Component Changes by Product Type (Long-Term)

| | March 31, 2020 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|---|---------------------|------------------------------|-------------------|--------------------------|---------------------|----------------------------|
| Equity | \$ 2,959,662 | \$ (4,414) | \$ 551,116 | \$ 12,861 | \$ 3,519,225 | \$ 3,299,341 |
| Fixed income | 2,235,815 | 60,266 | 106,682 | 8,329 | 2,411,092 | 2,327,225 |
| Multi-asset | 494,177 | (4,754) | 58,324 | 3,615 | 551,362 | 526,659 |
| Alternatives: | | | | | | |
| Illiquid alternatives | 75,101 | 1,585 | (365) | 286 | 76,607 | 75,954 |
| Liquid alternatives | 58,127 | 1,395 | 3,280 | 318 | 63,120 | 60,226 |
| Currency and commodities ⁽⁴⁾ | 46,723 | 8,129 | 5,388 | 51 | 60,291 | 53,843 |
| Alternatives subtotal | 179,951 | 11,109 | 8,303 | 655 | 200,018 | 190,023 |
| Long-Term | \$ 5,869,605 | \$ 62,207 | \$ 724,425 | \$ 25,460 | \$ 6,681,697 | \$ 6,343,248 |

⁽¹⁾ Foreign exchange reflects the impact of translating non-US dollar denominated AUM into US dollars for reporting purposes.

⁽²⁾ Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing four months.

⁽³⁾ Advisory AUM represents mandates linked to purchases and disposition of assets and portfolios on behalf of official institutions and long-term portfolio liquidation assignments. Approximately \$3.9 billion of iShares ETFs AUM held in advisory accounts associated with the FRBNY assignment as of June 30, 2020 (disclosed via FRBNY reporting as of July 10, 2020) are included within Fixed Income iShares AUM above. These holdings are excluded from Advisory AUM in the first table above.

⁽⁴⁾ Amounts include commodity iShares ETFs.

ASSETS UNDER MANAGEMENT

(in millions), (unaudited)

Year-to-Date Component Changes by Client Type and Product Type

| | December 31, 2019 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|-------------------------|----------------------|------------------------------|---------------------|--------------------------|---------------------|----------------------------|
| Retail: | | | | | | |
| Equity | \$ 252,413 | \$ 16,236 | \$ (11,177) | \$ (3,368) | \$ 254,104 | \$ 240,942 |
| Fixed income | 305,265 | 243 | (977) | (3,371) | 301,160 | 298,574 |
| Multi-asset | 120,439 | (4,903) | (3,048) | (554) | 111,934 | 112,349 |
| Alternatives | 25,180 | 3,108 | (207) | (125) | 27,956 | 26,277 |
| Retail subtotal | 703,297 | 14,684 | (15,409) | (7,418) | 695,154 | 678,142 |
| iShares ETFs: | | | | | | |
| Equity | 1,632,972 | (3,801) | (153,420) | (5,437) | 1,470,314 | 1,467,523 |
| Fixed income | 565,790 | 55,670 | 14,040 | (1,402) | 634,098 | 587,842 |
| Multi-asset | 5,210 | 76 | (191) | (21) | 5,074 | 4,990 |
| Alternatives | 36,093 | 12,857 | 4,174 | (13) | 53,111 | 43,199 |
| iShares ETFs subtotal | 2,240,065 | 64,802 | (135,397) | (6,873) | 2,162,597 | 2,103,554 |
| Institutional: | | | | | | |
| Active: | | | | | | |
| Equity | 141,118 | 708 | (6,342) | (1,552) | 133,932 | 129,527 |
| Fixed income | 651,368 | (8,930) | 27,735 | (3,480) | 666,693 | 652,186 |
| Multi-asset | 434,233 | 4,857 | (8,281) | (4,256) | 426,553 | 418,451 |
| Alternatives | 111,951 | 4,016 | (492) | (1,043) | 114,432 | 112,359 |
| Active subtotal | 1,338,670 | 651 | 12,620 | (10,331) | 1,341,610 | 1,312,523 |
| Index: | | | | | | |
| Equity | 1,793,826 | (14,395) | (104,885) | (13,671) | 1,660,875 | 1,629,613 |
| Fixed income | 792,969 | (22,089) | 61,750 | (23,489) | 809,141 | 802,752 |
| Multi-asset | 8,239 | (393) | (49) | 4 | 7,801 | 7,981 |
| Alternatives | 4,848 | 288 | (541) | (76) | 4,519 | 4,406 |
| Index subtotal | 2,599,882 | (36,589) | (43,725) | (37,232) | 2,482,336 | 2,444,752 |
| Institutional subtotal | 3,938,552 | (35,938) | (31,105) | (47,563) | 3,823,946 | 3,757,275 |
| Long-term | 6,881,914 | 43,548 | (181,911) | (61,854) | 6,681,697 | 6,538,971 |
| Cash management | 545,949 | 76,639 | (117) | (3,120) | 619,351 | 587,844 |
| Advisory ⁽³⁾ | 1,770 | 15,019 | 142 | (30) | 16,901 | 6,798 |
| Total | \$ 7,429,633 | \$ 135,206 | \$ (181,886) | \$ (65,004) | \$ 7,317,949 | \$ 7,133,613 |

Year-to-Date Component Changes by Investment Style and Product Type (Long-Term)

| | December 31, 2019 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|---------------------------------|----------------------|------------------------------|---------------------|--------------------------|---------------------|----------------------------|
| Active: | | | | | | |
| Equity | \$ 316,145 | \$ 11,554 | \$ (12,073) | \$ (2,817) | \$ 312,809 | \$ 296,949 |
| Fixed income | 939,275 | (9,016) | 25,926 | (6,042) | 950,143 | 933,514 |
| Multi-asset | 554,672 | (44) | (11,329) | (4,810) | 538,489 | 530,799 |
| Alternatives | 137,130 | 7,124 | (699) | (1,168) | 142,387 | 138,635 |
| Active subtotal | 1,947,222 | 9,618 | 1,825 | (14,837) | 1,943,828 | 1,899,897 |
| Index and iShares ETFs: | | | | | | |
| iShares ETFs: | | | | | | |
| Equity | 1,632,972 | (3,801) | (153,420) | (5,437) | 1,470,314 | 1,467,523 |
| Fixed income | 565,790 | 55,670 | 14,040 | (1,402) | 634,098 | 587,842 |
| Multi-asset | 5,210 | 76 | (191) | (21) | 5,074 | 4,990 |
| Alternatives | 36,093 | 12,857 | 4,174 | (13) | 53,111 | 43,199 |
| iShares ETFs subtotal | 2,240,065 | 64,802 | (135,397) | (6,873) | 2,162,597 | 2,103,554 |
| Non-ETF Index: | | | | | | |
| Equity | 1,871,212 | (9,005) | (110,331) | (15,774) | 1,736,102 | 1,703,133 |
| Fixed income | 810,327 | (21,760) | 62,582 | (24,298) | 826,851 | 819,998 |
| Multi-asset | 8,239 | (395) | (49) | 4 | 7,799 | 7,982 |
| Alternatives | 4,849 | 288 | (541) | (76) | 4,520 | 4,407 |
| Non-ETF Index subtotal | 2,694,627 | (30,872) | (48,339) | (40,144) | 2,575,272 | 2,535,520 |
| Index and iShares ETFs subtotal | 4,934,692 | 33,930 | (183,736) | (47,017) | 4,737,869 | 4,639,074 |
| Long-Term | \$ 6,881,914 | \$ 43,548 | \$ (181,911) | \$ (61,854) | \$ 6,681,697 | \$ 6,538,971 |

Year-to-Date Component Changes by Product Type (Long-Term)

| | December 31, 2019 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|---|----------------------|------------------------------|---------------------|--------------------------|---------------------|----------------------------|
| Equity | \$ 3,820,329 | \$ (1,252) | \$ (275,824) | \$ (24,028) | \$ 3,519,225 | \$ 3,467,605 |
| Fixed income | 2,315,392 | 24,894 | 102,548 | (31,742) | 2,411,092 | 2,341,354 |
| Multi-asset | 568,121 | (363) | (11,569) | (4,827) | 551,362 | 543,771 |
| Alternatives: | | | | | | |
| Illiquid alternatives | 75,349 | 4,152 | (2,129) | (765) | 76,607 | 75,705 |
| Liquid alternatives | 59,048 | 2,956 | 1,535 | (419) | 63,120 | 60,261 |
| Currency and commodities ⁽⁴⁾ | 43,675 | 13,161 | 3,528 | (73) | 60,291 | 50,275 |
| Alternatives subtotal | 178,072 | 20,269 | 2,934 | (1,257) | 200,018 | 186,241 |
| Long-Term | \$ 6,881,914 | \$ 43,548 | \$ (181,911) | \$ (61,854) | \$ 6,681,697 | \$ 6,538,971 |

(1) Foreign exchange reflects the impact of translating non-US dollar denominated AUM into US dollars for reporting purposes.

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

(3) Advisory AUM represents mandates linked to purchases and disposition of assets and portfolios on behalf of official institutions and long-term portfolio liquidation assignments. Approximately \$3.9 billion of iShares ETFs AUM held in advisory accounts associated with the FRBNY assignment as of June 30, 2020 (disclosed via FRBNY reporting as of July 10, 2020) are included within Fixed Income iShares AUM above. These holdings are excluded from Advisory AUM in the first table above.

(4) Amounts include commodity iShares ETFs.

ASSETS UNDER MANAGEMENT

(in millions), (unaudited)

Year-over-Year Component Changes by Client Type and Product Type

| | June 30, 2019 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|-------------------------|---------------------|------------------------------|-------------------|--------------------------|---------------------|----------------------------|
| Retail: | | | | | | |
| Equity | \$ 232,429 | \$ 21,011 | \$ 2,307 | \$ (1,643) | \$ 254,104 | \$ 238,057 |
| Fixed income | 291,772 | 10,186 | 2,182 | (2,980) | 301,160 | 297,562 |
| Multi-asset | 118,135 | (7,463) | 1,660 | (398) | 111,934 | 114,692 |
| Alternatives | 22,570 | 5,659 | (177) | (96) | 27,956 | 24,917 |
| Retail subtotal | 664,906 | 29,393 | 5,972 | (5,117) | 695,154 | 675,228 |
| iShares ETFs: | | | | | | |
| Equity | 1,462,623 | 58,351 | (45,191) | (5,469) | 1,470,314 | 1,476,916 |
| Fixed income | 513,843 | 104,309 | 17,688 | (1,742) | 634,098 | 563,566 |
| Multi-asset | 4,442 | 666 | (17) | (17) | 5,074 | 4,833 |
| Alternatives | 27,959 | 18,183 | 6,981 | (12) | 53,111 | 38,367 |
| iShares ETFs subtotal | 2,008,867 | 181,509 | (20,539) | (7,240) | 2,162,597 | 2,083,682 |
| Institutional: | | | | | | |
| Active: | | | | | | |
| Equity | 125,884 | 5,176 | 3,793 | (921) | 133,932 | 129,091 |
| Fixed income | 649,924 | (26,222) | 45,319 | (2,328) | 666,693 | 652,323 |
| Multi-asset | 393,101 | 21,311 | 16,119 | (3,978) | 426,553 | 410,295 |
| Alternatives | 103,623 | 11,302 | 179 | (672) | 114,432 | 109,375 |
| Active subtotal | 1,272,532 | 11,567 | 65,410 | (7,899) | 1,341,610 | 1,301,084 |
| Index: | | | | | | |
| Equity | 1,664,933 | (37,274) | 41,472 | (8,256) | 1,660,875 | 1,651,852 |
| Fixed income | 735,591 | 9,885 | 73,443 | (9,778) | 809,141 | 786,774 |
| Multi-asset | 8,050 | (526) | 293 | (16) | 7,801 | 8,011 |
| Alternatives | 4,617 | 289 | (353) | (34) | 4,519 | 4,490 |
| Index subtotal | 2,413,191 | (27,626) | 114,855 | (18,084) | 2,482,336 | 2,451,127 |
| Institutional subtotal | 3,685,723 | (16,059) | 180,265 | (25,983) | 3,823,946 | 3,752,211 |
| Long-term | 6,359,496 | 194,843 | 165,698 | (38,340) | 6,681,697 | 6,511,121 |
| Cash management | 481,208 | 138,426 | 1,516 | (1,799) | 619,351 | 552,549 |
| Advisory ⁽³⁾ | 1,778 | 15,021 | 136 | (34) | 16,901 | 4,472 |
| Total | \$ 6,842,482 | \$ 348,290 | \$ 167,350 | \$ (40,173) | \$ 7,317,949 | \$ 7,068,142 |

Year-over-Year Component Changes by Investment Style and Product Type (Long-Term)

| | June 30, 2019 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|---------------------------------|---------------------|------------------------------|-------------------|--------------------------|---------------------|----------------------------|
| Active: | | | | | | |
| Equity | \$ 289,870 | \$ 17,570 | \$ 7,084 | \$ (1,715) | \$ 312,809 | \$ 295,079 |
| Fixed income | 926,097 | (17,456) | 46,473 | (4,971) | 950,143 | 933,192 |
| Multi-asset | 511,236 | 13,849 | 17,780 | (4,376) | 538,489 | 524,986 |
| Alternatives | 126,190 | 16,961 | 4 | (768) | 142,387 | 134,291 |
| Active subtotal | 1,853,393 | 30,924 | 71,341 | (11,830) | 1,943,828 | 1,887,548 |
| Index and iShares ETFs: | | | | | | |
| iShares ETFs | | | | | | |
| Equity | 1,462,623 | 58,351 | (45,191) | (5,469) | 1,470,314 | 1,476,916 |
| Fixed income | 513,843 | 104,309 | 17,688 | (1,742) | 634,098 | 563,566 |
| Multi-asset | 4,442 | 666 | (17) | (17) | 5,074 | 4,833 |
| Alternatives | 27,959 | 18,183 | 6,981 | (12) | 53,111 | 38,367 |
| iShares ETFs subtotal | 2,008,867 | 181,509 | (20,539) | (7,240) | 2,162,597 | 2,083,682 |
| Non-ETF Index | | | | | | |
| Equity | 1,733,376 | (28,657) | 40,488 | (9,105) | 1,736,102 | 1,723,921 |
| Fixed income | 751,190 | 11,305 | 74,471 | (10,115) | 826,851 | 803,467 |
| Multi-asset | 8,050 | (527) | 292 | (16) | 7,799 | 8,012 |
| Alternatives | 4,620 | 289 | (355) | (34) | 4,520 | 4,491 |
| Non-ETF Index subtotal | 2,497,236 | (17,590) | 114,896 | (19,270) | 2,575,272 | 2,539,891 |
| Index and iShares ETFs subtotal | 4,506,103 | 163,919 | 94,357 | (26,510) | 4,737,869 | 4,623,573 |
| Long-Term | \$ 6,359,496 | \$ 194,843 | \$ 165,698 | \$ (38,340) | \$ 6,681,697 | \$ 6,511,121 |

Year-over-Year Component Changes by Product Type (Long-Term)

| | June 30, 2019 | Net inflows (outflows) | Market change | FX impact ⁽¹⁾ | June 30, 2020 | Average AUM ⁽²⁾ |
|---|---------------------|------------------------------|-------------------|--------------------------|---------------------|----------------------------|
| Equity | \$ 3,485,869 | \$ 47,264 | \$ 2,381 | \$ (16,289) | \$ 3,519,225 | \$ 3,495,916 |
| Fixed income | 2,191,130 | 98,158 | 138,632 | (16,828) | 2,411,092 | 2,300,225 |
| Multi-asset | 523,728 | 13,988 | 18,055 | (4,409) | 551,362 | 537,831 |
| Alternatives: | | | | | | |
| Illiquid alternatives | 67,910 | 11,335 | (2,147) | (491) | 76,607 | 73,083 |
| Liquid alternatives | 55,514 | 5,634 | 2,246 | (274) | 63,120 | 58,510 |
| Currency and commodities ⁽⁴⁾ | 35,345 | 18,464 | 6,531 | (49) | 60,291 | 45,556 |
| Alternatives subtotal | 158,769 | 35,433 | 6,630 | (814) | 200,018 | 177,149 |
| Long-Term | \$ 6,359,496 | \$ 194,843 | \$ 165,698 | \$ (38,340) | \$ 6,681,697 | \$ 6,511,121 |

⁽¹⁾ Foreign exchange reflects the impact of translating non-US dollar denominated AUM into US dollars for reporting purposes.

⁽²⁾ Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing thirteen months.

⁽³⁾ Advisory AUM represents mandates linked to purchases and disposition of assets and portfolios on behalf of official institutions and long-term portfolio liquidation assignments. Approximately \$3.9 billion of iShares ETFs AUM held in advisory accounts associated with the FRBNY assignment as of June 30, 2020 (disclosed via FRBNY reporting as of July 10, 2020) are included within Fixed Income iShares AUM above. These holdings are excluded from Advisory AUM in the first table above.

⁽⁴⁾ Amounts include commodity iShares ETFs.

SUMMARY OF REVENUE

| | Three Months Ended June 30, | | | Three Months Ended March 31, | | | Six Months Ended June 30, | | |
|---|-----------------------------|-----------------|---------------|------------------------------|----------------|-----------------|---------------------------|---------------|--|
| | 2020 | 2019 | Change | 2020 | Change | 2020 | 2019 | Change | |
| <i>(in millions), (unaudited)</i> | | | | | | | | | |
| Investment advisory, administration fees and securities | | | | | | | | | |
| lending revenue: | | | | | | | | | |
| Equity: | | | | | | | | | |
| Active | \$ 381 | \$ 385 | \$ (4) | \$ 398 | \$ (17) | \$ 779 | \$ 760 | \$ 19 | |
| <i>iShares</i> ETFs | 792 | 870 | (78) | 879 | (87) | 1,671 | 1,717 | (46) | |
| Non-ETF Index | 178 | 163 | 15 | 163 | 15 | 341 | 327 | 14 | |
| Equity subtotal | 1,351 | 1,418 | (67) | 1,440 | (89) | 2,791 | 2,804 | (13) | |
| Fixed income: | | | | | | | | | |
| Active | 464 | 474 | (10) | 481 | (17) | 945 | 931 | 14 | |
| <i>iShares</i> ETFs | 261 | 234 | 27 | 259 | 2 | 520 | 454 | 66 | |
| Non-ETF Index | 129 | 98 | 31 | 112 | 17 | 241 | 195 | 46 | |
| Fixed income subtotal | 854 | 806 | 48 | 852 | 2 | 1,706 | 1,580 | 126 | |
| Multi-asset | 270 | 288 | (18) | 293 | (23) | 563 | 564 | (1) | |
| Alternatives: | | | | | | | | | |
| Illiquid alternatives | 128 | 118 | 10 | 148 | (20) | 276 | 228 | 48 | |
| Liquid alternatives | 117 | 102 | 15 | 112 | 5 | 229 | 196 | 33 | |
| Currency and commodities | 35 | 24 | 11 | 32 | 3 | 67 | 48 | 19 | |
| Alternatives subtotal | 280 | 244 | 36 | 292 | (12) | 572 | 472 | 100 | |
| Long-term | 2,755 | 2,756 | (1) | 2,877 | (122) | 5,632 | 5,420 | 212 | |
| Cash management | 211 | 147 | 64 | 178 | 33 | 389 | 288 | 101 | |
| Total base fees | 2,966 | 2,903 | 63 | 3,055 | (89) | 6,021 | 5,708 | 313 | |
| Investment advisory performance fees: | | | | | | | | | |
| Equity | 23 | 4 | 19 | 2 | 21 | 25 | 4 | 21 | |
| Fixed income | 2 | - | 2 | 2 | - | 4 | 2 | 2 | |
| Multi-asset | 2 | 6 | (4) | 1 | 1 | 3 | 6 | (3) | |
| Alternatives: | | | | | | | | | |
| Illiquid alternatives | 32 | 15 | 17 | 17 | 15 | 49 | 35 | 14 | |
| Liquid alternatives | 53 | 39 | 14 | 19 | 34 | 72 | 43 | 29 | |
| Alternatives subtotal | 85 | 54 | 31 | 36 | 49 | 121 | 78 | 43 | |
| Total performance fees | 112 | 64 | 48 | 41 | 71 | 153 | 90 | 63 | |
| Technology services revenue | 278 | 237 | 41 | 274 | 4 | 552 | 441 | 111 | |
| Distribution fees: | | | | | | | | | |
| Retrocessions | 162 | 164 | (2) | 169 | (7) | 331 | 325 | 6 | |
| 12b-1 fees (US mutual fund distribution fees) | 78 | 88 | (10) | 91 | (13) | 169 | 177 | (8) | |
| Other | 13 | 15 | (2) | 16 | (3) | 29 | 27 | 2 | |
| Total distribution fees | 253 | 267 | (14) | 276 | (23) | 529 | 529 | - | |
| Advisory and other revenue: | | | | | | | | | |
| Advisory | 17 | 22 | (5) | 17 | - | 34 | 41 | (7) | |
| Other | 22 | 31 | (9) | 47 | (25) | 69 | 61 | 8 | |
| Total advisory and other revenue | 39 | 53 | (14) | 64 | (25) | 103 | 102 | 1 | |
| Total revenue | \$ 3,648 | \$ 3,524 | \$ 124 | \$ 3,710 | \$ (62) | \$ 7,358 | \$ 6,870 | \$ 488 | |

Highlights

- Investment advisory, administration fees and securities lending revenue increased \$63 million from the second quarter of 2019, primarily driven by organic growth and higher securities lending revenue, partially offset by the negative impact of equity beta and foreign exchange movements on average AUM, and strategic pricing changes to certain products.

Investment advisory, administration fees and securities lending revenue decreased \$89 million from the first quarter of 2020, primarily driven by the impact of first quarter global market declines and foreign exchange movements on average AUM, partially offset by higher securities lending revenue and organic growth.

Securities lending revenue of \$210 million increased \$60 million from the second quarter of 2019 and \$52 million from the first quarter of 2020, primarily reflecting higher asset spreads and average balances of securities on loan.

- Performance fees increased \$48 million from the second quarter of 2019 and \$71 million from the first quarter of 2020, primarily reflecting higher revenue from alternative and long-only equity products.
- Technology services revenue increased \$41 million from the second quarter of 2019, primarily reflecting higher revenue from *Aladdin*.
- Advisory and other revenue decreased \$25 million from the first quarter of 2020, primarily reflecting the impact of the previously announced charitable contribution of BlackRock's remaining 20% stake in PennyMac Financial Services, Inc. (the "Charitable Contribution") in the first quarter of 2020 and lower transition management assignments.

SUMMARY OF OPERATING EXPENSE

| (in millions), (unaudited) | Three Months Ended June 30, | | | Three Months Ended March 31, | | Six Months Ended June 30, | | |
|---|-----------------------------|-----------------|---------------|------------------------------|-----------------|---------------------------|-----------------|---------------|
| | 2020 | 2019 | Change | 2020 | Change | 2020 | 2019 | Change |
| Operating expense | | | | | | | | |
| Employee compensation and benefits | \$ 1,152 | \$ 1,083 | \$ 69 | \$ 1,137 | \$ 15 | \$ 2,289 | \$ 2,147 | \$ 142 |
| Distribution and servicing costs: | | | | | | | | |
| Retrocessions | 162 | 164 | (2) | 169 | (7) | 331 | 325 | 6 |
| 12b-1 costs | 75 | 88 | (13) | 89 | (14) | 164 | 176 | (12) |
| Other | 192 | 164 | 28 | 187 | 5 | 379 | 319 | 60 |
| Total distribution and servicing costs | 429 | 416 | 13 | 445 | (16) | 874 | 820 | 54 |
| Direct fund expense | 246 | 252 | (6) | 277 | (31) | 523 | 494 | 29 |
| General and administration: | | | | | | | | |
| Marketing and promotional | 39 | 81 | (42) | 69 | (30) | 108 | 162 | (54) |
| Occupancy and office related | 80 | 75 | 5 | 78 | 2 | 158 | 149 | 9 |
| Portfolio services | 65 | 65 | - | 65 | - | 130 | 127 | 3 |
| Technology | 92 | 67 | 25 | 88 | 4 | 180 | 136 | 44 |
| Professional services | 41 | 44 | (3) | 44 | (3) | 85 | 77 | 8 |
| Communications | 14 | 10 | 4 | 12 | 2 | 26 | 19 | 7 |
| Foreign exchange remeasurement | 1 | 12 | (11) | 5 | (4) | 6 | 20 | (14) |
| Contingent consideration fair value adjustments | (2) | 13 | (15) | 25 | (27) | 23 | 19 | 4 |
| Product launch costs | - | 59 | (59) | 84 | (84) | 84 | 59 | 25 |
| Charitable Contribution | - | - | - | 589 | (589) | 589 | - | 589 |
| Other general and administration | 58 | 44 | 14 | 83 | (25) | 141 | 90 | 51 |
| Total general and administration expense | 388 | 470 | (82) | 1,142 | (754) | 1,530 | 858 | 672 |
| Amortization of intangible assets | 27 | 25 | 2 | 25 | 2 | 52 | 40 | 12 |
| Total operating expense | \$ 2,242 | \$ 2,246 | \$ (4) | \$ 3,026 | \$ (784) | \$ 5,268 | \$ 4,359 | \$ 909 |

Highlights

- Employee compensation and benefits expense increased \$69 million from the second quarter of 2019, reflecting higher base and incentive compensation, driven in part by higher performance fees.

Employee compensation and benefits expense increased \$15 million from the first quarter of 2020, primarily reflecting higher incentive compensation, driven in part by higher performance fees, partially offset by lower seasonal payroll taxes in the current quarter.

- Direct fund expense decreased \$31 million from the first quarter of 2020, including the impact of lower average AUM.
- General and administration expense decreased \$82 million from the second quarter of 2019, reflecting lower marketing and promotional expense, lower contingent consideration fair value adjustments related to prior acquisitions and lower foreign exchange remeasurement expense, partially offset by higher technology expense, including certain costs related to COVID-19 and a \$12 million impairment of a fixed asset incurred in the current quarter. The decrease also reflected the impact of \$59 million of product launch costs incurred in the second quarter of 2019.

General and administration expense decreased \$754 million from the first quarter of 2020, primarily reflecting the impact of significant expense incurred in the first quarter of 2020, including \$589 million of expense related to the Charitable Contribution, \$84 million of product launch costs, costs related to certain legal matters, including Aviron Capital, LLC, and lower contingent consideration fair value adjustments related to prior acquisitions. The decrease also reflected lower marketing and promotional expense, partially offset by a \$12 million impairment of a fixed asset incurred in the current quarter.

INCOME TAX EXPENSE (BENEFIT)

| (in millions), (unaudited) | Three Months Ended June 30, | | | Three Months Ended March 31, | | | Six Months Ended June 30, | | |
|------------------------------|-----------------------------|--------|-----------|------------------------------|-----------|--------|---------------------------|-----------|--|
| | 2020 | 2019 | Change | 2020 | Change | 2020 | 2019 | Change | |
| Income tax expense (benefit) | \$ 361 | \$ 322 | \$ 39 | \$ (14) | \$ 375 | \$ 347 | \$ 620 | \$ (273) | |
| Effective tax rate | 22.9% | 24.3% | (140) bps | (1.7)% | 2,460 bps | 14.7% | 23.2% | (850) bps | |

Highlights

- First quarter 2020 income tax benefit included a discrete tax benefit of \$241 million recognized in connection with the Charitable Contribution and \$64 million of other discrete tax benefits, including benefits related to stock-based compensation awards that vested in the first quarter of 2020.

SUMMARY OF NONOPERATING INCOME (EXPENSE), LESS NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS

| (in millions), (unaudited) | Three Months Ended June 30, | | | Three Months Ended March 31, | | | Six Months Ended June 30, | | |
|--|-----------------------------|-------|--------|------------------------------|--------|--------|---------------------------|--------|--|
| | 2020 | 2019 | Change | 2020 | Change | 2020 | 2019 | Change | |
| Nonoperating income (expense), GAAP basis | \$ 357 | \$ 57 | \$ 300 | \$ (71) | \$ 428 | \$ 286 | \$ 182 | \$ 104 | |
| Less: Net income (loss) attributable to noncontrolling interests ("NCI") | 188 | 10 | 178 | (179) | 367 | 9 | 17 | (8) | |
| Nonoperating income (expense) ⁽¹⁾ | \$ 169 | \$ 47 | \$ 122 | \$ 108 | \$ 61 | \$ 277 | \$ 165 | \$ 112 | |

| (in millions), (unaudited) | Three Months Ended June 30, | | | Three Months Ended March 31, | | | Six Months Ended June 30, | | |
|---|-----------------------------|-------|---------|------------------------------|--------|---------|---------------------------|---------|--|
| | 2020 | 2019 | Change | 2020 | Change | 2020 | 2019 | Change | |
| Net gain (loss) on investments ⁽¹⁾ | | | | | | | | | |
| Private equity | \$ 8 | \$ 32 | \$ (24) | \$ (18) | \$ 26 | \$ (10) | \$ 32 | \$ (42) | |
| Real assets | - | 4 | (4) | 5 | (5) | 5 | 10 | (5) | |
| Other alternatives ⁽²⁾ | 21 | 7 | 14 | (25) | 46 | (4) | 15 | (19) | |
| Other investments ⁽³⁾ | 130 | 31 | 99 | (150) | 280 | (20) | 104 | (124) | |
| Subtotal | 159 | 74 | 85 | (188) | 347 | (29) | 161 | (190) | |
| Gain related to the Charitable Contribution | - | - | - | 122 | (122) | 122 | - | 122 | |
| Other gains (losses) ⁽⁴⁾ | 51 | 5 | 46 | 205 | (154) | 256 | 53 | 203 | |
| Total net gain (loss) on investments ⁽¹⁾ | 210 | 79 | 131 | 139 | 71 | 349 | 214 | 135 | |
| Interest and dividend income | 10 | 20 | (10) | 15 | (5) | 25 | 49 | (24) | |
| Interest expense | (51) | (52) | 1 | (46) | (5) | (97) | (98) | 1 | |
| Net interest expense | (41) | (32) | (9) | (31) | (10) | (72) | (49) | (23) | |
| Nonoperating income (expense) ⁽¹⁾ | \$ 169 | \$ 47 | \$ 122 | \$ 108 | \$ 61 | \$ 277 | \$ 165 | \$ 112 | |

⁽¹⁾ Net of net income (loss) attributable to NCI. Management believes nonoperating income (expense), as adjusted, is an effective measure for reviewing BlackRock's nonoperating results, which ultimately impacts BlackRock's book value. For more information on as adjusted items and the reconciliation to GAAP see note (2) to the condensed consolidated statements of income and supplemental information on pages 11 and 12.

⁽²⁾ Amounts primarily include net gains (losses) related to direct hedge fund strategies and hedge fund solutions.

⁽³⁾ Amounts primarily include net gains (losses) related to unhedged equity, fixed income and multi-asset investments.

⁽⁴⁾ The amounts for the three months ended March 31, 2020 and six months ended June 30, 2020 include a nonoperating pre-tax gain of approximately \$240 million in connection with a recapitalization of iCapital Network, Inc. Additional amounts primarily include noncash pre-tax gains (losses) related to the revaluation of a corporate minority investment.

RECONCILIATION OF US GAAP OPERATING INCOME AND OPERATING MARGIN TO OPERATING INCOME AND OPERATING MARGIN, AS ADJUSTED

| <i>(in millions), (unaudited)</i> | Three Months Ended | | | Six Months Ended | |
|--|--------------------|--------------|--------------|------------------|--------------|
| | June 30, | | March 31, | June 30, | |
| | 2020 | 2019 | 2020 | 2020 | 2019 |
| Operating income, GAAP basis | \$ 1,406 | \$ 1,278 | \$ 684 | \$ 2,090 | \$ 2,511 |
| Non-GAAP expense adjustment: | | | | | |
| Charitable Contribution | - | - | 589 | 589 | - |
| Operating income, as adjusted (1) | 1,406 | 1,278 | 1,273 | 2,679 | 2,511 |
| Product launch costs and commissions | - | 61 | 87 | 87 | 61 |
| Operating income used for operating margin measurement | \$ 1,406 | \$ 1,339 | \$ 1,360 | \$ 2,766 | \$ 2,572 |
| Revenue, GAAP basis | \$ 3,648 | \$ 3,524 | \$ 3,710 | \$ 7,358 | \$ 6,870 |
| Non-GAAP adjustments: | | | | | |
| Distribution fees | (253) | (267) | (276) | (529) | (529) |
| Investment advisory fees | (176) | (149) | (169) | (345) | (291) |
| Revenue used for operating margin measurement | \$ 3,219 | \$ 3,108 | \$ 3,265 | \$ 6,484 | \$ 6,050 |
| Operating margin, GAAP basis | 38.5% | 36.3% | 18.4% | 28.4% | 36.6% |
| Operating margin, as adjusted (1) | 43.7% | 43.1% | 41.7% | 42.7% | 42.5% |

See note (1) to the condensed consolidated statements of income and supplemental information on page 12 for more information on as adjusted items and the reconciliation to GAAP.

RECONCILIATION OF US GAAP NONOPERATING INCOME (EXPENSE) TO NONOPERATING INCOME (EXPENSE), LESS NET INCOME (LOSS) ATTRIBUTABLE TO NCI, AS ADJUSTED

| <i>(in millions), (unaudited)</i> | Three Months Ended | | | Six Months Ended | |
|---|--------------------|--------------|----------------|------------------|---------------|
| | June 30, | | March 31, | June 30, | |
| | 2020 | 2019 | 2020 | 2020 | 2019 |
| Nonoperating income (expense), GAAP basis | \$ 357 | \$ 57 | \$ (71) | \$ 286 | \$ 182 |
| Less: Net income (loss) attributable to NCI | 188 | 10 | (179) | 9 | 17 |
| Nonoperating income (expense), net of NCI | 169 | 47 | 108 | 277 | 165 |
| Less: Gain related to the Charitable Contribution | - | - | 122 | 122 | - |
| Nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted (2) | \$ 169 | \$ 47 | \$ (14) | \$ 155 | \$ 165 |

See note (2) to the condensed consolidated statements of income and supplemental information on page 12 for more information on as adjusted items and the reconciliation to GAAP.

RECONCILIATION OF US GAAP NET INCOME ATTRIBUTABLE TO BLACKROCK TO NET INCOME ATTRIBUTABLE TO BLACKROCK, AS ADJUSTED

| <i>(in millions, except per share data), (unaudited)</i> | Three Months Ended | | | Six Months Ended | |
|--|--------------------|-----------------|-----------------|------------------|-----------------|
| | June 30, | | March 31, | June 30, | |
| | 2020 | 2019 | 2020 | 2020 | 2019 |
| Net income attributable to BlackRock, Inc., GAAP basis | \$ 1,214 | \$ 1,003 | \$ 806 | \$ 2,020 | \$ 2,056 |
| Non-GAAP adjustments: | | | | | |
| Charitable Contribution, net of tax | - | - | 226 | 226 | - |
| Net income attributable to BlackRock, Inc., as adjusted (3) | \$ 1,214 | \$ 1,003 | \$ 1,032 | \$ 2,246 | \$ 2,056 |
| Diluted weighted-average common shares outstanding (4) | 154.7 | 156.4 | 156.4 | 155.6 | 157.9 |
| Diluted earnings per common share, GAAP basis (4) | \$ 7.85 | \$ 6.41 | \$ 5.15 | \$ 12.99 | \$ 13.02 |
| Diluted earnings per common share, as adjusted (3) (4) | \$ 7.85 | \$ 6.41 | \$ 6.60 | \$ 14.44 | \$ 13.02 |

See notes (3) and (4) to the condensed consolidated statements of income and supplemental information on page 12 for more information on as adjusted items and the reconciliation to GAAP.

NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND SUPPLEMENTAL INFORMATION *(unaudited)*

BlackRock reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"); however, management believes evaluating the Company's ongoing operating results may be enhanced if investors have additional non-GAAP financial measures. Management reviews non-GAAP financial measures to assess ongoing operations and considers them to be helpful, for both management and investors, in evaluating BlackRock's financial performance over time. Management also uses non-GAAP financial measures as a benchmark to compare its performance with other companies and to enhance the comparability of this information for the reporting periods presented. Non-GAAP measures may pose limitations because they do not include all of BlackRock's revenue and expense. BlackRock's management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Non-GAAP measures may not be comparable to other similarly titled measures of other companies.

Management uses both GAAP and non-GAAP financial measures in evaluating BlackRock's financial performance. Adjustments to GAAP financial measures ("non-GAAP adjustments") include certain items management deems nonrecurring or that occur infrequently, transactions that ultimately will not impact BlackRock's book value or certain tax items that do not impact cash flow.

Computations for all periods are derived from the condensed consolidated statements of income as follows:

(1) Operating income, as adjusted, and operating margin, as adjusted: Management believes operating income, as adjusted, and operating margin, as adjusted, are effective indicators of BlackRock's financial performance over time, and, therefore, provide useful disclosure to investors. Management believes that operating margin, as adjusted, reflects the Company's long-term ability to manage ongoing costs in relation to its revenues. The Company uses operating margin, as adjusted, to assess the Company's financial performance and to determine the long-term and annual compensation of the Company's senior-level employees. Furthermore, this metric is used to evaluate the Company's relative performance against industry peers, as it eliminates margin variability arising from the accounting of revenues and expenses related to distributing different product structures in multiple distribution channels utilized by asset managers.

- Operating income, as adjusted, included a non-GAAP expense adjustment in the first quarter of 2020. The Charitable Contribution expense of \$589 million has been excluded from operating income, as adjusted, due to its nonrecurring nature.
- Operating income used for measuring operating margin, as adjusted, is equal to operating income, as adjusted, excluding the impact of product launch costs (e.g. closed-end fund launch costs) and related commissions. Management believes the exclusion of such costs and related commissions is useful because these costs can fluctuate considerably and revenue associated with the expenditure of these costs will not fully impact BlackRock's results until future periods.
- Revenue used for calculating operating margin, as adjusted, is reduced to exclude all of the Company's distribution fees, which are recorded as a separate line item on the condensed consolidated statements of income, as well as a portion of investment advisory fees received that is used to pay distribution and servicing costs. For certain products, based on distinct arrangements, distribution fees are collected by the Company and then passed-through to third-party client intermediaries. For other products, investment advisory fees are collected by the Company and a portion is passed-through to third-party client intermediaries. However, in both structures, the third-party client intermediary similarly owns the relationship with the retail client and is responsible for distributing the product and servicing the client. The amount of distribution and investment advisory fees fluctuates each period primarily based on a predetermined percentage of the value of AUM during the period. These fees also vary based on the type of investment product sold and the geographic location where it is sold. In addition, the Company may waive fees on certain products that could result in the reduction of payments to the third-party intermediaries.

(2) Nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted: Management believes nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted, is an effective measure for reviewing BlackRock's nonoperating contribution to its results and provides comparability of this information among reporting periods. Management believes nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted, provides a useful measure, for both management and investors, of BlackRock's nonoperating results, which ultimately impact BlackRock's book value. In the first quarter of 2020, the noncash, nonoperating pre-tax gain of \$122 million related to the Charitable Contribution has been excluded from nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted, due to its nonrecurring nature.

(3) Net income attributable to BlackRock, Inc., as adjusted: Management believes net income attributable to BlackRock, Inc., as adjusted, and diluted earnings per common share, as adjusted, are useful measures of BlackRock's profitability and financial performance. Net income attributable to BlackRock, Inc., as adjusted, equals net income attributable to BlackRock, Inc., GAAP basis, adjusted for significant nonrecurring items, charges that ultimately will not impact BlackRock's book value or certain tax items that do not impact cash flow.

See aforementioned discussion regarding operating income, as adjusted, operating margin, as adjusted, and nonoperating income (expense), less net income (loss) attributable to NCI, as adjusted, for information on the Charitable Contribution.

The first quarter of 2020 included a discrete tax benefit of \$241 million recognized in connection with the Charitable Contribution. The discrete tax benefit has been excluded from as adjusted results due to the non-recurring nature of the Charitable Contribution.

Per share amounts reflect net income attributable to BlackRock, Inc., as adjusted divided by diluted weighted average common shares outstanding.

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

FORWARD-LOOKING STATEMENTS

This earnings release, and other statements that BlackRock may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to BlackRock's future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" and similar expressions.

BlackRock cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and BlackRock assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

BlackRock has previously disclosed risk factors in its Securities and Exchange Commission ("SEC") reports. These risk factors and those identified elsewhere in this earnings release, among others, could cause actual results to differ materially from forward-looking statements or historical performance and include: (1) a pandemic or health crisis, including the COVID-19 pandemic, and its impact on financial institutions, the global economy or capital markets, as well as BlackRock's products, clients, vendors and employees, and BlackRock's results of operations, the full extent of which may be unknown; (2) the introduction, withdrawal, success and timing of business initiatives and strategies; (3) changes and volatility in political, economic or industry conditions, the interest rate environment, foreign exchange rates or financial and capital markets, which could result in changes in demand for products or services or in the value of assets under management ("AUM"); (4) the relative and absolute investment performance of BlackRock's investment products; (5) BlackRock's ability to develop new products and services that address client preferences; (6) the impact of increased competition; (7) the impact of future acquisitions or divestitures; (8) BlackRock's ability to integrate acquired businesses successfully; (9) the unfavorable resolution of legal proceedings; (10) the extent and timing of any share repurchases; (11) the impact, extent and timing of technological changes and the adequacy of intellectual property, information and cyber security protection; (12) attempts to circumvent BlackRock's operational control environment or the potential for human error in connection with BlackRock's operational systems; (13) the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to BlackRock; (14) changes in law and policy and uncertainty pending any such changes; (15) terrorist activities, international hostilities and natural disasters, which may adversely affect the general economy, domestic and local financial and capital markets, specific industries or BlackRock; (16) the ability to attract and retain highly talented professionals; (17) fluctuations in the carrying value of BlackRock's economic investments; (18) the impact of changes to tax legislation, including income, payroll and transaction taxes, and taxation on products or transactions, which could affect the value proposition to clients and, generally, the tax position of the Company; (19) BlackRock's success in negotiating distribution arrangements and maintaining distribution channels for its products; (20) the failure by a key vendor of BlackRock to fulfill its obligations to the Company; (21) any disruption to the operations of third parties whose functions are integral to BlackRock's exchange-traded funds ("ETF") platform; (22) the impact of BlackRock electing to provide support to its products from time to time and any potential liabilities related to securities lending or other indemnification obligations; and (23) the impact of problems at other financial institutions or the failure or negative performance of products at other financial institutions.

BlackRock's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and BlackRock's subsequent filings with the SEC, accessible on the SEC's website at www.sec.gov and on BlackRock's website at www.blackrock.com, discuss these factors in more detail and identify additional factors that can affect forward-looking statements. The information contained on the Company's website is not a part of this earnings release.

PERFORMANCE NOTES

Past performance is not indicative of future results. Except as specified, the performance information shown is as of June 30, 2020 and is based on preliminary data available at that time. The performance data shown reflects information for all actively and passively managed equity and fixed income accounts, including US registered investment companies, European-domiciled retail funds and separate accounts for which performance data is available, including performance data for high net worth accounts available as of May 31, 2020. The performance data does not include accounts terminated prior to June 30, 2020 and accounts for which data has not yet been verified. If such accounts had been included, the performance data provided may have substantially differed from that shown.

Performance comparisons shown are gross-of-fees for institutional and high net worth separate accounts, and net-of-fees for retail funds. The performance tracking shown for index accounts is based on gross-of-fees performance and includes all institutional accounts and all *iShares* funds globally using an index strategy. AUM information is based on AUM available as of June 30, 2020 for each account or fund in the asset class shown without adjustment for overlapping management of the same account or fund. Fund performance reflects the reinvestment of dividends and distributions.

Performance shown is derived from applicable benchmarks or peer median information, as selected by BlackRock, Inc. Peer medians are based in part on data either from Lipper, Inc. or Morningstar, Inc. for each included product.