

BlackRock Inc.  
Form DEF 14A  
April 11, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**BlackRock, Inc.**

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(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

April 11, 2012

Dear Stockholder:

It is my pleasure to invite you to BlackRock, Inc.'s 2012 Annual Meeting of Stockholders.

We will hold the meeting on Thursday, May 24, 2012 beginning at 8:00 a.m., local time, at the New York Palace Hotel, 455 Madison Avenue, New York, New York 10022.

The attached Notice of Annual Meeting and the Proxy Statement describe the business that we will conduct at the meeting and provide information about BlackRock.

Your vote is important. Whether you plan to attend the meeting or not, please review the attached material and submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the attached proxy card, or by completing, signing, dating and returning the attached proxy card. Doing so will help ensure that the matters coming before the meeting can be acted upon. Returning the proxy card or otherwise submitting your proxy does not deprive you of your right to attend the meeting and vote in person.

We look forward to seeing you at the meeting.

Sincerely,

Laurence D. Fink

Chairman and Chief Executive Officer

**BlackRock, Inc.**

55 East 52<sup>nd</sup> Street New York, New York 10055

April 11, 2012

**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**

To the Stockholders:

We will hold the Annual Meeting of Stockholders of BlackRock, Inc. at the New York Palace Hotel, 455 Madison Avenue, New York, New York 10022, on Thursday, May 24, 2012, beginning at 8:00 a.m., local time. At our Annual Meeting, we will ask you to:

- (1) elect five Class I directors to serve on our Board of Directors for a three-year term;
- (2) approve the amendment to BlackRock's Amended and Restated Certificate of Incorporation to declassify our Board of Directors;
- (3) approve, by non-binding advisory vote, the compensation of the named executive officers as disclosed and discussed in the Proxy Statement;
- (4) ratify the appointment of Deloitte & Touche LLP as BlackRock's independent registered public accounting firm for the year 2012; and
- (5) consider any other business that is properly presented at the Annual Meeting.

You may vote at the Annual Meeting if you were a BlackRock stockholder at the close of business on March 29, 2012.

This year, we are furnishing proxy materials to our stockholders via the Internet, instead of mailing printed copies of those materials to each stockholder. By doing so, we save costs and reduce our impact on the environment. On April 11, 2012, we mailed a Notice of Internet Availability of Proxy Materials to our stockholders, which contains instructions about how to access our proxy materials and vote online or vote by telephone. If you attend the Annual Meeting, you may withdraw your proxy and vote in person, if you so choose.

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If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. If you previously chose to receive our proxy materials electronically, you will continue to receive access to these materials via e-mail unless you elect otherwise.

By Order of the Board of Directors,

Harris Oliner

Corporate Secretary

**BlackRock, Inc.**

55 East 52<sup>nd</sup> Street New York, New York 10055

April 11, 2012

### **PROXY STATEMENT**

The proxy materials are delivered in connection with the solicitation by the Board of Directors of BlackRock, Inc. ( BlackRock or the Company ) of proxies to be voted at BlackRock's 2012 Annual Meeting of Stockholders and at any adjournment or postponement thereof.

You are invited to attend our 2012 Annual Meeting of Stockholders on Thursday, May 24, 2012, beginning at 8:00 a.m., local time. The Annual Meeting will be held at the New York Palace Hotel, 455 Madison Avenue, New York, New York 10022. Directions are available through the Annual Meeting link at the top of the Investor Relations homepage on: [www.blackrock.com](http://www.blackrock.com).

On April 11, 2012, we mailed a Notice of Internet Availability of Proxy Materials to our stockholders.

#### **Items to be Voted on at the Annual Meeting**

We will vote on the election of five directors.

We will vote on the amendment to BlackRock's Amended and Restated Certificate of Incorporation to declassify our Board of Directors.

We will hold a non-binding advisory vote on the compensation of the named executive officers as disclosed and discussed in the Proxy Statement.

We will vote on the ratification of Deloitte & Touche LLP as BlackRock's independent registered public accounting firm for the year 2012.

We will also consider other business that properly comes before the Annual Meeting.

#### **Board Recommendation**

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Our Board of Directors recommends that you vote your shares FOR each of the nominees to the Board of Directors, FOR the approval of the amendment to BlackRock's Amended and Restated Certificate of Incorporation, FOR the approval of BlackRock's executive compensation, as discussed in the Proxy Statement, and FOR the ratification of Deloitte & Touche LLP as BlackRock's independent registered public accounting firm for the year 2012.

### **Stockholders Entitled to Vote**

Holders of record of BlackRock common stock at the close of business on March 29, 2012 are entitled to receive this notice and to vote their shares of BlackRock common stock at the Annual Meeting. As of March 29, 2012, 139,564,124 shares of BlackRock's common stock, par value \$0.01 per share, were outstanding. Holders are entitled to one vote per share.



## How to Vote

You may submit a proxy by telephone, via the Internet or by mail.

*Submitting a Proxy by Telephone:* You can submit a proxy for your shares by telephone until 11:59 p.m. Eastern Time on May 23, 2012 by calling the toll-free telephone number on the attached proxy card, 1-800-690-6903. Telephone proxy submission is available 24 hours a day. Easy-to-follow voice prompts allow you to submit a proxy for your shares and confirm that your instructions have been properly recorded. Our telephone proxy submission procedures are designed to authenticate stockholders by using individual control numbers.

*Submitting a Proxy via the Internet:* You can submit a proxy via the Internet until 11:59 p.m. Eastern Time on May 23, 2012 by accessing the website listed on your proxy card, [www.proxyvote.com](http://www.proxyvote.com), and by following the instructions on the website. Internet proxy submission is available 24 hours a day. As with the telephone proxy submission, you will be given the opportunity to confirm that your instructions have been properly recorded.

*Submitting a Proxy by Mail:* Mark your proxy, date, sign and return it to Broadridge Financial Solutions in the postage-paid envelope provided (if you received your proxy materials by mail) or return it to BlackRock, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, New York 11717.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions.

## Voting at the Annual Meeting

You are entitled to attend the Annual Meeting only if you were, or you hold a valid legal proxy naming you to act as a representative for, a holder of BlackRock common stock at the close of business on March 29, 2012. Stockholders, or their valid legal proxies, planning to attend the Annual Meeting in person must bring a form of government-issued photo identification, such as a driver's license, state-issued identification card or passport, to gain entry to the Annual Meeting. In addition, if you were the beneficial owner of shares held in the name of a bank, broker or other holder of record, you or your representative must bring proof of your stock ownership as of the close of business on March 29, 2012, such as an account statement or similar evidence of ownership. The use of mobile phones, pagers, recording or photographic equipment, tablets and/or computers is not permitted in the meeting rooms at the Annual Meeting. If you are unable to provide valid photo identification or if we are unable to validate that you were a stockholder (or that you are authorized to act as a legal proxy for a stockholder) or you cannot comply with the other procedures outlined above for attending the Annual Meeting in person, we will not be able to admit you to the Annual Meeting.

In the event you submit your proxy and you attend the Annual Meeting, you may revoke your proxy and cast your vote personally at the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record, to be able to vote at the Annual Meeting.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors.

**Voting on Other Matters**

If any other matters are properly presented at the Annual Meeting for consideration, the persons named in the proxy will have the discretion to vote on those matters for you. At the date

this Proxy Statement went to press, we did not know of any other matter to be raised at the Annual Meeting.

### **Revocation of Proxies**

Proxies may be revoked at any time before they are exercised by:

written notice to the Corporate Secretary of BlackRock;

submitting a proxy on a later date by telephone or Internet (only your last telephone or Internet proxy will be counted) before 11:59 p.m. Eastern Time on May 23, 2012;

timely delivery of a valid, later-dated proxy; or

voting by ballot at the Annual Meeting.

### **Required Vote**

The presence, in person or by proxy, of the holders of a majority of the votes entitled to be cast by the stockholders entitled to vote at the Annual Meeting is necessary to constitute a quorum. Abstentions and broker non-votes, if any, are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. If a nominee has not received instructions from the beneficial owner, the nominee may vote these shares only on matters deemed routine by the New York Stock Exchange ( NYSE ). The election of directors, approval of the amendment to BlackRock's Amended and Restated Certificate of Incorporation to declassify our Board of Directors and the approval of executive compensation are not deemed routine by the NYSE and nominees have no discretionary voting power for these matters. The ratification of auditors is deemed a routine matter on which nominees have discretionary voting power.

Each share of our common stock outstanding on the record date will be entitled to one vote on each of the five director nominees and one vote on each other matter. Directors receiving a majority of votes cast (number of shares voted for a director must exceed the number of shares voted against that director) with respect to Item I will be elected as a director. Abstentions and broker non-votes will be disregarded and have no effect on the outcome of the vote to elect directors. A majority of the votes of the outstanding shares entitled to vote generally on the election of directors is required for Item 2, the approval of the amendment to BlackRock's Amended and Restated Certificate of Incorporation. A majority of the votes of shares of common stock represented and entitled to vote at the Annual Meeting is required for Item 3, the approval of executive compensation, and Item 4, the ratification of Deloitte & Touche LLP as BlackRock's independent registered public accounting firm for the year 2012. In the vote for Item 2, 3 and 4, abstentions have the same effect as a vote cast against the proposal. In the vote for Item 2, broker non-votes will have the same effect as a vote cast against the proposal. In the vote for Item 3, broker non-votes will be disregarded and have no effect.

### **Cost of Proxy Solicitation**

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We will pay the expenses of soliciting proxies. Proxies may be solicited in person or by mail, telephone, electronic transmission and facsimile transmission on our behalf by directors, officers or employees of BlackRock or its subsidiaries, without additional compensation. We will reimburse brokerage houses and other custodians, nominees and fiduciaries that are requested to forward soliciting materials to the beneficial owners of the stock held of record by such persons.

## List of Stockholders

A list of stockholders entitled to vote at the Annual Meeting will be available at the Annual Meeting and for 10 days prior to the Annual Meeting, between the hours of 8:45 a.m. and 4:30 p.m., at our principal executive offices at 55 East 52<sup>nd</sup> Street, New York, New York 10055, by contacting the Corporate Secretary of BlackRock.

## Multiple Copies of Annual Report to Stockholders

Our 2011 Annual Report to Stockholders accompanies this Proxy Statement. In order to reduce printing and postage costs, we have undertaken an effort to deliver only one Annual Report and one Proxy Statement to multiple stockholders sharing an address. This delivery method, called householding, will not be used if we receive contrary instructions from one or more of the stockholders sharing an address. If your household has received only one Annual Report and one Proxy Statement, we will deliver promptly a separate copy of the Annual Report and the Proxy Statement to any stockholder who sends a written request to the Corporate Secretary, BlackRock, Inc., 55 East 52<sup>nd</sup> Street, New York, New York 10055. You may also contact our Corporate Secretary at (212) 810-5300. You may also notify us that you would like to receive separate copies of BlackRock's Annual Report and Proxy Statement in the future by writing to our Corporate Secretary. Even if your household has received only one Annual Report and one Proxy Statement, a separate proxy card has been provided for each stockholder account. If you are submitting a proxy by mail, each proxy card should be marked, signed, dated and returned in the enclosed self-addressed envelope.

If your household has received multiple copies of BlackRock's Annual Report and Proxy Statement, you can request the delivery of single copies in the future by marking the designated box on the attached proxy card.

If you own shares of common stock through a bank, broker or other nominee and receive more than one Annual Report and Proxy Statement, contact the holder of record to eliminate duplicate mailings.

## Voting Results

Broadridge Financial Solutions, our independent tabulating agent, will count the votes. We will publish the voting results in a Form 8-K filed within four business days of the Annual Meeting.

## Confidentiality of Voting

BlackRock keeps all proxies, ballots and voting tabulations confidential as a matter of practice. BlackRock allows only Broadridge Financial Solutions to examine these documents. Occasionally, stockholders provide written comments on their proxy cards, which are then forwarded to BlackRock management by Broadridge Financial Solutions.

## Availability of Annual Report and Proxy Materials on the Internet

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 24, 2012 at the New York Palace Hotel, 455 Madison Avenue, New York, New York 10022.**

**The following materials are available at [www.blackrock.com](http://www.blackrock.com):**

**Proxy Statement / 2011 Annual Report to Stockholders**

BlackRock makes available free of charge through its website at [www.blackrock.com](http://www.blackrock.com), under the headings Investor Relations / SEC Filings, its Annual Reports to Stockholders, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, this Proxy Statement and form of proxy and all amendments to these reports no later than the day on which such materials are first sent to security holders or made public. Further, BlackRock will provide, without charge to each stockholder upon written request, a copy of BlackRock's Annual Reports to Stockholders, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, this Proxy Statement and form of proxy and all amendments to those reports. Written requests for copies should be addressed to Investor Relations, BlackRock, Inc., 55 East 52<sup>nd</sup> Street, New York, New York 10055. Requests may also be directed to (212) 810-5300 or via e-mail to [invrel@blackrock.com](mailto:invrel@blackrock.com). Copies may also be accessed electronically by means of the Securities and Exchange Commission's (SEC) home page on the Internet at [www.sec.gov](http://www.sec.gov). The Annual Report on Form 10-K for the year ended December 31, 2011 is not part of the proxy solicitation materials.

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ITEM 1

**ELECTION OF DIRECTORS**

**Information Concerning the Nominees and Directors**

BlackRock's Board of Directors consists of 17 directors, which number of directors may be increased or decreased by the Board of Directors. The Board of Directors is classified into three classes, designated Class I, Class II and Class III. The term of office of the members of one class of directors expires each year in rotation so that the members of one class generally are elected at each annual meeting to serve for full three-year terms or until their successors are elected and qualified. Each class consists of approximately one-third of the total number of directors constituting the entire Board of Directors. Subject to approval of Item 2, commencing with BlackRock's 2013 Annual Meeting of Stockholders, BlackRock's Board of Directors will be declassified and directors will be elected annually for one-year terms, except that directors elected prior to BlackRock's 2013 Annual Meeting of Stockholders (including those directors elected under Item 1) will continue to serve the balance of their existing three-year terms. If Item 2 is not approved, BlackRock's Board of Directors will remain classified and directors will continue to be elected for three-year terms.

BlackRock's stockholder agreement with Merrill Lynch & Co., Inc. (Merrill Lynch), a wholly owned subsidiary of Bank of America Corporation (Bank of America) and its subsidiary, Merrill Lynch Group, Inc. (Merrill Lynch Group), BlackRock's implementation and stockholder agreement with The PNC Financial Services Group, Inc. (PNC) and BlackRock's stockholder agreement with Barclays Bank PLC (Barclays Bank) and its subsidiary, Barclays BR Holdings S.A.R.L., a wholly owned subsidiary of Barclays PLC (Barclays), provide that the Board of Directors will consist of no more than 19 directors, not less than two nor more than four directors who will be members of BlackRock management, two directors, each in a different class, who will be designated by PNC, two directors, each in a different class, who will be designated by Barclays, and the remaining directors being independent for purposes of the rules of the NYSE and not designated by or on behalf of Merrill Lynch, PNC, Barclays or any of their respective affiliates (other than Thomas K. Montag, Merrill Lynch's former designee). PNC's designees on the Board of Directors are currently James E. Rohr and William S. Demchak. While Barclays retains the right to designate two directors, its sole designee as of the date of this Proxy Statement is Robert E. Diamond, Jr. Laurence D. Fink and Robert S. Kapito are directors and members of BlackRock management.

The terms of office for the five directors in Class I expire at this Annual Meeting. The Board of Directors has selected for re-election William S. Demchak, Laurence D. Fink, Robert S. Kapito, Thomas H. O'Brien and Ivan G. Seidenberg. If elected, each Class I director will serve until the annual meeting of stockholders in 2015, or, in each case, until succeeded by another qualified director who has been elected, or until his death, resignation or retirement.

***Adoption of Majority Vote Standard for Election of Directors***

On February 23, 2012, the Board of Directors approved an amendment to BlackRock's amended and restated bylaws to require directors to be elected by a majority of the votes cast with respect to each director in uncontested elections (the number of shares voted for a director nominee must exceed the number of shares voted against that director nominee). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standards for election of directors would be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. Whether an election is contested or not is determined as of a date that is seven days in advance of when we file our definitive Proxy Statement with the SEC. Under our Director Resignation Policy, any incumbent





director who fails to be elected must tender his or her resignation to the Board of Directors. In that situation, the Nominating and Governance Committee would make a recommendation to the Board of Directors about whether to accept or reject the resignation, or whether to take other action. The Board of Directors will act on the Nominating and Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who tenders his or her resignation under the Director Resignation Policy will not participate in the Board of Directors' decision.

#### ***Recommendation of the Board of Directors***

The persons named in the attached proxy intend to vote FOR the election of each of the five nominees, unless you instruct otherwise on your proxy card. We expect each nominee for election as a director to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the remainder of those nominated and may be voted for substitute nominees, unless the Board of Directors chooses to reduce the number of directors serving on the Board of Directors.

The following biographical information regarding each director nominee and each continuing director, as well as the particular experience, qualifications, attributes or skills possessed by each director nominee and each continuing director that led the Board of Directors to determine that such person should serve as director, is as of January 31, 2012.

#### ***Nominees for Class I Directors Whose Terms Will Expire in 2015***

*William S. Demchak* (age 49), Director since 2003, is Senior Vice Chairman and is responsible for all of PNC's businesses, including Corporate and Institutional Banking, the Asset Management Group and Retail Banking. Before joining PNC in 2002, Mr. Demchak served as the Global Head of Structured Finance and Credit Portfolio for J.P. Morgan Chase & Co. from 1997 to 2002.

PNC is a large, national diversified financial services company providing traditional banking and asset management services. Mr. Demchak's substantial leadership experience with PNC provides him with significant insights on the U.S. financial and banking sectors and led the Board of Directors to conclude that he should serve as a director of BlackRock.

*Laurence D. Fink* (age 59), Director since 1998, has been Chairman and Chief Executive Officer of BlackRock since its formation in 1998 and of BlackRock's predecessor entities since 1988. Mr. Fink also leads BlackRock's Global Executive Committee and is a trustee of one of BlackRock's open-end fund complexes.

As the principal leader of BlackRock and its predecessor entities since 1988, Mr. Fink brings a breadth of knowledge about BlackRock's business and operations, which led the Board of Directors to conclude that he should serve as a director of BlackRock.

*Robert S. Kapito* (age 54), Director since 2006, has been President of BlackRock since 2007, and prior to 2007 had served as Vice Chairman of BlackRock and Head of its Portfolio Management Group since its formation in 1998 and BlackRock's predecessor entities since 1988.

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Mr. Kapito has served as a leader of BlackRock and its predecessor entities since 1988 and has a breadth of knowledge about BlackRock's business and operations, which led the Board of Directors to conclude that he should serve as a director of BlackRock.

*Thomas H. O'Brien* (age 75), Director since 1999, retired as Chief Executive Officer of PNC in 2000, after 15 years in that position and retired as Chairman of PNC in 2001, after 13 years in that position. Mr. O'Brien served as a director of Verizon Communications, Inc. from 1987 to 2011.

As a former leader of PNC, Mr. O'Brien has valuable insights on public company corporate governance and the U.S. financial and banking sectors. This experience led the Board of Directors to conclude that Mr. O'Brien should serve as a director of BlackRock.

*Ivan G. Seidenberg* (age 65), Director since 2011, retired as the Chairman of the Board of Verizon Communications, Inc. in December 2011 and previously served as the Chief Executive Officer from 2002 to 2011. Prior to the creation of Verizon, Mr. Seidenberg was the Chairman and Chief Executive Officer of Bell Atlantic and NYNEX. Mr. Seidenberg previously served as a director of Honeywell International Inc. from 1995 to 2008 and as a director of Wyeth, LLC, which is now a part of Pfizer Inc., from 1996 to 2008.

The Board of Directors has concluded that Mr. Seidenberg should serve as a director of BlackRock due to his extensive leadership experience with Verizon Communications, one of the world's leading providers of communications services.

***Continuing Class II Directors Whose Terms Will Expire in 2013***

*Abdlatif Yousef Al-Hamad* (age 74), Director since 2009, has served as Director General and Chairman of the Board of Directors of the Arab Fund for Economic and Social Development since 1985. Mr. Al-Hamad was the Minister of Finance and Minister of Planning of Kuwait from 1981 to 1983. Prior to that, Mr. Al-Hamad served as Director General of the Kuwait Fund for Arab Economic Development from 1963 to 1981. He is a member of the Board of the Kuwait Investment Authority. Mr. Al-Hamad chaired the Development Committee Task Force on Multilateral Development Banks and has served on the International Advisory Boards of Morgan Stanley, Marsh & McLennan Companies, Inc., American International Group, Inc. and the National Bank of Kuwait.

Mr. Al-Hamad's extensive experience in the strategically important Middle East, as well as his experience in the areas of international finance, economic policy and government relations led the Board of Directors to conclude that Mr. Al-Hamad should serve as a director of BlackRock.

*Mathis Cabiallavetta* (age 67), Director since 2007, has served as a member of the Board of Directors of Swiss Reinsurance Company since 2008 and the Vice Chairman of the Board since 2009. Mr. Cabiallavetta retired as Vice Chairman, Office of the Chief Executive Officer of Marsh & McLennan Companies, Inc. and as Chairman of Marsh & McLennan Companies International in 2008. Prior to joining Marsh & McLennan in 1999, Mr. Cabiallavetta was Chairman of the Board of Directors of Union Bank of Switzerland (UBS A.G.). Mr. Cabiallavetta is also a member of the Board of Directors of Philip Morris International Inc.

Swiss Reinsurance Company, Philip Morris International Inc., Marsh & McLennan Companies, Inc. and Union Bank of Switzerland (UBS A.G.) are complex multinational organizations. As a leader of Swiss Reinsurance Company and a former leader of Marsh & McLennan Companies, Inc. and Union Bank of Switzerland (UBS A.G.), Mr. Cabiallavetta holds insights into the European financial markets as well as general international and financial expertise, which led the Board of Directors to conclude that he should serve as a director of BlackRock.

*Dennis D. Dammerman* (age 66), Director since 2005, retired in 2005 as Vice Chairman of the Board and Executive Officer of General Electric Company and as director, Chairman and Chief Executive Officer of GE Capital Services, positions he had held since 1998. Mr. Dammerman had also been a director of General Electric Company since 1994. Prior to that, Mr. Dammerman held various executive positions with General Electric Company and GE Capital Corporation after first

joining General Electric Company in 1967. Mr. Dammerman also served as Chairman of the Board of Directors of Capmark Financial Group Inc. from 2008 to 2011 and as a member from 2006 to 2011, and as a director of American International Group, Inc. from 2008 to 2010, of Genworth Financial from 2004 to 2005, of Swiss Reinsurance Company from 2006 to 2007 and of Discover Financial Services from 2007 to 2009.

Mr. Dammerman's financial and leadership experience at General Electric Company and GE Capital Services provides him with valuable insights on running a large, complex financial services company with diverse worldwide operations. This experience led the Board of Directors to conclude that he should serve as a director of BlackRock.

*Robert E. Diamond, Jr.* (age 60), Director since 2009, became the Chief Executive of Barclays in January 2011, prior to which he was President of Barclays and Chief Executive Officer of Corporate and Investment Banking and Wealth Management, comprising Barclays Capital, Barclays Corporate and Barclays Wealth. Mr. Diamond is an executive director of the boards of Barclays and Barclays Bank, and has been a member of the Barclays Group Executive Committee since 1997. Mr. Diamond is a member of the International Advisory Board of the British-American Business Council.

The Board of Directors has concluded that Mr. Diamond should serve as a director of BlackRock due to his extensive leadership experience with Barclays, a large, complex multinational financial services organization, and his resulting insights on international finance and asset management.

*David H. Komansky* (age 72), Director since 2003, retired as Chairman of the Board of Merrill Lynch in 2003. Mr. Komansky became Chairman of the Board of Merrill Lynch in 1997, served as a director and Chief Executive Officer of Merrill Lynch from 1996 to 2002 and as a director, President and Chief Operating Officer of Merrill Lynch from 1995 to 1996. Previously, Mr. Komansky served as a director of Burt's Bees, Inc. from 2004 to 2007 and as a director of WPP Group plc from 2003 to 2009.

Mr. Komansky's leadership experience at Merrill Lynch provides him with financial expertise and insights on corporate governance matters and running a large, complex financial organization, which led the Board of Directors to conclude that he should serve as a director of BlackRock.

*James E. Rohr* (age 63), Director since 1999, has served as Chairman and Chief Executive Officer of PNC and PNC Bank since 2001, and as Chief Executive Officer since 2000. Mr. Rohr is also a director of a number of other PNC subsidiaries, Allegheny Technologies Incorporated and EQT Corporation.

Mr. Rohr's leadership experience at PNC, a large, national diversified financial services company, provides him with valuable insight on running a large, complex organization and the U.S. banking and financial services industries in general. Mr. Rohr's extensive experience led the Board of Directors to conclude that he should serve as a director of BlackRock.

#### ***Continuing Class III Directors Whose Terms Will Expire in 2014***

*Murry S. Gerber* (age 58), Director since 2000, served as Executive Chairman of EQT Corporation, an integrated energy company, from 2010 until May 2011 and as Chairman and Chief Executive Officer of EQT Corporation from 2007 to 2010, as Chairman, Chief Executive Officer and President of EQT Corporation from 2000 to 2007 and as Chief Executive Officer and President of EQT Corporation from 1998 to 2000.

Mr. Gerber is also a member of the Board of Directors of Halliburton Company.

As a leader of a large, publicly-traded energy production company, Mr. Gerber brings expertise on public company corporate governance, shareholder relations as well as the energy sector, which led the Board of Directors to conclude that he should serve as a director of BlackRock.

*James Grosfeld* (age 74), Director since 1999, a private investor, was formerly Chairman of the Board and Chief Executive Officer of Pulte Homes, Inc., a home builder and mortgage banking and financing company, from 1974 to 1990. Mr. Grosfeld is also a director of Lexington Realty Trust.

As the former Chairman and Chief Executive Officer of Pulte Homes, Inc., the nation's largest homebuilder, Mr. Grosfeld has leadership expertise on public company governance as well as real estate matters, which led the Board of Directors to determine that he should serve as a director of BlackRock.

*Sir Deryck Maughan* (age 64), Director since 2006, has been a Partner and Head of the Financial Institutions Group of Kohlberg Kravis Roberts (KKR) since 2009 and a Managing Director since 2005. He was Chairman of KKR Asia from 2005 to 2009. Prior to joining KKR, Sir Deryck served as Vice Chairman of Citigroup from 1998 to 2004, as Chairman and Chief Executive Officer of Salomon Brothers from 1992 to 1997 and as Chairman and Chief Executive Officer of Salomon Brothers Asia from 1986 to 1991. He also was Vice Chairman of the NYSE from 1996 to 2000 and Chairman of the US-Japan Business Council from 2002 to 2004. Prior to joining Salomon Brothers in 1983, Sir Deryck worked at Goldman Sachs. He served in H.M. Treasury (UK Economics and Finance Ministry) from 1969 to 1979. He is also a director of GlaxoSmithKline and Reuters.

The Board of Directors concluded that Sir Deryck's internationally focused leadership positions at KKR, a global leader in private equity, fixed income and capital markets, and at Citigroup and Salomon Brothers allow Sir Deryck to provide valuable insights on international finance and that he should serve as a director of BlackRock.

*Thomas K. Montag* (age 55), Director since 2011, has been Co-Chief Operating Officer of Bank of America since 2011. Previously, he was President of Global Banking & Markets for Bank of America since 2009. Prior to joining Bank of America, he was Executive Vice President and Head of Global Sales & Trading of Merrill Lynch from 2008 until its merger with Bank of America. Prior to joining Merrill Lynch, Mr. Montag was the Co-Head of the Global Securities Business and a member of the Management Committee and Equities/FICC Executive Committee of Goldman Sachs.

The Board of Directors has concluded that Mr. Montag should serve as a director of BlackRock due to his extensive industry knowledge and experience in financial markets throughout the world.

*Marco Antonio Slim Domit* (age 43), Director since 2011, has been Chairman of the Board of Directors and Chief Executive Officer of Grupo Financiero Inbursa since 1997, is also President of The Carlos Slim Health Institute, Vice-Chairman of the Board of Impulsora del Desarrollo y el Empleo en América Latina (IDEAL), an infrastructure company, and also board member of Teléfonos de México and Grupo Carso, among others.

Mr. Slim's experience at Grupo Financiero Inbursa provides him with knowledge and expertise in the financial sector and by being part of the controlling shareholders of different public companies in diverse economic activities with presence in more than eighteen countries around the world, Mr. Slim holds valuable insights particularly in Latin American markets, which led the Board of Directors to determine that he should serve as a director of BlackRock.





*John S. Varley* (age 55), Director since 2009, retired as the Chief Executive of Barclays in 2010, a position he held since 2004. Mr. Varley also served as the Finance Director of Barclays from 2000 until the end of 2003. Mr. Varley joined the Barclays Executive Committee in 1996 and was appointed to the Boards of Directors of Barclays and Barclays Bank in 1998, positions he held until retiring in December 2010. From 1998 to 2000, Mr. Varley was the Chief Executive of Retail Financial Services and from 1995 to 1998 was the Chairman of the Asset Management Division. Mr. Varley also serves as a director of AstraZeneca PLC and Rio Tinto.

Mr. Varley's valuable insights on asset management, risk management and international finance acquired through his leadership of Barclays, a large, complex financial services organization, led the Board of Directors to conclude that Mr. Varley should serve as a director of BlackRock.

#### **Other Executive Officers**

In addition to Messrs. Fink and Kapito, the following persons serve as BlackRock's executive officers:

*N. James Charrington* (age 59), Senior Managing Director, has been Chairman of the Europe, Middle East and Africa ( EMEA ) region of BlackRock since 2010. Mr. Charrington is also a member of the Global Executive Committee of BlackRock. Prior to moving to his current role in 2010, Mr. Charrington was the head of BlackRock's International Retail platform. Prior to joining BlackRock in 2006, Mr. Charrington was the head of retail platform for the EMEA region of Merrill Lynch Investment Managers ( MLIM ), and prior to that with Mercury Asset Management ( MAM ). Prior to joining MAM in 1993, Mr. Charrington was head of investment sales for Save & Prosper.

*Robert W. Fairbairn* (age 46), Senior Managing Director, has been Head of the Global Client Group of BlackRock since 2009. Mr. Fairbairn is also a member of the Global Executive Committee of BlackRock. Mr. Fairbairn was Vice Chairman and Chairman of EMEA and Australia of BlackRock from 2006 to 2009. Prior to joining BlackRock in 2006, Mr. Fairbairn was Senior Vice President of Merrill Lynch from January 2006 to October 2006 and Head of MLIM's EMEA Pacific region from May 2005 to October 2006. Mr. Fairbairn was appointed Head of MLIM's EMEA Sales Division in 1999 and appointed Chief Operating Officer of MLIM's EMEA Pacific region in 2001. Prior to joining MLIM, Mr. Fairbairn worked for the Asset Management Divisions of Lazard and GT Management.

*Bennett W. Golub, Ph.D.* (age 54), Senior Managing Director, has been Chief Risk Officer of BlackRock since 2009. Dr. Golub is also a member of the Global Executive Committee, and is the co-chair of the Corporate Risk Management and New Products Operating Committees of BlackRock. Since 2004, Dr. Golub has served as the co-head of the Risk & Quantitative Analysis Group of BlackRock. Dr. Golub has been with BlackRock or its predecessor entities since 1988.

*Charles S. Hallac* (age 47), Senior Managing Director, has been Chief Operating Officer of BlackRock since 2010. Mr. Hallac is also a member of the Global Executive Committee of BlackRock. Previously, Mr. Hallac was a Managing Director and Head of BlackRock Solutions. Mr. Hallac has been with BlackRock or its predecessor entities since 1988.

*J. Richard Kushel* (age 45), Senior Managing Director, has been Head of the Portfolio Management Group of BlackRock since 2010. Mr. Kushel is also a member of the Global Executive Committee of BlackRock. Previously, Mr. Kushel was Chairman of BlackRock's International platform. Prior to that, Mr. Kushel headed BlackRock's International Institutional platform and BlackRock's Alternatives and Wealth Management Groups. Prior to joining BlackRock in 1991, Mr. Kushel was an associate in the Financial Institutions Group at Prudential Securities.



*Matthew J. Mallow* (age 68), Senior Managing Director, has been General Counsel of BlackRock since 2012. Mr. Mallow is also a member of the Global Executive Committee of BlackRock. Prior to being named General Counsel, Mr. Mallow served as a senior advisor to BlackRock's Legal and Compliance Department since June 2010. Previously, Mr. Mallow was a partner at Skadden, Arps, Slate, Meagher & Flom LLP from 1982 to 2010 where he served as the head of the Corporate Finance Department.

*Mark McCombe* (age 45), Senior Managing Director, has been Chairman of the Asia Pacific region of BlackRock since 2012. Mr. McCombe is also a member of the Global Executive Committee of BlackRock. Before joining BlackRock, Mr. McCombe served as Chief Executive Officer in Hong Kong for The Hong Kong and Shanghai Banking Corporation Limited from 2010 to 2011. He was also a Group General Manager of HSBC plc, Non-Executive Director of Hang Seng Bank Ltd., and a Chairman of HSBC Global Asset Management (HK) Ltd. Prior to 2010, Mr. McCombe was based in London where he was Chief Executive of HSBC Global Asset Management from 2007 to 2010, responsible for all of HSBC's fund management businesses, including the real estate and private equity businesses. Before that, Mr. McCombe was Chief Executive Officer of HSBC Private Bank (UK) Ltd. from 2005 to 2007. Between 1990 and 2005, Mr. McCombe lived and worked in France, Turkey, the United States, Japan and the Middle East, in a variety of roles in financial services.

*Ann Marie Petach* (age 51), Senior Managing Director, has been Chief Financial Officer of BlackRock since 2008. Ms. Petach is also a member of the Global Executive Committee of BlackRock. Ms. Petach was a Managing Director and Head of Business Finance at BlackRock from 2007 to 2008. Prior to joining BlackRock, Ms. Petach was Vice President and Treasurer at the Ford Motor Company from 2004 to 2007. Ms. Petach began her career in 1984 at Ford, where her responsibilities included pension asset management, actuarial studies, banking, risk management and funding for Ford and Ford Credit.

*Linda Gosden Robinson* (age 59), Senior Managing Director and Global Head of Marketing and Communications, has been an executive officer of BlackRock since 2011. Ms. Robinson was a member of BlackRock's Board of Directors from 2004 to 2011. Ms. Robinson was the Chairman of Robinson Lerer & Montgomery, LLC, a strategic communications consulting firm from 1996 to 2011. Ms. Robinson was Chief Executive Officer of Robinson Lerer & Montgomery from 1996 until 2002. In 2000, Robinson Lerer & Montgomery was acquired by Young & Rubicam Inc. (Y&R), and in that same year, Y&R was acquired by WPP Group plc. Prior to 1996, Ms. Robinson was the Chairman of the Board and Chief Executive Officer of Robinson Lerer Sawyer Miller Group or its predecessors. Ms. Robinson was also a director of Revlon, Inc. from 1996 to 2008.

*Jeffrey A. Smith, Ph.D.* (age 41), Senior Managing Director, has been Head of Human Resources of BlackRock since 2009. Dr. Smith is also a member of the Global Executive Committee of BlackRock. Prior to joining BlackRock in 2009, Dr. Smith was the global head of human resources of BGI since 2007. Prior to joining BGI, Dr. Smith was Vice President of People Development at Time Warner. Previously, Dr. Smith was a senior consultant at Personnel Decisions International.

*Susan L. Wagner* (age 49), has been a Vice Chairman since 2006. Ms. Wagner is also a member of the Global Executive Committee of BlackRock. Previously, Ms. Wagner was Chief Operating Officer from 2005 to 2010, and prior to that, Managing Director and Head of Strategy and Product Development. Ms. Wagner has been with BlackRock or its predecessor entities since 1988.

*Kendrick R. Wilson, III* (age 65), has been a Vice Chairman since 2010. Mr. Wilson is also a member of the Global Executive Committee of BlackRock. Mr. Wilson is the Chairman of BlackRock Alternative Investors and Chairs the Human Capital Committee of BlackRock. Prior to

joining BlackRock in 2010, Mr. Wilson served as an advisor in the U.S. Department of Treasury from 2008 to 2009. Previously, Mr. Wilson was Vice Chairman of Investment Banking at Goldman Sachs & Co., where he also served as a member of the Executive Office and Chairman of the Financial Institutions Group. Prior to joining Goldman Sachs in 1998, Mr. Wilson was a Vice Chairman, member of the Executive Committee and Head of Investment Banking at Lazard Freres & Co. LLC.

## Director Independence

The Board of Directors annually determines the independence of directors in accordance with the listing standards of the NYSE. No director is considered independent unless the Board of Directors has determined that he or she has no material relationship with BlackRock. The Board of Directors has adopted categorical standards to assist it in determining whether or not certain relationships between the members of the Board of Directors and BlackRock or its affiliates and subsidiaries (either directly or as a partner, stockholder or officer of an organization that has a relationship with BlackRock) are material relationships for purposes of the listing standards of the NYSE. The categorical standards provide that the following relationships are not material for such purposes:

relationships arising in the ordinary course of business, such as asset management, acting as trustee, lending, deposit, banking, or other financial service relationships, so long as the services are being provided in the ordinary course of business and on substantially the same terms and conditions, including price, as would be available to similarly situated customers;

relationships with companies of which a director is a stockholder or partnerships of which a director is a partner, provided the director is not a principal stockholder of the company or a principal partner of the partnership;

contributions made or pledged to charitable organizations of which a director or an immediate family member of the director is an executive officer, director, or trustee if (a) within the preceding three years, the aggregate amount of such contributions during any single fiscal year of the charitable organization did not exceed the greater of \$1 million or 2% of the charitable organization's consolidated gross revenues for that fiscal year, and (b) the charitable organization is not a family foundation created by the director or an immediate family member of the director; and

relationships involving a director's relative unless the relative is an immediate family member of the director.

As part of its determination, the Board of Directors also considered the relationships described under Certain Relationships and Related Transactions. Following its review, the Board of Directors has determined that Messrs. Al-Hamad, Cabiallavetta, Dammerman, Gerber, Grosfeld, Komansky, Maughan, O'Brien, Seidenberg, Slim and Varley are independent as defined in the NYSE listing standards, and that none of the relationships between such directors and BlackRock are material under the NYSE listing standards.

## Board Committees

The Board of Directors has four standing committees: an Audit Committee, a Management Development and Compensation Committee ( MDCC ), a Nominating and Governance Committee, and an Executive Committee. The current charters for each of these committees are available on our corporate website at [www.blackrock.com](http://www.blackrock.com) under the headings Investor Relations / Corporate Governance / Committee Charters. Further, BlackRock will provide a copy of these charters

without charge to each stockholder upon written request. Requests for copies should be addressed to the Corporate Secretary, BlackRock, Inc., 55 East 52<sup>nd</sup> Street, New York, New York 10055.

The Board of Directors met nine times during 2011. During 2011, the Board of Directors' committees held the following number of meetings: Audit Committee twelve meetings; MDCC seven meetings; Nominating and Governance Committee four meetings; and Executive Committee no meetings. In 2011, each director attended at least 75% of the aggregate of: (i) the total number of meetings of the Board of Directors held during the period for which such director was a member of the Board of Directors and (ii) the total number of meetings held by all committees of the Board of Directors on which such director served, if any, during the periods served by such director, except for Mr. Diamond, who is a designee of Barclays and is not an independent director. Directors are encouraged to attend the annual meetings of BlackRock stockholders. Fourteen directors attended the 2011 meeting of stockholders.

### *The Audit Committee*

The Board of Directors has a standing Audit Committee that satisfies the requirements of SEC Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). Rule 10A-3 establishes standards relating to audit committees in the following areas: the independence of audit committee members; the Audit Committee's responsibility to select and oversee BlackRock's independent auditor; procedures for handling complaints regarding BlackRock's accounting practices; the authority of the Audit Committee to engage advisors; and funding for the independent auditor and any outside advisors engaged by the Audit Committee. The Audit Committee's procedures for the pre-approval of audit and permitted non-audit services are described in Item 4 Ratification of Appointment of Independent Registered Public Accounting Firm Audit Committee Pre-Approval Policy.

The Audit Committee's primary purposes are to assist Board oversight of the integrity of BlackRock's financial statements, the independent auditor's qualifications and independence, the performance of BlackRock's internal audit function and independent auditor, and BlackRock's compliance with legal and regulatory requirements. The Audit Committee also prepares the Audit Committee report as required by the SEC's rules for inclusion in BlackRock's annual Proxy Statement. The Audit Committee is presently composed of Messrs. Gerber (Chairman), Cabiallavetta, Dammerman and Seidenberg. The Board of Directors has determined that Mr. Gerber qualifies as an audit committee financial expert as defined in the SEC rules and the Board of Directors has determined that each of Messrs. Gerber, Cabiallavetta, Dammerman and Seidenberg has accounting and related financial management expertise within the meaning of the listing standards of the NYSE.

Furthermore, the Board of Directors has determined that each of Messrs. Gerber, Cabiallavetta, Dammerman and Seidenberg has no material relationship with BlackRock (either directly or as a partner, stockholder or officer of an organization that has a relationship with BlackRock) and is independent as defined in the NYSE listing standards and the applicable SEC rules.

The Audit Committee regularly holds separate sessions with BlackRock's management, internal auditors and independent registered public accounting firm. The report of the Audit Committee is included on page 20.

### *The Management Development and Compensation Committee*

The MDCC is responsible for establishing the compensation of BlackRock's executive officers, providing oversight of BlackRock's employee benefit and compensation plans and reviewing, assessing and making reports and recommendations to the Board of Directors, as appropriate, on BlackRock's talent development and succession planning. The MDCC is currently composed of Messrs. Komansky (Chairman), Dammerman, Grosfeld and Maughan. The Board of Directors has determined that all of the members of the MDCC are independent within the meaning of the listing standards of the NYSE. Each of the committee members is also a non-employee director as defined in the SEC rules under Section 16 of the Exchange Act, and is an outside director, as defined by Section 162(m) of the Internal Revenue Code.

Additional information on the MDCC's processes and procedures for consideration of executive compensation is addressed in the Compensation Discussion and Analysis below. The report of the MDCC is included following the Compensation Discussion and Analysis on page 33.

### *The Nominating and Governance Committee*

The Nominating and Governance Committee is responsible for assisting the Board of Directors by: identifying individuals qualified to become members of the Board of Directors; recommending to the Board of Directors the director nominees for the next annual meeting of stockholders; recommending to the Board of Directors the Corporate Governance Guidelines applicable to BlackRock; leading the Board of Directors in its annual review of the Board of Directors and management's performance; recommending to the Board of Directors director nominees for each Board committee; and overseeing BlackRock's Related Persons Transaction Policy. The Nominating and Governance Committee is presently composed of Messrs. O'Brien (Chairman), Al-Hamad, Cabiallavetta, Grosfeld and Seidenberg. The Board of Directors has determined that all of the members of the Nominating and Governance Committee are independent within the meaning of the listing standards of the NYSE.

### *The Executive Committee*

The Executive Committee has all the powers of the Board of Directors, except as prohibited by applicable law, our stockholder agreements with Merrill Lynch, PNC and Barclays and BlackRock's amended and restated bylaws, and except to the extent another committee has been accorded authority over the matter. The Executive Committee exercises such powers between meetings of the Board of Directors. The Executive Committee is presently composed of Messrs. Fink (Chairman), Gerber and Rohr.

### **Role of the Board of Directors in the Oversight of Risk Management**

The Audit Committee takes the lead for the Board in oversight of BlackRock's risk management activities. At least quarterly the Audit Committee receives a risk management update, an internal audit report, an external audit update, a Sarbanes-Oxley compliance report and a report on litigation, regulatory and ethics matters. The risk management update is prepared by BlackRock's Corporate Risk Management Committee, which is co-chaired by its Chief Risk Officer and Chief Financial Officer. This report covers a wide range of topics and potential issues that could impact BlackRock, including matters such as investment performance, investment risks, and counterparty risks of its asset management activities, revenue, balance sheet, operational and integration risks and insurance coverage. The internal audit plan for BlackRock is approved by the Audit Committee and regular reports on the progress and results of the internal audit program are provided to the Audit Committee by BlackRock's Head of Internal Audit. The financial controls report is prepared by the Head of Sarbanes-Oxley Compliance and presented by management.



BlackRock's independent external auditor provides the regular audit update and its General Counsel provides the regular report on litigation, regulatory and ethics matters. Aspects of these reports are presented to the full Board at least quarterly by either the Chairman of the Audit Committee or the member of management responsible for the given subject area.

### **Consideration of Director Candidates**

The policy of the Nominating and Governance Committee is to consider properly submitted stockholder recommendations for candidates for membership on the Board of Directors as described below under Identifying and Evaluating Candidates for Director. In evaluating such recommendations, the Nominating and Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board of Directors and to address the membership criteria set forth below under Director Qualifications. Any stockholder recommendations for consideration by the Nominating and Governance Committee should include the nominee's name and qualifications for membership on the Board of Directors. The recommending stockholder should also submit evidence of the stockholder's ownership of shares of BlackRock, including the number of shares owned and the length of time of ownership. The recommendation should be addressed to the Corporate Secretary, BlackRock, Inc., 55 East 52<sup>nd</sup> Street, New York, New York 10055.

In addition, the amended and restated bylaws of BlackRock permit stockholders to nominate directors for consideration at an annual stockholders' meeting. For information on the requirements governing stockholder nominations for the election of directors to be made at an annual meeting of stockholders, please see Requirements, Including Deadlines, for Submission of Proxy Proposals, Nomination of Directors and Other Business of Stockholders.

### ***Consideration of Diversity in Identifying Director Nominees***

The Board of Directors believes that a diverse mix of knowledge and viewpoints enhances Board capabilities and when considering candidates for director, the Nominating and Governance Committee seeks to achieve a mix of directors that represent a diversity of backgrounds and experience. The current Board of Directors includes a wide range of skills and professional experience such as investment banking, accounting, insurance, international organizations, pharmaceuticals, telecommunications, sovereign entities, investor relations, real estate, energy, technology, international finance, not-for-profit organizations and geographical diversity, including directors with extensive experience in North America, Latin America, Europe, Asia, Africa and the Middle East. The Board addresses whether it has achieved an appropriate level of diversity as part of its consideration of the Board's composition in its annual self-evaluation process.

### ***Director Qualifications***

BlackRock's Corporate Governance Guidelines contain Board of Directors' membership criteria that apply to candidates recommended by the Nominating and Governance Committee for a position on BlackRock's Board of Directors. The minimum qualifications for serving as a member of the Board of Directors are that a person demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board of Directors' oversight of the business and affairs of BlackRock and that a person have an impeccable record and reputation for honest and ethical conduct in both his or her professional and personal activities. In addition, nominees for director are selected on the basis of, among other things, experience, knowledge, skills, expertise, diversity, ability to make independent analytical inquiries, understanding of BlackRock's business environment and willingness to devote adequate time and effort to the responsibilities of the Board of Directors. Each director must represent the interests of all of BlackRock's stockholders.



### ***Identifying and Evaluating Candidates for Director***

The Nominating and Governance Committee identifies potential nominees by asking current directors and executive officers to notify the Nominating and Governance Committee if they become aware of persons meeting the criteria described above. The Nominating and Governance Committee also may engage firms that specialize in identifying director candidates. In 2011, the Company engaged Spencer Stuart to help identify potential director candidates. As described above, the Nominating and Governance Committee will also consider candidates recommended by stockholders.

Once a person has been identified by the Nominating and Governance Committee as a potential candidate, the Nominating and Governance Committee may collect and review publicly available information regarding the person to assess whether the person should be considered further. If the Nominating and Governance Committee determines that the candidate warrants further consideration, the Chairman or a person designated by the Nominating and Governance Committee will contact the candidate. If the candidate expresses a willingness to be considered and to serve on the Board of Directors, the Nominating and Governance Committee typically requests information from the candidate and reviews the candidate's accomplishments and qualifications. The Nominating and Governance Committee's evaluation process does not vary based on whether or not a candidate is recommended by a stockholder, although the Committee may take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held.

Each nominee for election to our Board of Directors this year has previously served as a BlackRock director. Mr. Slim was appointed to the Board of Directors in September 2011 as an independent director and was recommended by the Nominating and Governance Committee based on the recommendation of its Chairman, Mr. O'Brien.

### **Executive Sessions**

Executive sessions of non-management directors are held quarterly. Non-management directors include all directors who are not BlackRock officers. Currently, Messrs. Fink and Kapito are the only BlackRock officers serving on the Board of Directors. Each session is chaired by Mr. O'Brien who has been appointed by the Board of Directors as the lead independent director. Any non-management director may request that an additional executive session be scheduled. At least once a year an executive session of only those directors determined to be independent within the meaning of the listing standards of the NYSE is held.

### **Communications with the Board**

The Board of Directors has established a process to receive communications from stockholders and other interested parties. Stockholders and other interested parties may contact any member (or all members) of the Board of Directors, any Board of Directors committee or any chair of any such committee by mail or electronically. To communicate with the Board of Directors, any individual director or any group or committee of directors, correspondence should be addressed to the Board of Directors or any such individual director or group or committee of directors by either name or title. All such correspondence should be sent c/o Corporate Communications Department, BlackRock, Inc., 55 East 52<sup>nd</sup> Street, New York, New York 10055. To communicate with any of our directors electronically, stockholders should go to our corporate website at [www.blackrock.com](http://www.blackrock.com). Under the headings Investor Relations / Corporate Governance / Communicate with our Board of Directors, you will find a link that may be used for writing an electronic message to the Board of Directors, the lead independent director, any individual director, or any group or committee of directors.

All communications received as set forth in the preceding paragraph will be reviewed by a member of each of BlackRock's Corporate Communications and Legal and Compliance Departments for the sole purpose of determining whether the contents represent a message to our directors. In the case of communications to the Board of Directors or any group or committee of directors, sufficient copies of the contents will be made for each director who is a member of the group or committee to which the envelope or e-mail is addressed. Concerns relating to accounting, internal controls or auditing matters are brought to the attention of the Chairman of the Audit Committee and handled in accordance with procedures established by the Audit Committee with respect to such matters.

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**CORPORATE GOVERNANCE GUIDELINES AND CODE OF BUSINESS CONDUCT AND ETHICS**

The Board of Directors has adopted Corporate Governance Guidelines that address the following key corporate governance subjects, among others: director qualification standards; director responsibilities; director access to management and, as necessary and appropriate, independent advisors; director compensation; director orientation and continuing education; management succession; and an annual performance evaluation of the Board of Directors. The Board of Directors has also adopted a Code of Business Conduct and Ethics for BlackRock's directors, officers and employees, which addresses these important topics, among others: conflicts of interest; corporate opportunities; confidentiality of information; fair dealing; protection and proper use of BlackRock assets; compliance with laws, rules and regulations (including insider trading laws); and encouraging the reporting of any illegal or unethical behavior.

BlackRock's Corporate Governance Guidelines and Code of Business Conduct and Ethics are available at our corporate website at [www.blackrock.com](http://www.blackrock.com) under the headings Investor Relations / Corporate Governance / Governance Documents. Further, BlackRock will provide a copy of these documents without charge to each stockholder upon written request. Requests for copies should be addressed to the Corporate Secretary, BlackRock, Inc., 55 East 52<sup>nd</sup> Street, New York, New York 10055.

In addition, BlackRock has adopted a Code of Ethics for Chief Executive and Senior Financial Officers, which addresses the following important topics, among others: conflicts of interest; compliance with laws, rules and regulations; and encouraging the reporting of any illegal or unethical behavior. The Code of Ethics for Chief Executive and Senior Financial Officers is available at our corporate website at [www.blackrock.com](http://www.blackrock.com) under the headings Investor Relations / Corporate Governance / Governance Documents. BlackRock intends to satisfy any disclosure requirements regarding any amendment to, or waiver from, a provision of this Code of Ethics for Chief Executive and Senior Financial Officers by posting such information on its corporate website at [www.blackrock.com](http://www.blackrock.com) under the headings Investor Relations / Corporate Governance / Governance Documents.

Stockholders are encouraged to visit the Investor Relations / Corporate Governance page of the BlackRock website at [www.blackrock.com](http://www.blackrock.com) for additional information about BlackRock's Board of Directors and its committees and corporate governance at BlackRock.

**Combined Principal Executive Officer and Board Chair Positions; Lead Independent Director**

Mr. Fink serves as both BlackRock's Chief Executive Officer and Chairman of the Board of Directors, which the Board of Directors has determined is the most appropriate governance structure for BlackRock. Mr. Fink has served in this capacity since founding BlackRock's predecessor entities in 1988. As the founder of BlackRock with over 20 years of experience leading BlackRock, Mr. Fink has acquired a breadth of unique and specialized knowledge about BlackRock's operations. Mr. Fink solicits input from all the directors regarding the Board of Directors agenda and processes. To facilitate coordination with the independent directors and the exercise of independent judgment by the Board of Directors, the Board has appointed Mr. O'Brien, the Chairman of the Nominating and Governance Committee, to serve as the lead independent director. The lead independent director facilitates communication between the independent directors and the Chairman of the Board, advises on the selection of committee chairs, ensures appropriate information is sent to the Board and works with the Chairman to identify agenda and other discussion items for the Board. The lead independent director chairs the executive sessions or special meetings of the independent directors and presides at meetings of the Board in the absence of or at the request of the Chairman of the Board. The lead independent director also has the authority to call additional meetings of the independent directors. Each of these responsibilities is set out in BlackRock's Corporate Governance Guidelines.

*Report of the Audit Committee*

In accordance with, and to the extent permitted by, the rules of the SEC, the information contained in the following Report of the Audit Committee shall not be incorporated by reference into any of BlackRock's future filings made under the Exchange Act, or under the Securities Act of 1933, as amended (the Securities Act), and shall not be deemed to be soliciting material or to be filed under the Exchange Act or the Securities Act.

The Audit Committee's job is one of oversight as set forth in its charter. It is not the duty of the Audit Committee to prepare BlackRock's financial statements, to plan or conduct audits, or to determine that BlackRock's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. BlackRock's management is responsible for preparing BlackRock's financial statements and for maintaining internal control over financial reporting and disclosure controls and procedures. The independent registered public accounting firm is responsible for auditing the financial statements and expressing an opinion as to whether those audited financial statements fairly present the financial position, results of operations, changes in equity and cash flows of BlackRock in conformity with generally accepted accounting principles in the United States.

The Audit Committee has reviewed and discussed BlackRock's audited financial statements with management and with Deloitte & Touche LLP, BlackRock's independent registered public accounting firm for 2011.

The Audit Committee has discussed with Deloitte & Touche LLP the matters required by the Statement on Auditing Standards No. 114, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T.

The Audit Committee has received from Deloitte & Touche LLP the written disclosures and the letter required by PCAOB Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, and has discussed Deloitte & Touche LLP's independence with Deloitte & Touche LLP, and has considered the compatibility of non-audit services with the independence of the independent registered public accounting firm.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in BlackRock's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

MEMBERS OF THE AUDIT COMMITTEE

Murry S. Gerber, Chairman

Mathis Cabiallavetta

Dennis D. Dammerman

Ivan G. Seidenberg



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**OWNERSHIP OF BLACKROCK COMMON AND PREFERRED STOCK**
**Common Stock**

The following table sets forth certain information with respect to the beneficial ownership of BlackRock's voting securities as of February 29, 2012 by: (i) each person who is known by BlackRock to own beneficially more than 5% of any class of outstanding voting securities of BlackRock; (ii) each of BlackRock's directors; (iii) each of the executive officers named in the Summary Compensation Table; and (iv) all of BlackRock's executive officers and directors as a group.

Except as otherwise noted, each individual exercises sole voting power or investment power over the shares of voting securities shown. The number of shares of voting securities shown in the following Security Ownership Table as beneficially owned by each director and executive officer is determined under the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. For purposes of the following Security Ownership Table, beneficial ownership includes any shares of voting securities as to which the individual has sole or shared voting power or investment power and also any shares of common stock which the individual has the right to acquire within 60 days of February 29, 2012, through the exercise of any option, warrant or right.

As of February 29, 2012, there were 139,695,294 shares of BlackRock's common stock outstanding.

|   | Amount of beneficial<br>ownership<br>of common stock | Percent of<br>common stock<br>outstanding |
|---|--|---|
| The PNC Financial Services Group, Inc. and affiliates (1) | 33,356,315   | 23.9%                                     |
| One PNC Plaza   |  |   |
| 249 Fifth Avenue  |  |   |
| Pittsburgh, PA 15222                                      |  |   |
| Norges Bank (The Central Bank of Norway) (2)              | 9,884,888  | 7.1%                                      |
| Bankplassen 2   |  |   |
| PO Box 1179 Sentrum                                       |  |   |
| NO 0107 Oslo, Norway                                      |  |   |
| Wellington Management Company, LLP (3)                    | 8,812,213  | 6.3%                                      |
| 280 Congress Street                                       |  |   |
| Boston, MA 02210  |  |   |
| Barclays Bank PLC and affiliates (4)                      | 3,031,651  | 2.2%                                      |
| 1 Churchill Place   |  |   |
| London, England E14 5HP                                   |  |   |
| Abdlatif Yousef Al-Hamad                                  | 1,117  | *   |
| Mathis Cabiallavetta (5)                                  | 2,144  | *   |

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|                               |           |      |
|-------------------------------|-----------|------|
| Dennis D. Dammerman           | 2,626     | *    |
| William S. Demchak            |           | *    |
| Robert E. Diamond, Jr.        |           | *    |
| Laurence D. Fink (5)(6)(7)    | 1,708,519 | 1.1% |
| Murry S. Gerber               | 31,952    | *    |
| James Grosfeld                | 151,845   | *    |
| Charles S. Hallac (5)(6)(7)   | 722,046   | *    |
| Robert S. Kapito (5)(6)(7)(8) | 895,833   | *    |
| David H. Komansky             | 5,382     | *    |
| Sir Deryck Maughan            | 4,361     | *    |

|  | Amount of beneficial<br>ownership<br>of common stock | Percent of<br>common stock<br>outstanding |
|--|--|---|
| Thomas K. Montag   |  | *   |
| Thomas H. O'Brien  | 12,349   | *   |
| Ann Marie Petach (6)   | 16,126   | *   |
| James E. Rohr  | 3,524  | *   |
| Ivan G. Seidenberg   | 6,931  | *   |
| Marco Antonio Slim Domit (5)   | 85   | *   |
| John S. Varley   | 24   | *   |
| Susan L. Wagner (5)(6)(7)  | 621,582  | *   |
| All directors and executive officers as a group (30 persons) (5)(6)(7) | 4,762,655  | 3.3%                                      |

\* The number of shares of common stock held by such individual is less than 1.0% of the outstanding shares of common stock.

- (1) Based on the Schedule 13G of The PNC Financial Services Group, Inc. and affiliates filed on February 10, 2012.
- (2) Based on the Schedule 13G of Norges Bank (The Central Bank of Norway) filed on February 15, 2011.
- (3) Based on the Schedule 13G of Wellington Management Company, LLP filed on February 14, 2012.
- (4) Based on the Form 4 of Barclays Bank and affiliates filed on January 26, 2012.
- (5) Includes shares of BlackRock common stock held jointly and/or indirectly.
- (6) Does not include unvested restricted stock, unvested restricted stock units and unvested stock options.
- (7) Includes shares of BlackRock common stock subject to employee stock options held by the executive officers and either exercisable as of February 29, 2012 or exercisable within 60 days of that date. The shares subject to such options are as follows: for Messrs. Fink (364,313 shares), Kapito (210,109 shares), Hallac (126,087 shares) and Ms. Wagner (126,087 shares) and for all directors and executive officers as a group (927,610 shares). Non-management directors do not own any options.
- (8) Does not include 240,855 shares held in trust for the benefit of Mr. Kapito, over which Mr. Kapito does not have voting or dispositive power.

### Preferred Stock

As of February 29, 2012, there were 38,328,737 shares of BlackRock's Series B non-voting convertible participating preferred stock issued and outstanding, which has a liquidation preference of \$0.01 per share (the Series B Preferred Stock), and 1,517,237 shares of BlackRock's Series C non-voting convertible participating preferred stock issued and outstanding, which has a liquidation preference of \$40.00 per share (the Series C Preferred Stock). As of February 29, 2012, PNC and Barclays owned 2,823,188 and 32,178,505 shares, respectively, of our Series B Preferred Stock issued and outstanding. As of February 29, 2012, PNC owned all shares of our Series C Preferred Stock issued and outstanding.



## COMPENSATION OF EXECUTIVE OFFICERS

### Compensation Discussion and Analysis

#### Executive Summary

This Compensation Discussion and Analysis describes our compensation philosophy and the 2011 compensation decisions for the executive officers named in the Summary Compensation Table.

Compensation for the CEO, CFO and next three most highly compensated executive officers for 2011 (collectively, the named executive officers ) was determined in a manner consistent with the firm's pay-for-performance approach. BlackRock's compensation approach is designed to:

Determine compensation based on Company and individual performance.

Promote appropriate sharing of financial results between shareholders and employees.

Align interests of executives with those of shareholders through the use of equity programs that require continued performance by the Company over the long-term.

Avoid incentive for excessive risk taking.

Provide pay opportunity that incents and retains high-performing employees.

In this context, executive pay decisions for 2011 reflect multiple measures of performance, including the firm's financial results (see highlights below) and recognize several areas where performance was below internal targets. Pay decisions were based on the absolute and year-over-year changes in measures of performance for the year as well as on assessment of results versus objectives that were approved by the Board's Management Development and Compensation Committee ( MDCC ) at the beginning of 2011.

Executive pay decisions for 2011 were primarily influenced by three factors: a weak financial market environment in the second half of the year, focus on delivering results to shareholders through expense management, and strategic investment in staff for future growth in key areas of opportunity. Combined, these three factors produced a lower firm-wide bonus pool than 2010 which was used to pay a larger number of employees. As a result, 2011 senior executive pay was significantly lower than 2010.

#### 2011 Performance Context

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In general, Company performance was solid and included record levels of earnings despite an increasingly challenging market and global economic environment. Financial highlights include:

Diluted earnings per share increased 8% to \$11.85 on an as-adjusted basis (all as-adjusted numbers as described and reconciled in BlackRock's Form 10-K).

Total revenue increased 5% from 2010 to \$9.1 billion.

Net income improved 5% on an as-adjusted basis compared to 2010.

Assets under management ( AUM ) declined 1.4% from \$3.56 trillion to \$3.51 trillion at year end 2011. Long-term net new business was positive in all regions (before giving effect to the final BGI merger-related outflows recorded in the first half of the year).

Operating margin of 39.7% on an as-adjusted basis increased from 39.3% in 2010.

Adjusted compensation and benefit expense was 34.7% of revenue, flat to 2010.

In addition to reported financial results, the Company's performance highlights were substantial and figured into the pay decisions of our named executive officers. Specific achievements are reported in greater detail in the section, "Determination of 2011 Compensation", below.

While financial performance reached record levels in terms of revenue, operating income, net income and earnings per share, our results were below budgeted levels. The weak market environment in the second half of the year was a substantial factor in financial results not meeting budget. In addition, several other key measures of performance, including organic growth in long-dated assets did not meet expectations that were established at the beginning of the year.

We made significant investments in our business this year, which we expect to result in improved financial results for shareholders in the future. We added staff to strengthen several investment specialties and products, our client service capability and to expand our global reach. The net headcount growth resulted in added compensation and benefits expense which, when managed within the firm's overall expenses, was dilutive to 2011 employee compensation. Our named executive officer pay was reduced, accordingly.

### **2011 Compensation Results**

2011 pay for the CEO decreased by 17% on a year-over-year basis, and 2011 pay for the remaining named executive officers decreased by 20%. Executive pay decisions weighed performance results across multiple areas of focus: financial results, return to shareholders, investment for future growth and operating platform efficiency.

55% of the resulting compensation to named executive officers was awarded in the form of BlackRock stock which vests over multiple years.

Given this high percentage of pay in equity, realized pay for executive officers will be dependent on future stock price performance. Individual pay decisions are not based on the Company's total shareholder return (TRS) but TRS significantly influences the ultimate value of compensation awarded. For our executive officers, this connection was further strengthened by the introduction of share price appreciation targets that will be required on a portion of their equity awards in order for those awards to vest. This new program is described in greater detail, below.

See "Determination of 2011 Compensation" for additional commentary on compensation for named executive officers.

### **Compensation Governance Practices**

BlackRock has strong governance procedures and practices with respect to employment and compensation, which are exemplified by the following:

No change in control arrangements with its executives.

No ongoing employment agreements or guaranteed compensation arrangements with its named executive officers.

No tax reimbursements for any perquisites.

No supplemental retirement benefits to its executives.

A clawback policy that allows for the recoupment of performance-based compensation (both annual and long-term, including all equity compensation).

Stock ownership guidelines for senior leaders of the firm.

An insider trading policy that prohibits short selling of BlackRock securities and pledging shares as collateral for a loan (among other items described later).

Thorough risk assessment process, as described in the Risk Analysis of Compensation Plan section after the CD&A.

An annual advisory vote on executive compensation, as proposed and approved by shareholders at the 2011 annual shareholder meeting.

### **Say on Pay Advisory Vote**

Shareholders, by a vote of 96.7%, approved of the Company's named executive officer compensation programs and practices in our 2011 Say on Pay advisory vote. While the Company did not change its compensation programs as a result of this favorable vote, it continues to examine its compensation programs and strategies. In 2011, we adopted share ownership guidelines for senior officers and introduced the Challenge Award Program for select senior leaders of the Company, which requires share price appreciation hurdles for the equity grants made under the program to vest. This program replaced previous Partner Plan grants that were time-vested.

### **Key Elements of Executive Compensation**

The key elements of BlackRock's executive compensation program include:

Base salaries;

Annual incentive awards;

Long-term incentive compensation;

Retirement and other benefits; and

Perquisites.

### **Base Salaries**

Base salaries are intended to provide regular cash flow to executives throughout the year and represent a relatively small portion of total compensation. Mr. Hallac and Ms. Wagner each received base salary increases of 17% for 2011 in recognition of their roles and as part of a rebalancing of components of pay. The base salary for our CEO, Mr. Fink, remained at \$500,000 as it has since 2001.

**Annual Incentive Awards**

Annual incentive awards represent a significant percentage of total compensation for senior leaders of the Company. Variability of annual incentives allows compensation that is differentiated on an individual basis from year to year in recognition of Company and individual performance. The emphasis on performance-based annual incentives permits lower fixed compensation expense.

A significant portion of annual bonus for senior leaders is awarded in BlackRock equity which vests in three equal installments in each year following grant. The stock component of annual incentive is determined using a firm-wide guideline that awards a greater portion of annual bonus in equity for higher levels of total bonus.

**Long-Term Incentive Compensation**

Long-term incentives are designed to aid in the retention of senior management and to align their interests with long-term shareholder interests. Prior to 2009, the Company had historically

granted long-term incentives to our named executive officers on an episodic basis. Since 2009, the MDCC has approved annual equity awards under its Partner Plan and the new Challenge Program. Award size is determined on an individual basis as part of an integrated annual compensation decision.

Equity awards from the Partner Plan and the new Challenge Program are made to select senior leaders of the Company to provide greater linkage with the Company's future results. The new Challenge Award, awarded in 2012 as part of 2011 compensation to named executive officers and other key leaders of the Company, requires sustained appreciation above the grant date stock price in order for the award to be delivered. Challenge awards require that separate 15%, 25% and 35% share price appreciation targets be achieved during the six-year term of the awards. Awards are eligible to be earned and paid if price conditions are met on the fourth, fifth or sixth anniversary of January 31 of the year of grant. See footnote 1 of the Summary Compensation Table for additional detail of 2011 equity awards for named executive officers.

The long-term incentive awards for recipients, including named executive officers, are established individually to provide meaningful incentive for continued performance over a multi-year period recognizing the scope of the individual's role, business expertise and leadership skills. For certain prior long-term incentive awards and for grants under the new Challenge Program, achievement of performance conditions is also required in order for awards to be delivered.

#### **Perquisites**

BlackRock makes certain perquisites and other benefits available to named executive officers that are considered a reasonable part of the executive compensation program. The incremental costs of these benefits are included in the All Other Compensation column of the Summary Compensation Table. BlackRock does not provide tax reimbursements for any perquisites. BlackRock obtains aircraft services from a third-party supplier, which it makes available to its executive officers for business and personal use. Messrs. Fink and Kapito are required by the Board to utilize these airplane services for all business and personal travel in the interest of protecting their personal security. Executive officers reimburse BlackRock for a portion of the cost of the airplane services and in respect of the portion not reimbursed, BlackRock imputes income to the executive officer. BlackRock also offers a financial planning perquisite to named executive officers.

Named executive officers have participated in investment opportunities offered from time to time to BlackRock employees. These offerings may be provided without charging management or performance fees consistent with the terms offered to other employees who meet the same applicable legal requirements.

#### **Retirement and Other Benefits**

BlackRock provides employee benefits and retirement programs in which all eligible employees participate, including the named executive officers. Program benefits include medical, dental, life and disability benefits and retirement savings vehicles. BlackRock makes contributions to 401(k) accounts of its named executive officers on a basis consistent with other employees. BlackRock does not maintain a supplemental executive retirement program.

Certain employees, including the named executive officers, may voluntarily defer all or a portion of their annual incentive awards pursuant to the BlackRock, Inc. Voluntary Deferred Compensation Plan (the VDCP). Elections to defer must be made no later than June 30 of the year for which the bonus is paid. Deferred amounts are held by BlackRock as unsecured liabilities





and participants may, from time to time, elect to have their deferred account credited with future investment returns from among fourteen benchmark funds. The benchmark investments for named executive officers are the same as for all other participants. Pursuant to the terms of the VDCP, deferred amounts and any benchmark returns are immediately vested. None of the named executive officers elected to defer a portion of their 2011 bonus pursuant to the VDCP.

None of the named executive officers participate in any Company sponsored defined benefit program.

#### **No Employment, Severance or Change of Control Agreements**

None of the named executive officers have individual employment, severance, or change of control agreements with BlackRock. In the event of involuntary termination of employment without cause by BlackRock, named executive officers are eligible for severance benefits under BlackRock's Severance Pay Plan (the "Severance Plan"). The Severance Plan provides salary continuation of two weeks per year of service with a minimum of 12 weeks and a maximum of 54 weeks to all U.S.-based employees who are involuntarily terminated without cause in conjunction with a reduction in force.

#### **Clawback, Hedging and Pledging Policies**

BlackRock has a clawback policy related to performance-based compensation (covering annual and long-term incentives, including all equity compensation) that is applicable in the event that financial results are restated. After a review of all relevant facts and circumstances, the Board may seek recoupment on behalf of BlackRock from current or former employees of all or any portion of such employee's performance-based compensation (including any appreciation thereon) as it deems appropriate if such employee's actions caused the need for a restatement.

BlackRock's insider trading policy prohibits short selling of, as well as the trading of options or warrants on, BlackRock securities. In addition, executive officers may not (i) use BlackRock stock as collateral for a loan in a margin account, (ii) pledge shares of BlackRock stock as collateral for a loan or (iii) engage in any transactions that have the effect of hedging the economic risks and rewards of BlackRock equity awards.

#### **Share Ownership Guidelines**

Annual equity awards and long-term incentive awards, in conjunction with existing high levels of direct ownership of BlackRock stock, ensure that executive officers and shareholder interests are appropriately aligned. In addition, the Company implemented share ownership guidelines for its senior executives in 2011 that require direct ownership of BlackRock stock of \$10 million for the CEO, \$5 million for the President and \$2 million for all other members of the senior management team. The guidelines only consider shares held directly and do not include any unvested equity awards or unexercised stock options. As of December 31, 2011, all named executive officers met or were on target to meet guidelines within the 5-year implementation timeframe of the guidelines.

#### **Equity Award Practices**

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All grants of BlackRock equity awards are approved by the MDCC and are made under our stockholder-approved 1999 Stock Award and Incentive Plan. Participation in equity-based programs acknowledges each individual's business role, individual performance and ability to contribute to Company performance. For 2011 annual incentive awards (other than for Challenge Awards), the value of the stock portion of the bonus was converted into restricted stock or

restricted stock units by dividing this award value by the average of the high and low prices per share of common stock of BlackRock on the second trading day after BlackRock's fourth quarter 2011 earnings release. For 2011 Challenge Awards, the award value was converted into a number of restricted stock units using a formula approved by the MDCC, which represents a discount to the full value of a share of BlackRock common stock on the grant date to account for the performance requirements and the risk of the award not vesting if certain performance requirements are not met.

### **Compensation Determination Process**

In accordance with NYSE rules, the MDCC consists solely of independent directors and is charged with determining and approving CEO compensation, among other responsibilities. With respect to the other named executive officers listed in the Summary Compensation Table, the MDCC seeks recommendations from the CEO and approves all pay actions.

The framework for pay decisions is designed to ensure that compensation is appropriately aligned with the financial performance of BlackRock while also ensuring recognition of individual leadership and operating contributions toward achieving the overall strategic priorities of the firm. Compensation decisions for executive officers are made once annually with initial review beginning in December of each year. Final annual bonus determinations for that year, as well as equity awards made through the Partner Plan and Challenge Award programs, are approved in January of the following year. This timing allows full-year business results and individual performance assessment to be considered along with other non-financial goals and objectives in the MDCC's determination of compensation.

The MDCC and the CEO review a number of factors when evaluating overall and individual compensation. Financial and business goals and objectives that are established at the beginning of each year provide the basis for assessment of performance for compensation decisions. Financial results, including, as applicable, performance against prior year and/or against budget, investment performance and other non-financial goals, are considered within the overall business environment. These results are viewed in the aggregate by the MDCC, without any specific weighting, and there was no direct correlation between any particular performance measure and the resulting annual incentive award. Although the framework for compensation decision-making is tied to achievement of goals, compensation for named executive officers is not determined by formula. The MDCC and the CEO exercise independent business judgment to determine individual compensation based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

Annual incentive awards are generated from a bonus pool established by the Company. The Company derives the total bonus pool amount in large part by considering the projected amount of bonuses relative to our pre-incentive operating income (adjusted for certain non-recurring items), as well as reviewing other financial measures, including the ratio of our annual compensation and benefits expense to our revenue. The use of these guidelines is designed to ensure a balance of shareholder and employee interests, in particular to ensure that bonuses are closely tied to profitability and that overall compensation and benefits costs are competitive. There are no fixed percentages established with respect to these guidelines; rather, accruals are made over the course of the year and are designed to ensure that sufficient funds are available to pay annual incentive awards. These accruals are reviewed and monitored during the course of the year by the MDCC and are subject to adjustment by the MDCC to reflect market conditions, competitive pay levels and the Company's performance (e.g., revenue run rate, net inflows of assets under management, operating margin and investment performance). At the end of the year, the MDCC approves the final size of the bonus pool for allocation.

## Market Compensation Data

The MDCC considers market intelligence on compensation to be one of several important factors to consider in the determination of pay for the named executive officers. To gather market data annually and to analyze the competitiveness of its executive compensation programs, management engages McLagan Partners, a compensation consultant that specializes in conducting proprietary compensation surveys and interpreting pay trends in the asset management industry.

The results of McLagan Partners' surveys were:

Analyzed to account for differences in the scale and scope of operations between survey incumbents and BlackRock;

Used to evaluate BlackRock's overall competitive compensation position as well as its position by functional business and by title; and

Used to make comparisons on an officer-by-officer basis, where an appropriate match of position scope and responsibilities could be made and sufficient market data was available to maintain the confidentiality of all participant firms.

The MDCC was presented with the results and analyses of the surveys and reviewed the types and mix of compensation elements offered to employees by participants in McLagan Partners' surveys. When determining the appropriate competitive market data to use, the MDCC considered the size and complexity of BlackRock, and the scope of individual positions. While market data is one factor in evaluating overall pay levels within BlackRock, individual pay decisions are primarily based on individual and Company performance.

## Compensation Consultant

The MDCC directly retains Semler Brossy Consulting Group LLC ( Semler Brossy ), a compensation consultant, to provide objective advice on the pay practices and the competitive landscape for the compensation of BlackRock's executive officers. The MDCC also consulted with Semler Brossy on pay trends and emerging compensation practices among financial services firms beyond the asset management sector for general context and perspective on the industry. Semler Brossy reviewed the firms included in the McLagan Partners' analyses and the results of the competitive surveys. Semler Brossy also reviewed publicly disclosed pay information for executive management roles within certain publicly traded asset management firms, including Affiliated Managers Group, Inc., AllianceBernstein Holdings L.P., Eaton Vance Corp., Federated Investors, Inc., Franklin Resources, Inc., Invesco Ltd., Janus Capital Group Inc., Legg Mason, Inc. and T. Rowe Price Group, Inc. These firms were selected because these are the most similar to BlackRock in terms of size, scope and complexity among companies for which publicly available data exists. However, these firms do not provide ideal comparisons (for example, they are generally far smaller than BlackRock) and therefore were used only to understand pay trends among other public asset managers. The companies used in the McLagan Partners study (which include both public and private companies) offer more suitable comparisons for these purposes.

## Determination of 2011 Compensation

In January 2012, the total bonus pool (including equity awards) which was allocated among our employees was approximately \$1.522 billion of which a portion was allocated to our named executive officers in the form of cash and annual equity awards. In addition, the MDCC approved a separate pool of \$144 million for separate and additional long-term awards of which a portion were allocated in the form of Challenge Awards to

the named executive officers. The Challenge Award made to each named executive officer appropriately balances the long-term focus of the award within the overall 2011 compensation decision.

The following table outlines the components of compensation for named executive officers considered by the MDCC, including the percentage change in annual and aggregate annual compensation from 2010 to 2011. The table shows the 2011 compensation amounts presented in a format that differs from the amounts required to be disclosed in the Summary Compensation Table by SEC regulations. As shown in the table, the MDCC recognizes a portion of the prior LTIP awards in determining aggregate compensation amounts for named executive officers. This is the final year that this element will be considered as part of the annual compensation decision process because all of the episodic LTIP awards have vested and have been paid.

| Name              | 2011<br>Base<br>Salary | 2011<br>Bonus<br>Paid in<br>Cash | 2011<br>Bonus<br>Paid in<br>Stock | Challenge<br>Award | 2011<br>Annual<br>Compen-<br>sation | %<br>Change<br>in<br>Annual<br>Compen-<br>sation<br>from<br>2010 | Annualized<br>Initial<br>Value of<br>Previously<br>Granted<br>Long-term<br>Incentives | 2011<br>Aggregate<br>Annual<br>Compen-<br>sation | %<br>Change<br>in<br>Aggregate<br>Annual<br>Compen-<br>sation<br>from<br>2010 |
|-------------------|------------------------|----------------------------------|-----------------------------------|--------------------|-------------------------------------|--|---|--|---|
| Laurence D. Fink  | \$ 500,000             | \$ 8,125,000                     | \$ 7,175,000                      | \$ 3,750,000       | \$ 19,550,000                       | -17%   | \$ 3,343,000  | \$ 22,893,000                                    | -15%  |
| Robert S. Kapito  | \$ 400,000             | \$ 6,225,000                     | \$ 5,275,000                      | \$ 3,000,000       | \$ 14,900,000                       | -19%   | \$ 1,928,000  | \$ 16,828,000                                    | -18%  |
| Charles S. Hallac | \$ 350,000             | \$ 3,475,000                     | \$ 2,525,000                      | \$ 2,250,000       | \$ 8,600,000                        | -15%   | \$ 1,457,000  | \$ 10,057,000                                    | -13%  |
| Susan L. Wagner   | \$ 350,000             | \$ 2,375,000                     | \$ 1,425,000                      | \$ 2,000,000       | \$ 6,150,000                        | -29%   | \$ 1,457,000  | \$ 7,607,000                                     | -25%  |
| Ann Marie Petach  | \$ 450,000             | \$ 1,225,000                     | \$ 525,000                        | \$ 1,325,000       | \$ 3,525,000                        | -16%   | \$ 437,500  | \$ 3,962,500                                     | -15%  |

#### Additional Detail on CEO Compensation Determination

The MDCC determined the annual incentive award for Mr. Fink through a process of assessment of financial results and individual accomplishments and consultation with Semler Brossy regarding market and financial context as discussed above.

BlackRock's results for 2011 were viewed in the context of goals and objectives that were approved by the MDCC as well as the Company's absolute performance and incremental performance from prior years. 2011 CEO goals and objectives covered the following areas: financial results, investment results, growth in assets under management, client relationships, industry leadership, employee engagement and succession planning, and risk management. In addition to the financial results described in the executive summary above, other achievements that factored in the MDCC's deliberations include:

Continued competitive investment performance across active strategies where 63%, 67% and 73% of AUM ranked above benchmark or peer group median for the one-, three- and five-year periods ended December 31, 2011, respectively. The MDCC considered these significantly positive results as well as the active strategies where improvement in investment performance is sought.

Maintenance of global leadership position in the exchange-traded products (ETP) sector through our *iShares* offerings.

Repurchase of the remaining ownership interest of Bank of America to enhance shareholder value through effective use of free cash flow, while maintaining a strong liquidity and capital position.

Focus on improving the overall effectiveness and efficiency of our operations through consolidation of facilities upgrades in London and New Jersey and expansion in India, development of a firm-wide trading platform, as well as realigning our global marketing and communications functions.

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Investment in key product areas and functions to position the firm for future organic growth. Specific investments include expansion of our *iShares* ETP platform, alternatives

capabilities, retirement solutions, and further build out of our presence in Asia Pacific. The incremental headcount was managed within the firm's overall compensation expense and was dilutive to 2011 employee compensation.

Enhanced processes to support BlackRock's culture of success by developing leadership talent and driving performance differentiation.

Annual incentive decisions were made in the context of the total compensation package, including base salary and the annualized initial value of Mr. Fink's long-term incentive award opportunity. For this purpose, 20% of the initial value of the January 2007 LTIP award was included in the aggregate compensation considered by the MDCC, reflecting the five-year period over which the award vests.

Given the overall challenging environment and the Company's results, the MDCC determined to provide annual compensation for Mr. Fink that was 17% lower than 2010. This determination reflects the firm-wide performance factors as described above under 2011 Performance Context. The cash and stock elements of the 2011 annual bonus for Mr. Fink and other named executive officers was determined using the same sliding scale approach that is used for other employees. As part of the total compensation decision, Mr. Fink's 2011 Challenge Award value is the same as his Partner Plan award value in 2010.

#### **Additional Detail on Named Executive Officer Compensation Determination**

The determination of annual bonus and Challenge Awards was based on an assessment of individual contributions to BlackRock's success throughout the year, each executive's ability to contribute in the future and consideration of the aggregate bonus pool, which produced annual compensation that was lower than 2010 for most senior managers of the firm.

#### ***Mr. Kapito***

Mr. Kapito's compensation was established using similar consideration of results as were used for the CEO. Mr. Kapito's total annual compensation was 19% lower than 2010 reflecting the overall challenging environment and firm results despite his continued strong contributions to the day-to-day management of the firm and active involvement in developing further capabilities in alternative products. Mr. Kapito's Challenge Award has an equal award value to his 2010 Partner Plan Award.

#### ***Mr. Hallac***

Mr. Hallac's 2011 compensation was 15% lower than 2010. This result reflected the challenging environment and firm results despite his strong contributions to effective expense management for the technology and operations functions and improvements in the firm-wide business planning and business review processes. Mr. Hallac's Challenge Award has an equal award value to his 2010 Partner Plan Award.

#### ***Ms. Wagner***



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Ms. Wagner's year-over-year change in part reflects her 2010 compensation, which recognized her significant role in the BGI acquisition and related integration efforts. The 2011 compensation determination for Ms. Wagner was based on her leadership of the Strategy and Corporate Development functions and active role in managing the Asia Pacific region on an interim basis. Ms. Wagner's 2011 compensation was 29% lower than 2010 and her Challenge Award is \$625,000 lower than her 2010 Partner Plan Award.

***Ms. Petach***

Ms. Petach's total annual compensation decreased 16% versus 2010 reflecting the challenging environment and overall financial results of the firm while recognizing her role in strengthening the firm's capital, liquidity and tax structure. Ms. Petach's Challenge Award is \$12,500 higher than her 2010 Partner Plan Award.

**Tax Implications**

All compensation paid to the named executive officers is intended to qualify as tax deductible under Section 162(m) of the Internal Revenue Code. The MDCC will, however, consider awarding compensation to named executive officers that is not fully deductible under Section 162(m) of the Internal Revenue Code in cases where it is determined to be in the best interest of the Company and shareholders to do so.

For 2011, annual incentive awards were made to the named executive officers pursuant to BlackRock's stockholder approved Amended and Restated 1999 Annual Incentive Performance Plan (the Performance Plan). In February 2011, the MDCC established a maximum corporate incentive pool based on pre-incentive operating income, and through prescribed formulas, effectively set maximum annual incentive award amounts for each of the named executive officers in accordance with the Performance Plan. In determining the final annual incentive awards for each named executive officer, the MDCC exercised its discretion to pay less than the formula results, based on the criteria and factors discussed above, to arrive at the final amounts.

**Report of the Management Development and Compensation Committee**

The following is the MDCC report to stockholders. In accordance with the rules of the SEC, this report shall not be incorporated by reference into any of BlackRock's future filings made under the Exchange Act or under the Securities Act, and shall not be deemed to be soliciting material or to be filed under the Exchange Act or the Securities Act.

*Management Development and Compensation Committee*

*Report on Executive Compensation for Fiscal Year 2011*

The MDCC has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and recommends to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

MEMBERS OF THE MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

David H. Komansky, Chairman

Dennis D. Dammerman

James Grosfeld

Sir Deryck Maughan

### **Management Development and Compensation Committee Interlocks and Insider Participation**

No member of the MDCC was, during the fiscal year, an officer or employee, or formerly an officer or employee, involved in any related person transactions requiring disclosure in this Proxy Statement. No executive officer of BlackRock served (i) as a member of the Compensation Committee (or other Board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served on the MDCC of BlackRock, (ii) as a director of another entity, one of whose executive officers served on the MDCC of BlackRock, or (iii) as a member of the Compensation Committee (or other Board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of another entity, one of whose executive officers served as a director of BlackRock.

### **Risk Analysis of Compensation Plan**

The compensation program for BlackRock employees is structured to avoid providing incentives for excessive or unnecessary risk taking. In setting compensation, the MDCC considers the risks to BlackRock and to the achievement of BlackRock's goals that may be inherent in the compensation program. A significant portion of employee compensation is performance-based and at risk. BlackRock believes that its compensation plans are appropriately structured and do not pose risks that are reasonably likely to have a material adverse effect on BlackRock.

The MDCC considers the following when evaluating whether employee compensation plans and policies encourage BlackRock employees to take unreasonable risks:

performance goals that are reasonable in light of past performance and market conditions;

longer-term expectations for earnings and growth;

the fact that the base salary component of the compensation program does not encourage risk taking because it is a fixed amount;

the stock portion of annual incentive awards to executive officers, which is the largest component of total annual compensation paid to executive officers, is paid in the form of restricted stock and/or restricted stock units, which only vest over time, and thus, depend on the performance of BlackRock as a whole and continue to be at risk until vesting and settlement in the future; and

the portion of bonuses paid as restricted stock and/or restricted stock units is determined using a sliding scale that allocates increasingly larger proportions as stock as bonus amounts increase.

One of BlackRock's primary product tools is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for BlackRock's clients. Therefore, BlackRock employees are not rewarded for engaging in high-risk transactions outside of established parameters. BlackRock's compensation practices do not provide undue incentives for short-term planning or short-term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

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BlackRock's revenues are not subject to significant estimates as they are primarily based on advised assets and past services. Expenses also are not subject to significant estimates. The Company's operating income, on which compensation is based, is not reliant on the Company's seed or co-investments. While BlackRock may make seed or co-investments in its various funds

alongside clients, it is not involved in proprietary trading where there would be an incentive to put BlackRock assets at risk in order to generate short-term returns.

### Summary of Compensation

The following Summary Compensation Table sets forth information concerning compensation provided by BlackRock for the years indicated to the named executive officers.

**2011 Summary Compensation Table**

| Name and Principal Position  | Year | Salary (\$) | Bonus (\$)(1) | Stock Awards (Fair Value of Awards) (\$)(2) | All Other Compensation (\$)(3) | Total (\$)    |
|--|------|-------------|---------------|---|--------------------------------|---------------|
| Laurence D. Fink<br>Chairman and Chief Executive Officer                 | 2011 | \$ 500,000  | \$ 8,125,000  | \$ 13,060,606                               | \$ 192,250                     | \$ 21,877,856 |
|  | 2010 | \$ 500,000  | \$ 10,175,000 | \$ 12,805,446                               | \$ 358,828                     | \$ 23,839,274 |
|  | 2009 | \$ 500,000  | \$ 9,050,000  | \$ 5,988,337                                | \$ 321,079                     | \$ 15,859,416 |
| Robert S. Kapito<br>President  | 2011 | \$ 400,000  | \$ 6,225,000  | \$ 10,126,442                               | \$ 220,380                     | \$ 16,971,822 |
|  | 2010 | \$ 400,000  | \$ 8,010,200  | \$ 9,833,796                                | \$ 62,050                      | \$ 18,306,046 |
|  | 2009 | \$ 400,000  | \$ 7,010,200  | \$ 4,508,450                                | \$ 31,005                      | \$ 11,949,655 |
| Charles S. Hallac<br>Vice Chairman                                       | 2011 | \$ 350,000  | \$ 3,475,000  | \$ 5,611,725                                | \$ 17,250                      | \$ 9,453,975  |
|  | 2010 | \$ 300,000  | \$ 4,275,000  | \$ 5,400,666                                | \$ 11,350                      | \$ 9,987,016  |
|  | 2009 | \$ 300,000  | \$ 3,475,000  | \$ 1,943,394                                | \$ 15,500                      | \$ 5,733,894  |
| Susan L. Wagner<br>Vice Chairman   | 2011 | \$ 350,000  | \$ 2,375,000  | \$ 5,045,469                                | \$ 17,250                      | \$ 7,787,719  |
|  | 2010 | \$ 300,000  | \$ 3,337,500  | \$ 5,046,366                                | \$ 11,350                      | \$ 8,695,216  |
|  | 2009 | \$ 300,000  | \$ 2,612,500  | \$ 1,327,660                                | \$ 15,500                      | \$ 4,255,660  |
| Ann Marie Petach<br>Senior Managing Director and Chief Financial Officer | 2011 | \$ 450,000  | \$ 1,225,000  | \$ 2,126,234                                | \$ 45,380                      | \$ 3,846,614  |
|  | 2010 | \$ 450,000  | \$ 1,637,500  | \$ 2,145,470                                | \$ 11,350                      | \$ 4,244,320  |
|  | 2009 | \$ 450,000  | \$ 1,655,000  | \$ 404,226                                  | \$ 11,500                      | \$ 2,520,726  |

- (1) These amounts represent the cash portion of annual bonuses for the respective periods awarded pursuant to the Performance Plan. To secure the deductibility of annual incentive awards (including cash bonuses) awarded to the named executive officers, each named executive officer's total incentive award is awarded under the Performance Plan, which permits deductibility of compensation paid to the named executive officers under Section 162(m) of the Internal Revenue Code. Satisfaction of the performance criteria under the Performance Plan determines only the maximum amount of incentive compensation that may be awarded to named executive officers for the fiscal year. The amount of incentive compensation awarded to each named executive officer in January 2012 (for fiscal year 2011) was based on the criteria more fully described under the caption "Compensation Discussion and Analysis" and was less than the portion of the performance-based bonus pool available for awards to each named executive officer under the Performance Plan. As described under the caption "Compensation Discussion and Analysis," on January 20, 2012, Messrs. Fink, Kapito and Hallac and Ms. Wagner and Ms. Petach were awarded restricted stock units as part of their annual bonuses for the 2011 fiscal year. These awards had grant date values of \$7,175,000, \$5,275,000, \$2,525,000, \$1,425,000 and \$525,000 respectively, based on the average of the high and low prices per share of BlackRock common stock on January 20, 2012, of \$183.71. Additionally, Messrs. Fink, Kapito and Hallac and Ms. Wagner and Ms. Petach received Challenge Awards with grant date values of \$3,750,000, \$3,000,000, \$2,250,000, \$2,000,000 and \$1,325,000, respectively. These award

values were converted into a number of restricted stock units using a formula approved by the MDCC, which represents a discount to the full value of a share of BlackRock common stock on the grant date to account for the performance requirements and the risk of the award not vesting if certain performance requirements are not met. For more information regarding the Challenge Awards, please refer to the Compensation Discussion and Analysis.

- (2) Reflects the fair value of awards made during each calendar year as measured by BlackRock's closing stock price on the date of grant. The value of the awards made on January 20, 2012 is not reflected in this Summary Compensation Table pursuant to SEC regulations.
- (3) In 2011, \$175,000 and \$175,000 were attributable to personal use by Messrs. Fink and Kapito, respectively, for aircraft services that BlackRock obtained from a third-party supplier, and these amounts reflect the incremental cost to BlackRock to obtain the aircraft services, net of amounts reimbursed by the executive officer. Messrs. Fink and Kapito are required by the Board to utilize these airplane services for all business and personal travel in the interest of protecting their personal security. For Mr. Kapito and Ms. Petach, \$28,130 and \$28,130, respectively, was attributable to financial planning services. \$17,250 for each of Messrs. Fink, Kapito and Hallac and Ms. Wagner and Ms. Petach was attributable to contributions made by BlackRock under its defined contribution (401(k)) plan in 2011. For more information regarding perquisites, please see Compensation Discussion and Analysis Perquisites. No Nonqualified Deferred Compensation Earnings were determined to be above-market. None of the named executive officers participate in any BlackRock defined benefit pension plans.

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**2011 Grants of Plan-Based Awards**

The following table sets forth information concerning non-equity and equity incentive plan-based compensation provided by BlackRock in 2011 to our named executive officers.

| <b>Name</b>       | <b>Grant Date(1)</b> | <b>Date of Committee Action</b> | <b>All Other Stock Awards: Number of Shares of Stock or Units (#)</b> | <b>Grant Date Fair Value of Stock and Option Awards(2)</b> |
|-------------------|----------------------|---------------------------------|---|--|
| Laurence D. Fink  | 01/27/2011           | 01/18/2011                      | 46,031(3)   | \$ 9,285,834   |
|                   | 01/27/2011           | 01/18/2011                      | 18,712(4)   | \$ 3,774,772   |
| Robert S. Kapito  | 01/27/2011           | 01/18/2011                      | 35,229(3)   | \$ 7,106,746   |
|                   | 01/27/2011           | 01/18/2011                      | 14,969(4)   | \$ 3,019,696   |
| Charles S. Hallac | 01/27/2011           | 01/18/2011                      | 16,591(3)   | \$ 3,346,902   |
|                   | 01/27/2011           | 01/18/2011                      | 11,227(4)   | \$ 2,264,823   |
| Susan L. Wagner   | 01/27/2011           | 01/18/2011                      | 11,913(3)   | \$ 2,403,209   |
|                   | 01/27/2011           | 01/18/2011                      | 13,098(4)   | \$ 2,642,260   |
| Ann Marie Petach  | 01/27/2011           | 01/18/2011                      | 3,991(3)  | \$ 805,104   |
|                   | 01/27/2011           | 01/18/2011                      | 6,549(4)  | \$ 1,321,130   |

- (1) Date shown is the date on which approved award values were converted to a number of restricted shares or restricted stock units based on the average of the high and low prices of BlackRock common stock on that date.
- (2) Amounts represent the fair value of grants, based on a closing price of \$201.73 per share of BlackRock common stock on January 27, 2011.
- (3) These awards represent grants of restricted shares awarded to Messrs. Fink, Kapito and Hallac and Ms. Wagner and Ms. Petach on January 27, 2011 as part of their 2010 bonus awards. These restricted shares vest one-third on each anniversary of January 31, 2011. These grants represent the stock portion of the annual bonuses attributable to the 2010 fiscal year.
- (4) These awards represent Partner Plan awards granted to Messrs. Fink, Kapito and Hallac and Ms. Wagner and Ms. Petach on January 27, 2011 as part of their 2010 bonus awards. These restricted shares vest on January 31, 2014.



## 2011 Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning outstanding option awards and unvested stock awards held by our named executive officers as of December 31, 2011.

| Name              | Grant Date | Option Awards   |   |   |                            | Stock Awards           |   |   |  |  |
|-------------------|------------|---|---|---|----------------------------|------------------------|---|---|--|--|
|                   |            | Number of Securities Underlying Unexercised Options Exercisable (#) | Number of Securities Underlying Unexercised Options (#) | Equity Incentive Plan Awards: Number of Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(1) | Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
| Laurence D. Fink  | 10/15/2002 | 375,633   |   |   | \$ 37.36                   | 10/15/2012             |   |   |  |  |
|                   | 1/31/2007  | 364,313(2)  |   |   | \$ 167.76                  | 1/31/2017              |   |   |  |  |
|                   | 1/23/2009  |   |   |   |                            |                        | 17,847(3)   | \$ 3,181,049  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 24,688(3)   | \$ 4,400,389  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 5,715(4)  | \$ 1,018,642  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 46,031(3)   | \$ 8,204,565  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 18,712(5)   | \$ 3,335,227  |  |  |
| Robert S. Kapito  | 10/15/2002 | 175,000   |   |   | \$ 37.36                   | 10/15/2012             |   |   |  |  |
|                   | 1/31/2007  | 210,109(2)  |   |   | \$ 167.76                  | 1/31/2017              |   |   |  |  |
|                   | 1/23/2009  |   |   |   |                            |                        | 13,436(3)   | \$ 2,394,833  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 18,470(3)   | \$ 3,292,093  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 4,572(4)  | \$ 814,913  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 35,229(3)   | \$ 6,279,217  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 14,969(5)   | \$ 2,668,075  |  |  |
| Charles S. Hallac | 10/15/2002 | 75,000  |   |   | \$ 37.36                   | 10/15/2012             |   |   |  |  |
|                   | 1/31/2007  | 126,087(2)  |   |   | \$ 167.76                  | 1/31/2017              |   |   |  |  |
|                   | 1/23/2009  |   |   |   |                            |                        | 5,792(3)  | \$ 1,032,366  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 7,696(3)  | \$ 1,371,735  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 3,429(4)  | \$ 611,185  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 16,591(3)   | \$ 2,957,180  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 11,277(5)   | \$ 2,010,012  |  |  |
| Susan L. Wagner   | 10/15/2002 | 90,000  |   |   | \$ 37.36                   | 10/15/2012             |   |   |  |  |
|                   | 1/31/2007  | 126,087(2)  |   |   | \$ 167.76                  | 1/31/2017              |   |   |  |  |
|                   | 1/23/2009  |   |   |   |                            |                        | 3,927(3)  | \$ 699,948  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 5,067(3)  | \$ 903,142  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 4,001(4)  | \$ 713,138  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 11,913(3)   | \$ 2,123,373  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 13,098(5)   | \$ 2,334,588  |  |  |
| Ann Marie Petach  | 1/23/2009  |   |   |   |                            |                        | 1,205(3)  | \$ 214,779  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 1,356(3)  | \$ 241,693  |  |  |
|                   | 1/29/2010  |   |   |   |                            |                        | 2,000(4)  | \$ 356,480  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 3,991(3)  | \$ 711,356  |  |  |
|                   | 1/27/2011  |   |   |   |                            |                        | 6,549(5)  | \$ 1,167,294  |  |  |

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- (1) Amounts reflect the year-end value of restricted stock or restricted unit awards, based on the closing price of \$178.24 per share of BlackRock common stock on December 30, 2011.
- (2) Amounts reflect long-term incentive plan option awards that vested on September 29, 2011.

- (3) These restricted shares vest one-third on each anniversary of January 31 of the year of the award grant.  
(4) These restricted shares vested on January 31, 2012.  
(5) These restricted shares vest on January 31, 2014.

### 2011 Option Exercises and Stock Vested

The following table sets forth information concerning the number of shares acquired and the value realized by our named executive officers during the fiscal year ended December 31, 2011 on the exercise of options or the settlement of restricted stock and restricted stock units.

| Name              | Option Awards                             |                                  | Stock Awards                             |                                 |
|-------------------|---|----------------------------------|--|---------------------------------|
|                   | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise \$(1) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting \$(2) |
| Laurence D. Fink  | 27,167                                    | \$ 4,350,523                     | 52,560                                   | \$ 10,211,357                   |
| Robert S. Kapito  |   |                                  | 40,108                                   | \$ 7,792,182                    |
| Charles S. Hallac |   |                                  | 26,408                                   | \$ 4,723,869                    |
| Susan L. Wagner   |   |                                  | 24,321                                   | \$ 4,318,407                    |
| Ann Marie Petach  |   |                                  | 17,737                                   | \$ 2,873,450                    |

- (1) Based on share price on exercise date and prior to tax withholding.  
(2) Value realized reflects the closing price of \$194.28 per share of BlackRock common stock on January 28, 2011 for awards vesting on January 31, 2011 and the closing price of \$148.55 per share of BlackRock common stock on September 28, 2011 for awards vesting on September 29, 2011.

### Nonqualified Deferred Compensation

| Name              | Executive Contributions in Last Fiscal Year (\$) | Registrant Contributions in Last Fiscal Year (\$) | Aggregate Earnings (Losses) in Last Fiscal Year \$(1) | Aggregate Withdrawals/ Distributions (\$) | Aggregate Balance at Last Fiscal Year End (\$) |
|-------------------|--|---|---|---|--|
| Laurence D. Fink  |  |   | \$ 31,733   | \$ 2,048,840                              | \$ 1,052,802                                   |
| Robert S. Kapito  |  |   | \$ 4,207  |   | \$ 186,751                                     |
| Charles S. Hallac |  |   | \$ 1,191  |   | \$ 124,442                                     |
| Susan L. Wagner   |  |   | \$ 222  |   | \$ 11,779                                      |
| Ann Marie Petach  |  |   |   |   |  |

- (1) Includes earnings on balances in the VDCP.

### Voluntary Deferred Compensation Plan

Effective January 2002, BlackRock adopted the VDCP, which allows participants to elect to defer between 1% and 100% of their annual incentive compensation not mandatorily deferred under another arrangement. Elections to defer must be made no later than June 30 of the year for which the bonus is paid. The participants must specify a deferral period of up to ten years. Deferred amounts are held by BlackRock as unsecured assets and participants may, from time to time, elect to have their deferred account credited with future investment returns from

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among fourteen benchmark funds. The benchmark investments available for the named executive officers are the same as those for all other participants. Deferred amounts and any benchmark returns are immediately vested under the VDCP.

**Equity Compensation Plan Information**

The following table summarizes information, as of December 31, 2011, relating to BlackRock equity compensation plans pursuant to which grants of options, restricted stock, restricted stock units or other rights to acquire shares of BlackRock common stock may be granted from time to time.

| <b>Plan Category</b>  | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights</b> | <b>Number of securities available for issuance under equity compensation plans (excluding securities reflected in first column)</b> |
|---|--|--|---|
| <i>Approved</i>   |  |  |   |
| BlackRock, Inc. 1999 Stock Award and Incentive Plan               | 7,719,688(1)   | \$ 105.33(2)   | 7,695,603   |
| Amended and Restated BlackRock, Inc. Employee Stock Purchase Plan |  | N/A  | 724,052(3)  |
| Total Approved by Stockholders                                    | 7,719,688  |  | 8,419,655   |
| <i>Not Approved</i>   |  |  |   |
| None  |  | N/A  |   |
| Total Not Approved by Stockholders                                |  | N/A  |   |
| Total   | 7,719,688  |  | 8,419,655   |

- (1) Includes 2,190,907 shares issuable under options and 5,528,781 shares in restricted stock and restricted stock units. 1,517,237 shares remain available for contribution by PNC pursuant to the share surrender agreement with BlackRock and PNC to settle awards outstanding under this Plan and for future BlackRock stock grants under any other plan in accordance with the terms of the share surrender agreement. Since February 2009, these shares were held by PNC as Series C participating convertible preferred stock.
- (2) Represents weighted average exercise price on options only.
- (3) The Amended and Restated BlackRock, Inc. Employee Stock Purchase Plan became effective in January 2007 and replaced the prior plan which was suspended in August 2006.

**2011 Payments Upon Termination**

As described previously, the continuing named executive officers do not have employment, severance or change of control agreements with BlackRock. If any of the named executive officers terminate employment with BlackRock, certain of their outstanding restricted stock units may be subject to accelerated vesting and payment, the exercise periods of outstanding options may be shortened and VDCP balances will be paid, in each case as described below.

**Restricted Stock and Restricted Stock Unit Awards Granted as Part of Annual Incentive Awards, Including Partner Plan Awards**

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There are no change of control provisions associated with outstanding restricted stock and restricted stock unit awards. The values of such awards as of December 31, 2011 are reflected in the 2011 Outstanding Equity Awards at Fiscal Year-End Table. The restricted stock and restricted stock unit awards granted to our named executive officers may be subject to accelerated vesting and settlement as follows:

In the case of death, such awards will vest and be settled immediately.

In the event of total disability or involuntary termination not for cause, such awards will continue to vest and be settled in accordance with their original grant terms for one year

following a trigger event. At the one year anniversary of the triggering event, all remaining unvested and unsettled awards would vest and be settled; provided, that the named executive officer has complied with covenants agreed to upon hire and contained within the equity grant agreement.

In the event of a qualified retirement, awards will continue to vest and be settled in accordance with their original grant terms for one year following the qualified retirement. At the one year anniversary of the qualified retirement, all remaining unvested and unsettled awards will vest and be paid; provided, that the named executive officer has complied with covenants agreed to upon hire and contained within the equity grant agreement. Qualified retirement refers to the voluntary termination of employment with a combined age and length of service totaling 65, a minimum age of 55, a minimum of three year s service and one-year s advance written notice of the intention to retire. As of December 31, 2011, Mr. Fink was the only named executive officer eligible for qualified retirement and he has not provided any notice of an intention to retire.

In the event of voluntary termination in the absence of qualified retirement or in the case of a termination for cause, unvested awards will be forfeited.

### **Restricted Stock Unit Awards Granted as Challenge Awards**

There are no change of control provisions associated with the Challenge Awards.

The restricted stock unit awards granted as Challenge Awards, with values on the January 20, 2012 grant date reflected in Note 1 to the 2011 Summary Compensation Table, are not subject to accelerated vesting and settlement upon termination. Upon termination of employment, the Challenge Awards are subject to the following treatment:

In the case of death, such awards will continue to vest and be settled in accordance with their original grant terms for the full term of the award.

In the event of total disability, such awards will continue to vest and be settled in accordance with their original grant terms for the full term of the award; provided, that the named executive officer has complied with covenants agreed to upon hire and contained within the equity grant agreement.

In the event of involuntary termination not for cause, any portion of the award that has achieved its respective price hurdle as of the date of termination remains eligible for vesting and settlement for the full term of the award; provided, that the named executive officer has complied with covenants agreed to upon hire and contained within the equity grant agreement. Any remaining portion of the award that has not achieved its respective price hurdle as of the date of termination is immediately forfeited.

In the event of a qualified retirement, awards will continue to vest and be settled in accordance with their original grant terms for the full term of the award; provided, that the named executive officer has complied with covenants agreed to upon hire and contained within the equity grant agreement. Qualified retirement refers to the voluntary termination of employment with a combined age and length of service totaling 65, a minimum age of 55, a minimum of three year s service and one-year s advance written notice of the intention to retire. As of December 31, 2011, Mr. Fink was the only named executive officer eligible for qualified retirement and he has not provided any notice of an intention to retire.

In the event of voluntary termination in the absence of qualified retirement or in the case of a termination for cause, unvested awards will be forfeited.





### Long-Term Incentive Awards

There are no change of control provisions associated with the long-term incentive award options.

The long-term incentive award options granted to our named executive officers may be subject to accelerated vesting as follows:

In the case of death, all outstanding options not yet exercisable shall vest, since all applicable performance goals have been satisfied, on the date of the trigger event, and shall remain exercisable for one year from the date of such vesting.

In the event of total disability, all outstanding options that were otherwise exercisable as of the trigger event shall remain exercisable for three years following the trigger event. All unvested options shall continue to vest in accordance with their original grant terms for one year following the trigger event and at the one year anniversary of the trigger event all remaining unvested options would vest, and shall remain exercisable for three years following the trigger date; provided, that the named executive officer has complied with covenants agreed to upon hire and contained within the equity grant agreement.

In the event of a qualified retirement, a pro-rata portion of the unvested options, with the pro-ration based upon the number of months from the grant date of the options to the trigger date divided by the total number of months in the vesting period, shall vest upon the earlier of the vesting date of the options or the first anniversary of the trigger date, and shall remain exercisable for three years following the trigger date; provided, that the named executive officer has complied with covenants contained within the equity grant agreement or otherwise agreed to. Any options awarded that had not yet become exercisable prior to the triggering event and will not become exercisable as a result of the pro-rata calculation will terminate immediately as of the trigger date.

In the event of an involuntary termination not for cause, a pro-rata portion of the unvested options, with the pro-ration based upon the number of months from the grant date of the options to the trigger date divided by the total number of months in the vesting period, shall vest upon the earlier of the vesting date of the options or the first anniversary of the trigger date, and shall remain exercisable for 90 days following the date the options become exercisable; provided, that the named executive officer has complied with covenants agreed to upon hire and contained within the equity grant agreement. Any options awarded that have not yet become exercisable prior to the triggering event and will not become exercisable as a result of the pro-rata calculation will terminate immediately as of the trigger date.

In the event of voluntary termination in the absence of qualified retirement, any options that have vested prior to the trigger date shall be exercisable for 90 days following the trigger date, and any options that had not vested prior to the trigger date shall be forfeited as of the trigger date.

In the event of a termination for cause, the option award shall terminate upon the trigger event, whether the options are exercisable or not.

Notwithstanding the described treatment above, in no case are the options exercisable after their stated expiration date.

## Other Options

All currently outstanding stock options granted to named executive officers are fully vested and are exercisable for the remainder of their 10-year term unless termination of employment occurs before the award is exercised. The values of the options granted in connection with these awards, along with all other outstanding options as of December 31, 2011 are reflected in the 2011 Outstanding Equity Awards at Fiscal Year-End Table. In the event employment is terminated during the term of any of these options before it is exercised, the option exercise period is shortened as follows:

In the event of retirement or disability, the named executive officer may exercise the award for up to three years.

In the event of death, the named beneficiary or estate may exercise the award for up to one year.

In the event of voluntary termination for other than retirement or disability or involuntary termination for other than cause, the named executive officer may exercise the award for up to 90 days.

In the event of termination for cause, awards are terminated as of such date.

Notwithstanding the described treatment above, in no case are stock options exercisable after their stated expiration date.

## Deferred Compensation

Balances credited to named executive officers under the VDCP are vested at the time of deferral. All balances for the named executive officers as of December 31, 2011 are reflected in the Nonqualified Deferred Compensation Table. Upon termination of employment, any VDCP plan balances will be paid to employees.

## 2011 Director Compensation

The table below sets forth the compensation provided by BlackRock in 2011 to our directors who are not employees of BlackRock or designees of Bank of America/Merrill Lynch, PNC or Barclays. Directors in 2011 who were also employees of BlackRock or designees of Bank of America/Merrill Lynch, PNC or Barclays are not listed in the table because they did not receive compensation for serving as directors or committee members. Directors who are not employees of BlackRock or designees of Bank of America/Merrill Lynch, PNC or Barclays each receive an annual retainer of \$75,000 per year, an annual restricted stock unit grant with a fair value of \$100,000 on the last day of the first quarter and are reimbursed for reasonable travel and related expenses. Stock is delivered with respect to the annual restricted stock unit grant on the earlier of (i) the third anniversary of the date of grant and (ii) the date such director ceases to be a member of the Board of Directors. In addition, the Chairman of the Audit Committee receives an additional annual retainer of \$30,000, and each director who serves as a member of the Audit Committee receives an additional annual retainer of \$15,000. The Chairman of the MDCC receives an additional annual retainer of \$20,000, and each director who serves as a member of the MDCC receives an additional annual retainer of \$10,000. The Chairman of the Nominating and Governance Committee and Lead Independent Director receives an additional annual retainer of \$25,000, and each director who serves as a member of the Nominating and Governance



Committee receives an additional retainer of \$5,000. Further, each director receives \$1,500 for participation in a meeting of the Board of Directors and \$1,000 for participation in a meeting of the Audit, Management Development and Compensation or Nominating and Governance Committees.

Each Director who receives compensation will receive at least \$25,000 of his or her annual retainer in the form of common stock valued at fair market value. In addition, each director who receives compensation may elect to receive common stock valued at fair market value in lieu of all or a portion of this compensation in excess of \$25,000. As indicated below, substantially all of the directors elected to take common stock in lieu of cash payment.

| Name                         | Fees Earned                |                            | Total<br>(\$) |
|------------------------------|----------------------------|----------------------------|---------------|
|                              | or Paid<br>in Cash<br>(\$) | Stock<br>Award<br>\$(1)(2) |               |
| Abdlatif Y. Al-Hamad         |                            | \$ 193,500                 | \$ 193,500    |
| Mathis Cabiallavetta         | \$ 84,338                  | \$ 142,162                 | \$ 226,500    |
| Dennis D. Dammerman          |                            | \$ 229,500                 | \$ 229,500    |
| Kenneth B. Dunn (3)          |                            | \$ 128,500                 | \$ 128,500    |
| Murry S. Gerber              |                            | \$ 232,500                 | \$ 232,500    |
| James Grosfeld               |                            | \$ 214,000                 | \$ 214,000    |
| David H. Komansky            | \$ 90,003                  | \$ 124,998                 | \$ 215,000    |
| Deryck Maughan               |                            | \$ 202,500                 | \$ 202,500    |
| Thomas H. O'Brien            |                            | \$ 217,500                 | \$ 217,500    |
| Linda Gosden Robinson (4)    | \$ 12,000                  | \$ 112,000                 | \$ 124,000    |
| Ivan G. Seidenberg (5)       |                            | \$ 224,000                 | \$ 224,000    |
| Marco Antonio Slim Domit (6) |                            | \$ 20,250                  | \$ 20,250     |
| John S. Varley (7)           | \$ 13,501                  | \$ 6,749                   | \$ 20,250     |

- (1) Includes the annual restricted stock unit grants to each director of 497 restricted stock units of BlackRock with a fair value of \$100,000. The number of restricted stock units granted was based on the closing stock price on March 31, 2011 of \$201.01 per share and the awards were outstanding at year end. The entire expense for these awards was recorded on the date of grant.
- (2) Includes the shares of common stock granted on March 31, June 30, September 30 and December 30, 2011, respectively, based on closing market prices on such dates of \$201.01, \$191.81, \$148.01 and \$178.24, respectively, awarded in respect of Board annual retainer and meeting fees. The entire expense for these awards was recorded on the date of grant.
- (3) Mr. Dunn resigned from the Board on May 25, 2011.
- (4) Ms. Robinson resigned from the Board on May 25, 2011.
- (5) Mr. Seidenberg was elected to the Board on January 20, 2011.
- (6) Mr. Slim was elected to the Board on September 26, 2011.
- (7) Mr. Varley became an independent director on October 1, 2011.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors, Section 16 officers and persons who own more than 10% of a registered class of BlackRock's equity securities, to file reports of holdings of, and transactions in, BlackRock shares with the SEC and the NYSE. To the best of BlackRock's knowledge, based solely on copies of such reports and representations from these reporting persons, we believe that in 2011, our directors, Section 16 officers and 10% holders met all applicable SEC filing requirements.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Bank of America and its Subsidiaries**

On September 29, 2006, Merrill Lynch contributed the entities and assets that constituted its investment management business, MLIM, to BlackRock (the MLIM Transaction) in exchange for common and non-voting preferred stock such that immediately after the closing of the MLIM Transaction, Merrill Lynch held approximately 45.0% of BlackRock's common stock outstanding and an economic ownership of approximately 49.3% on a fully diluted basis. On January 1, 2009, Bank of America acquired Merrill Lynch. Through a series of transactions concluding with BlackRock's share repurchase of 13,562,878 shares of its Series B Preferred Stock from Merrill Lynch on June 1, 2011, Merrill Lynch and its affiliates, to our knowledge, no longer beneficially own any material amount of BlackRock's voting common stock or outstanding capital stock.

Thomas K. Montag, Co-Chief Operating Officer of Bank of America, continues to serve as a director of BlackRock.

**Global Distribution Agreement with Merrill Lynch**

On September 29, 2006, BlackRock entered into a global distribution agreement with Merrill Lynch. This agreement was amended and restated on July 16, 2008 and again on November 15, 2010 and all descriptions of the agreement in this Proxy Statement reflect the agreement as amended and restated. The global distribution agreement provides a framework under which Merrill Lynch distributes BlackRock's investment advisory products (including those of the former MLIM business). The total amount expended by BlackRock during 2011 relating to Merrill Lynch distribution and servicing of products covered by the global distribution agreement, including mutual funds, separate accounts, liquidity funds, alternative investments and insurance products, was approximately \$193.9 million. In addition, BlackRock recorded other revenue of \$1.5 million related to fees for certain Merrill Lynch products pursuant to the global distribution agreement.

Pursuant to the global distribution agreement, Merrill Lynch has agreed to cause each of its distributors to continue distributing BlackRock covered products and covered products of the former MLIM business that it distributed as of the date of the global distribution agreement on the same economic terms as were in effect on the date of the global distribution agreement or as the parties otherwise agree. For new covered products introduced by BlackRock to Merrill Lynch for distribution that do not fall within an existing category, type or platform of covered products distributed by Merrill Lynch, the Merrill Lynch distributors must be offered the most favorable economic terms offered by BlackRock to other distributors of the same product. If a covered product that does not fall within an existing category, type or platform of covered products distributed by Merrill Lynch becomes part of a group or program of similar products distributed by the Merrill Lynch distributors, some of which are sponsored by managers other than BlackRock, the economic terms offered by Merrill Lynch distributors to BlackRock for the distribution of such covered products must be at least as favorable as the most favorable economic terms to which any such product is entitled. The economic terms of covered products distributed by Merrill Lynch will remain in effect until at least January 1, 2014, except as the parties otherwise agree or as permitted by the global distribution agreement. The term of the global distribution agreement expires on January 1, 2014, and the agreement will automatically renew for one additional three-year term, subject to certain conditions and, thereafter, for such annual or other periods as the parties may agree.

### ***Sales Incentive Restrictions***

Merrill Lynch may not, and must cause its distributors not to, provide its sales force with economic incentives for the sale of products that compete with covered products of BlackRock that are any greater than the sales incentives provided to the BlackRock covered products. However, no Merrill Lynch distributor is prohibited from selling products that provide for different rates of sales load, or placement, Rule 12b-1 or other related fees.

### ***Product Availability***

During the term of the global distribution agreement, BlackRock must permit each Merrill Lynch distributor to distribute covered products of the former MLIM business, on a basis not less favorable than they were distributed by such Merrill Lynch distributor prior to BlackRock's acquisition of MLIM or as the parties otherwise agree. For any other covered product in which a Merrill Lynch distributor expresses an interest to BlackRock, upon request of such distributor, BlackRock must use all commercially reasonable efforts to cause each such Merrill Lynch distributor to have the right to distribute such products on a basis not less favorable than that on which any Merrill Lynch distributor distributed comparable covered products of the former MLIM business in the channel in question or other products that would generally be viewed as competitive with such covered products.

### ***New Products***

Merrill Lynch must, upon notice from BlackRock, subject to applicable law, standards and practices, use all commercially reasonable efforts to provide distribution services and access to Merrill Lynch distributors for any new covered product on terms in accordance with the global distribution agreement. However, neither Merrill Lynch nor any Merrill Lynch distributor may require BlackRock to offer any new covered products, or limit BlackRock from developing or launching any new covered products.

### **Transition Services Agreement with Merrill Lynch**

On September 29, 2006, BlackRock entered into a transition services agreement with Merrill Lynch and its controlled affiliates to allow BlackRock to transition from relying on Merrill Lynch for various functions for the former MLIM business to using BlackRock's own systems and to allow Merrill Lynch to transition from relying on the former MLIM business for various functions to using Merrill Lynch's own systems. The services provided in the 12 months prior to September 29, 2006 continue to be provided at the same general standard of service as they were provided prior to September 29, 2006, until such time as the service recipient is able to provide such services (or a substitute) on its own. The pricing for such services is required to be consistent with historical practices. The total amount expensed by BlackRock for transition services payable to Merrill Lynch in 2011 was \$2.2 million.

### **Other Transactions with Bank of America and its Subsidiaries**

In addition to the arrangements set forth pursuant to the global distribution agreement and transition services agreement, BlackRock provides investment advisory and administration services to Merrill Lynch and certain other Bank of America subsidiaries and separate accounts for a fee based on AUM. The amount of investment advisory and administration fees earned from Merrill Lynch and other Bank of America subsidiaries in relation to these services in 2011 totaled \$44.2 million.





On March 10, 2011, BlackRock and certain of its subsidiaries entered into a five-year \$3.5 billion unsecured revolving credit facility (the Credit Facility), including a \$1.0 billion letter of credit subfacility and a \$250 million swingline subfacility, for which Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc. (Barclays Capital) and several other financial institutions serve as joint lead arrangers and joint bookrunners and for which Bank of America, Barclays Bank and several other financial institutions serve as documentation agents. BlackRock's obligations under the Credit Facility are unsecured and are not guaranteed by any of its subsidiaries. All obligations of any subsidiary borrower under the Credit Facility are guaranteed by BlackRock. The Credit Facility matures on March 10, 2016. Bank of America is a lender under the Credit Facility, with a commitment of \$255 million as of December 31, 2011. BlackRock had \$100 million outstanding under the Credit Facility as of December 31, 2011.

On October 14, 2009, BlackRock entered into a commercial paper program (the Commercial Paper Program) under which BlackRock may issue unsecured commercial paper notes on a private placement basis up to a maximum aggregate amount outstanding at any time of \$3 billion. Barclays Capital, Banc of America Securities LLC and two other financial institutions are dealers under the Commercial Paper Program and may, pursuant to their respective commercial paper dealer agreements with BlackRock, either purchase from BlackRock or arrange for the sale by BlackRock of notes pursuant to an exemption from federal and state securities laws. On May 13, 2011, BlackRock increased the maximum aggregate amount that may be borrowed under the Commercial Paper Program to \$3.5 billion.

In connection with the MLIM Transaction, Merrill Lynch agreed to provide reimbursement to BlackRock for employee incentive awards issued to former MLIM employees who became BlackRock employees. Reimbursements will amount to 50% of the total amount of awards to former MLIM employees between \$100 million and \$200 million. BlackRock has issued total eligible incentive compensation to qualified employees in excess of \$200 million and Merrill Lynch has reimbursed \$8 million to BlackRock pursuant to this agreement.

BlackRock and Merrill Lynch have also entered into a marketing initiative to share certain fees related to services provided by BlackRock's transition management team. Pursuant to these arrangements, \$170,000 was due to BlackRock from Merrill Lynch in 2011.

BlackRock provides risk management analytic advisory services to Merrill Lynch for which it received an annual fee of \$917,000 and asset allocation and modeling services for which it received an annual fee of approximately \$1.2 million in 2011.

BlackRock incurred expenses of \$12.4 million for launch costs to Merrill Lynch for new closed-end funds in 2011.

In 2011, BlackRock paid \$26.6 million to Merrill Lynch and affiliates related to sales commissions for certain distribution financing arrangements to receive certain cash flows from sponsored open-end mutual funds sold without a front-end sales charge. Such sales commissions are generally capitalized by BlackRock at the time of payment and are subsequently amortized over periods ranging from one to six years.

In addition, BlackRock incurred expenses of \$14.3 million for transfer agent services provided by Merrill Lynch for certain international products and paid \$4.6 million for service fees related to certain institutional clients in 2011. BlackRock also incurred expenses for marketing and promotional activities with Merrill Lynch, primarily joint training sessions, of \$3.0 million in 2011.

BlackRock has retrocession contracts with Bank of America/Merrill Lynch for various mutual fund distribution services to be performed on behalf of certain non-U.S. based funds managed by BlackRock. BlackRock paid approximately \$99.2 million to Bank of America/Merrill Lynch for such arrangements in 2011. BlackRock incurred approximately \$10.1 million in distribution-related expenses to Bank of America and affiliates in 2011.

On August 22, 2007, BlackRock entered into a five-year \$2.5 billion unsecured revolving credit facility with a syndicate of lenders, including Bank of America. The outstanding obligations under this facility were fully repaid on March 10, 2011 in the amount of \$182,000 for various fees, at which time the credit facility was terminated.

In the ordinary course of business, Bank of America and its subsidiaries provide additional distribution and marketing support services to BlackRock in order to promote the sale of its funds.

#### **Transactions between BlackRock Funds and Client Accounts and Bank of America and its Subsidiaries**

From time to time in the ordinary course of our business, acting predominantly as agent for its clients, BlackRock effects transactions in securities and other financial assets with Bank of America and its subsidiaries. The amount of compensation or other value received by Bank of America in connection with those transactions is dependent on the capacity in which it participates in each of them, as principal or agent for other principals, and the type of security or financial asset involved. Bank of America or its subsidiaries may also act as the underwriter of securities purchased by BlackRock managed funds and accounts. For transactions in equity securities in which Bank of America or its subsidiaries acts as a broker for BlackRock, a transaction commission is normally charged. The estimated amount of gross commissions generated in favor of Bank of America in 2011 was approximately \$46.5 million. Bank of America (including its subsidiaries) was among one of BlackRock's many fixed income trading counterparties in 2011. Fixed income and certain other securities and financial assets are typically not traded on a commission basis and accordingly, the amounts earned by Bank of America and its subsidiaries on such transactions cannot be determined.

Bank of America and its affiliates also act from time to time in the ordinary course of business as the prime clearing broker for certain of BlackRock's hedge funds and funds of funds. Additionally, Bank of America or its subsidiaries may from time to time in the ordinary course of business make loans to funds or separately managed accounts or commit to make future loans on substantially the same terms as those prevailing at the time for comparable loans to third parties and may enter into caps, hedges or swaps in connection with such loans. BlackRock may be an investor in or co-investor alongside these funds and accounts.

Merrill Lynch and certain other Bank of America affiliates (together with affiliates of Wachovia Corporation) were co-arrangers of the permanent financing to the funds that acquired the Peter Cooper Village and Stuyvesant Town apartment complex in New York City in November 2006. As of December 31, 2011, approximately \$4.4 billion of this financing, including a \$3.0 billion senior loan and mortgage, remained outstanding. As of December 31, 2011, BlackRock owned a 50% interest in the general partner of the funds and had also made a minority equity investment in the funds. These financings were established in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable loans. Following a default on such financing in January 2010, the special servicer representing the senior lenders of this financing commenced an action to foreclose the senior loan and mortgage on February 16, 2010. In addition, the senior lenders have obtained ownership of certain mezzanine debt secured by ownership interests in the borrower of the mortgage on which the funds have also defaulted. Accordingly, the

lenders have the ability to foreclose on such ownership interests and thus acquire indirect ownership of the apartment complex. Either such foreclosure will, upon completion, eliminate the interest of the funds in the apartment complex.

BlackRock products and client accounts also enter into a variety of other arrangements with Bank of America and its affiliates on an arm's length basis in the ordinary course of business. Such arrangements include, but are not limited to, serving as custodian, trustee or transfer agent or providing principal protection warranties as well as book value protection and co-administration, sub-administration, fund accounting, networking, leases of office space to Bank of America or its subsidiaries, bank account arrangements, derivative transactions, letters of credit, securities lending, distribution, loan servicing and other administrative services for BlackRock-managed funds and accounts. In certain instances, the fees that may be incurred by BlackRock funds or other products are capped at a fixed amount. In certain cases, BlackRock may be responsible for payment of fees incurred in excess of such caps and such amounts would be reflected in the fees for administrative services described above. Additionally, Bank of America or its subsidiaries or affiliates may invest in BlackRock funds or other products or buy or sell assets to or from BlackRock funds and separate accounts.

### **PNC and its Subsidiaries**

As of February 29, 2012, PNC owned approximately 23.9% of BlackRock's voting common stock and 20.9% of BlackRock's total capital stock outstanding.

James E. Rohr, the Chairman and Chief Executive Officer of PNC, and William S. Demchak, Senior Vice Chairman of PNC, serve as directors of BlackRock.

BlackRock provides investment advisory and administration services to certain PNC subsidiaries and separate accounts for a fee based on AUM. The amount of investment advisory and administration fees earned from PNC and its affiliates in relation to these services in 2011 totaled \$4.6 million.

BlackRock provides risk management advisory services to PNC's corporate and line of business asset/liability management committees for which it received an annual fee of \$6.5 million for 2011. BlackRock also recorded revenue of \$3.1 million related to non-discretionary trading services and \$350,000 for certain advisory valuation services.

BlackRock paid \$640,000 to PNC affiliates in 2011 for service fees related to certain retail and institutional clients. BlackRock incurred expenses of \$2.3 million for fund administration services provided by PNC and its subsidiaries in 2011.

### **Transactions between BlackRock Funds and Client Accounts and PNC and its Subsidiaries**

From time to time in the ordinary course of our business, acting predominantly as agent for its clients, BlackRock effects transactions in securities and other financial assets with PNC and its subsidiaries. The amount of compensation or other value received by PNC in connection with those transactions is dependent on the capacity in which it participates in each of them, as principal or agent for other principals, and the type of security or financial asset involved. PNC may also act as the underwriter of securities purchased by BlackRock managed funds and accounts. We principally engage in fixed income transactions with PNC. PNC (including its subsidiaries) was among one of BlackRock's many fixed income trading counterparties in 2011. Fixed income transactions are typically not traded on a commission basis and accordingly, the

amounts earned by PNC and its subsidiaries on such transactions cannot be determined.

PNC may from time to time in the ordinary course of business make loans to funds or separately managed accounts or commit to make future loans on substantially the same terms as those prevailing at the time for comparable loans to third parties and may enter into caps, hedges or swaps in connection with such loans. BlackRock may be an investor in or co-investor alongside these funds and accounts. BlackRock products and client accounts also enter into a variety of other arrangements with PNC and its subsidiaries on an arm's length basis in the ordinary course of business. Such arrangements include, but are not limited to, serving as custodian or transfer agent or providing principal protection warranties as well as book value protection and co-administration, sub-administration, fund accounting, networking, leases of office space to PNC or its subsidiaries, bank account arrangements, derivative transactions, letters of credit, securities lending, loan servicing and other administrative services for BlackRock-managed funds and accounts. In certain instances, the fees that may be incurred by BlackRock funds or other products are capped at a fixed amount. In such cases, BlackRock may be responsible for payment of fees incurred in excess of such caps and such amounts would be reflected in the fees for administrative services described above. Additionally, PNC or its subsidiaries or affiliates may invest in BlackRock funds or other products or buy or sell assets to or from BlackRock funds and separate accounts.

### **Barclays and its Subsidiaries**

On December 1, 2009, BlackRock acquired all of the outstanding equity interests of the BGI business from Barclays Bank in exchange for (i) \$6.65 billion in cash; (ii) 3,031,516 shares of BlackRock common stock; (iii) 26,888,001 shares of BlackRock's Series B Preferred Stock; and (iv) 7,647,254 shares of BlackRock's Series D non-voting participating preferred stock (the Series D Preferred Stock). By its terms, the Series D Preferred Stock issued to Barclays Bank automatically converted to an equal number of shares of Series B Preferred Stock on January 31, 2010. As of February 29, 2012, Barclays Bank owned approximately 2.2% of BlackRock's voting common stock and 19.6% of BlackRock's total capital stock outstanding.

Robert E. Diamond, Jr., Chief Executive of Barclays, serves as a director of BlackRock.

### **Transactions with Barclays and its Subsidiaries**

Barclays Capital serves as joint lead arranger, joint bookrunner and documentation agent under the Credit Facility. Barclays is a lender under the Credit Facility, with a commitment of \$255 million as of December 31, 2011.

Barclays Capital, Banc of America Securities LLC and two other financial institutions are dealers under the Commercial Paper Program and may, pursuant to their respective commercial paper dealer agreements with BlackRock, either purchase from BlackRock or arrange for the sale by BlackRock of notes pursuant to an exemption from federal and state securities laws.

Barclays Bank has provided capital support agreements to support certain cash management products acquired by BlackRock in the BGI acquisition. As of December 31, 2011, Barclays Bank's remaining maximum potential obligation in the aggregate under the capital support agreements was \$1.6 billion.

BlackRock has agreed to market and promote Barclays' iPath exchange traded notes products. BlackRock recorded other revenue of \$34.8 million related to marketing and promotional activities of the iPath products for Barclays.

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BlackRock provides investment advisory and administration services to certain Barclays subsidiaries and separate accounts for a fee based on AUM. The amount of investment advisory and administration fees earned from Barclays and its affiliates in relation to these services in 2011 totaled \$14.1 million.

Pursuant to the terms of the Amended and Restated Stock Purchase Agreement, dated as of June 11, 2009, by and among Barclays Bank, Barclays and BlackRock, Barclays Bank provides, in the ordinary course of business, guarantees and indemnities for the benefit of certain selected securities lending clients of certain BlackRock entities (former Barclays entities acquired by BlackRock) in return for payment from the BlackRock entities equal to two basis points per annum of the value of the loaned securities as of the last day of the month in respect of which the payment is being made. The total amount payable by BlackRock under this arrangement was \$10.3 million in 2011. The Barclays Bank guarantees and indemnities are subject to certain caps set forth in such stock purchase agreement. This arrangement expires in December 2013.

Barclays and certain of its affiliates have been engaged by BlackRock to provide the use of certain indices for certain BlackRock investment funds. The total paid by BlackRock under this arrangement was \$8.3 million in 2011. Additionally, BlackRock paid \$1.7 million to Barclays in 2011 for service fees related to certain institutional clients.

BlackRock has retrocession contracts with Barclays for various mutual fund distribution and shareholders servicing to be performed on behalf of certain non-U.S. based funds managed by BlackRock. BlackRock paid approximately \$1.7 million to Barclays for such arrangements in 2011.

BlackRock provides the use of its relative value, trading and risk analyses tool to Barclays for which BlackRock received an annual fee of \$320,000.

An affiliate of Bank of America acts as administrator for BlackRock's retirement savings and deferred compensation plans, for which BlackRock paid Bank of America approximately \$560,000 in 2011.

In the ordinary course of business, Barclays and its subsidiaries provide other services to BlackRock, including distribution and related services.

#### **Transactions between BlackRock Funds and Client Accounts and Barclays and its Subsidiaries**

From time to time in the ordinary course of our business, BlackRock, acting predominantly as agent for its clients, effects transactions in securities and other financial assets with Barclays and its subsidiaries. The amount of compensation or other value received by Barclays in connection with those transactions is dependent on the capacity in which it participates in each of them, as principal or agent for other principals, and the type of security or financial asset involved. Barclays may also act as the underwriter of securities purchased by BlackRock managed funds and accounts. For transactions in equity securities in which Barclays acts as a broker for BlackRock, a transaction commission is normally charged. The estimated amount of gross commissions generated in favor of Barclays in 2011 was approximately \$12.0 million. Barclays (including its subsidiaries) was among one of BlackRock's many fixed income trading counterparties in 2011. Fixed income and certain other securities and financial assets are typically not traded on a commission basis and accordingly, the amounts earned by Barclays and its subsidiaries on such transactions cannot be determined.

Barclays and its affiliates also act from time to time in the ordinary course of business as the clearing broker for certain of BlackRock's funds. Additionally, Barclays may from time to time in the ordinary course of business make loans to funds or separately managed accounts or commit to make future loans on substantially the same terms as those prevailing at the time for comparable loans to third parties and may enter into caps, hedges or swaps in connection with such loans. BlackRock may be an investor in or co-investor alongside these funds and accounts.

BlackRock products and client accounts also enter into a variety of other arrangements with Barclays and its affiliates on an arm's length basis in the ordinary course of business. Such arrangements include, but are not limited to, serving as custodian or transfer agent or providing principal protection warranties as well as book value protection and co-administration, sub-administration, fund accounting, networking, leases of office space to Barclays or its subsidiaries, bank account arrangements, derivative transactions, letters of credit, securities lending, distribution, loan servicing and other administrative services for BlackRock-managed funds and accounts. In certain instances, the fees that may be incurred by BlackRock funds or other products are capped at a fixed amount. In certain cases, BlackRock may be responsible for payment of fees incurred in excess of such caps and such amounts would be reflected in the fees for administrative services described above. Additionally, Barclays or its subsidiaries or affiliates may invest in BlackRock funds or other products or buy or sell assets to or from BlackRock funds and separate accounts.

#### **Lease Obligations with Merrill Lynch, PNC and Barclays**

In 2011, BlackRock was a lessee under 6 leases or subleases with Merrill Lynch and Barclays, all of which were entered into in connection with the September 29, 2006 Merrill Lynch transaction or the December 1, 2009 Barclays transaction. In 2011, BlackRock was also a lessee under one lease with PNC. BlackRock paid approximately \$7.29 million for these properties as a lessee in 2011.

BlackRock also acted as a sublessor pursuant to one sublease with Merrill Lynch and received approximately \$91,000 pursuant to the sublease in 2011.

#### **Stockholder Agreements with Merrill Lynch, PNC and Barclays Bank**

On February 15, 2006, BlackRock entered into a stockholder agreement with Merrill Lynch and an implementation and stockholder agreement with PNC. These agreements were each amended and restated on February 27, 2009 and were each further amended on June 11, 2009. BlackRock's stockholder agreement with Merrill Lynch was further amended and restated on November 15, 2010. On December 1, 2009, BlackRock entered into a stockholder agreement with Barclays Bank. These agreements govern the respective ownership interests and relationships of Merrill Lynch, PNC and Barclays Bank in and with BlackRock. The following paragraphs describe certain key provisions of the stockholder agreements as amended and restated.

#### ***Share Ownership***

The Merrill Lynch stockholder agreement provides for a limitation on the percentage of BlackRock capital stock that may be owned by Merrill Lynch at any time (which we refer to as the Merrill ownership cap). Due to the Merrill ownership cap, Merrill Lynch is not permitted to acquire any additional capital stock of BlackRock if, after such acquisition, it would hold greater than 4.9% of the total voting power of the capital stock of BlackRock issued and outstanding at such time or 9.9% of the sum of the total capital stock of BlackRock issued and outstanding at such time and issuable upon the exercise of any options or other rights outstanding at that time. The PNC implementation and stockholder agreement provides for a limitation on the percentage of BlackRock capital stock that may be owned by PNC at any time (which we refer to as the PNC ownership cap). Due to the PNC ownership cap, PNC is generally not permitted to acquire any additional capital stock of BlackRock if, after such acquisition, it would hold greater than 49.9% of the total voting power of the capital stock of BlackRock issued and outstanding at such time or 38% of the sum of the total voting securities and participating preferred stock of BlackRock issued and outstanding at such time and issuable upon the exercise of any options or other rights



outstanding at that time. The Barclays stockholder agreement provides for a limitation on the percentage of BlackRock capital stock that may be owned by Barclays and its affiliates at any time (which we refer to as the Barclays ownership cap). Due to the Barclays ownership cap, Barclays and its affiliates are generally not permitted to acquire any additional capital stock of BlackRock if, after such acquisition, they would hold a greater than 4.9% of the total voting power of the capital stock of BlackRock issued and outstanding at such time or 19.9% of the total capital stock of BlackRock issued and outstanding at such time and issuable upon the exercise of any options or other rights outstanding at that time. In addition, Barclays and its affiliates are not permitted to acquire additional shares of BlackRock capital stock if, together with the directors and executive officers of Barclays and its affiliates, Barclays and its affiliates would hold greater than 24.9% of any class of voting securities issued and outstanding at such time or greater than 24.9% of the total capital stock of BlackRock issued and outstanding at such time and issuable upon the exercise of any options or other rights outstanding at that time.

In addition, neither Merrill Lynch, PNC nor Barclays may acquire any shares of BlackRock from any person other than BlackRock or a person that owns 20% or more of the total voting power of the capital stock of BlackRock (other than itself), if, after such acquisition, it would hold capital stock of BlackRock representing more than 90% of its voting ownership cap.

### ***Prohibited Actions***

At all times, each of Merrill Lynch, PNC and Barclays is prohibited from taking part in, soliciting, negotiating with, providing information to or making any statement or proposal to any person, or making any public announcement, with respect to:

an acquisition which would result in Merrill Lynch, PNC or Barclays, as the case may be, holding more than its ownership cap, or holding any equity securities of any controlled affiliate of BlackRock;

any business combination or extraordinary transaction involving BlackRock or any controlled affiliate of BlackRock, including a merger, tender or exchange offer or sale of any substantial portion of the assets of BlackRock or any controlled affiliate of BlackRock;

any restructuring, recapitalization or similar transaction with respect to BlackRock or any controlled affiliate of BlackRock;

any purchase of the assets of BlackRock or any controlled affiliate of BlackRock, other than in the ordinary course of its business;

being a member of a group, as defined in Section 13(d)(3) of the Exchange Act, for the purpose of acquiring, holding or disposing of any shares of capital stock of BlackRock or any controlled affiliate of BlackRock;

selling any BlackRock capital stock in an unsolicited tender offer that is opposed by the BlackRock Board of Directors;

any proposal to seek representation on the Board of Directors of BlackRock except as contemplated by such party's stockholder agreement;

any proposal to seek to control or influence the management, Board or policies of BlackRock or any controlled affiliate of BlackRock except as contemplated by such party's stockholder agreement; or

any action to encourage or act in concert with any third party to do any of the foregoing.



### *Additional Purchase of Voting Securities*

The PNC implementation and stockholder agreement gives PNC the right, in any issuance of BlackRock voting stock, (1) to purchase an amount of such stock or, at PNC's option, Series B Preferred Stock, upon such issuance that would result in PNC holding the lesser of (a) its ownership cap or (b) an ownership percentage in BlackRock equal to what it held prior to the issuance, and (2) if as a result of such stock issuance PNC's beneficial ownership of the total voting power of BlackRock capital stock decreases to less than 38%, to exchange such number of shares of Series B Preferred Stock for shares of common stock on a one-for-one basis such that following the stock issuance, PNC will beneficially own shares of voting securities representing not more than 38% of the total voting power of BlackRock capital stock, unless such issuance constitutes a public offering and would not, together with any stock issuance constituting a public offering since the closing of the MLIM Transaction, after taking into account any share repurchases by BlackRock since the closing of the MLIM Transaction and transfers by PNC, decrease PNC's total voting power to 90% or less of its ownership cap. The Barclays stockholder agreement gives Barclays the right (1) in any issuance of BlackRock capital stock, to purchase an amount of participating preferred stock upon such issuance that gives Barclays the lesser of (a) its total ownership cap or (b) the same ownership percentage of its total ownership cap equal to what it held prior to the issuance, and (2) in any issuance of voting securities of BlackRock which will, together with any stock issuance or transfer of stock after the closing of the BGI acquisition, after taking into account any share repurchases by BlackRock after the closing of the BGI acquisition and transfers by Barclays, decrease its total voting power to 90% or less of its voting ownership cap, to purchase an amount of voting securities that upon such issuance would give it the lesser of (a) its voting ownership cap or (b) an ownership percentage of BlackRock voting securities equal to what it held prior to the issuance.

### *Share Repurchase*

If BlackRock engages in a share repurchase, (1) BlackRock and Merrill Lynch may require each other to exchange a number of shares of BlackRock common stock for BlackRock Series B Preferred Stock that will cause Merrill Lynch's beneficial ownership of BlackRock voting securities not to exceed its voting ownership cap and (2) BlackRock may require Merrill Lynch to sell and Merrill Lynch may require BlackRock to purchase a number of shares of BlackRock capital stock that will cause Merrill Lynch's beneficial ownership of BlackRock capital stock not to exceed its total ownership cap. If BlackRock engages in a share repurchase, BlackRock may require each of PNC and Barclays to sell an amount of securities that will cause its beneficial ownership of BlackRock capital stock not to exceed its total ownership cap or voting ownership cap. Further, the right of BlackRock to require Barclays to sell securities is subject to the right of Barclays to exchange shares of BlackRock common stock for BlackRock Series B Preferred Stock in order to avoid exceeding its voting ownership cap and the right of Barclays to require BlackRock to purchase an amount of securities from Barclays that will cause its beneficial ownership of BlackRock capital stock not to exceed its ownership cap.

### *Transfer Restrictions*

Under the terms of their respective stockholder agreements, PNC, Merrill Lynch and Barclays may not transfer any capital stock of BlackRock beneficially owned by it, except for transfers to their respective affiliates and transfers in certain other specified categories of transactions, that would result in the beneficial ownership, by any person, of, in the case of Merrill Lynch, more than 5% of the total voting power of issued and outstanding BlackRock capital stock; in the case of PNC, more than 10% of the total voting power of issued and outstanding BlackRock capital stock with respect to transfers to persons who would be eligible to report their holdings of BlackRock capital

stock on Schedule 13G or of more than 5% of the total voting power of issued and outstanding capital stock with respect to any other persons; and, in the case of Barclays, more than 5% of the total voting power of issued and outstanding BlackRock capital stock, nor may Barclays transfer to any person who, pursuant to such transaction or offering, would be acquiring more than 2% of the total voting power of issued and outstanding BlackRock capital stock. In addition, Barclays and Merrill Lynch may not generally sell capital stock in excess of 4.5% of BlackRock's total voting power in any one quarter without BlackRock's consent. In addition, Barclays may not sell or transfer any shares of BlackRock capital stock to any person other than an affiliate if, following such transfer, it would have sold or transferred in the aggregate, since December 1, 2009, beneficial ownership of 33 1/3% or more of BlackRock voting securities, as calculated pursuant to the Barclays stockholder agreement.

#### ***Right of Last Refusal***

Each of Merrill Lynch and PNC must notify BlackRock if it proposes to sell shares of BlackRock capital stock in a privately negotiated transaction. Upon receipt of such notice, BlackRock will have the right to purchase all of the stock being offered, at the price and terms described in the notice. In the case of Merrill Lynch and PNC, these notification requirements and purchase rights do not apply in the case of tax free transfers to charitable organizations or foundations and, in the case of PNC, tax-deferred transfers.

#### ***Right of First Refusal***

The Barclays parties must notify us if they propose to sell shares of BlackRock capital stock to a third party in a privately negotiated transaction. Upon receipt of such notice, we will have the right to purchase all (but not less than all) of the stock being offered, at the price and terms described in the notice.

### **Corporate Governance**

#### ***Board Designation***

Each of the Merrill Lynch stockholder agreement, the PNC implementation and stockholder agreement and the Barclays stockholder agreement provide that the Board of Directors will consist of not more than 19 directors:

not less than two nor more than four directors who will be members of BlackRock management;

two directors, each in a different class, who will be designated by Merrill Lynch, provided, however, that if for any period greater than 90 consecutive days Merrill Lynch and its affiliates shall beneficially own less than 10% of the BlackRock capital stock issued and outstanding, Merrill Lynch shall promptly cause one of such Merrill Lynch designees to resign and the number of Merrill Lynch designees permissible shall be reduced to one and; provided further, that, if for any period greater than 90 consecutive days Merrill Lynch and its affiliates shall beneficially own less than 5% of the BlackRock capital stock issued and outstanding Merrill Lynch shall promptly cause a second Merrill Lynch designee to resign and the number of Merrill Lynch designees permissible shall be reduced to zero. On June 1, 2011, BlackRock completed its repurchase of 13,562,878 shares of its Series B Preferred Stock from Merrill Lynch, representing all Series B Preferred Stock beneficially owned by Merrill Lynch and its affiliates, and consequently, Merrill Lynch's beneficial ownership of BlackRock capital stock was reduced to less than 0.1%. Therefore, Merrill Lynch no longer has board designation rights. In connection with such repurchase transaction, however,



BlackRock agreed that Thomas K. Montag, Co-Chief Operating Officer of Bank of America and formerly Merrill Lynch's designee to BlackRock's Board of Directors, will continue on BlackRock's Board of Directors, subject to future review by BlackRock's Board of Directors.

two directors, each in a different class, who will be designated by PNC, provided, however, that if for any period greater than 90 consecutive days PNC and its affiliates shall beneficially own less than 10% of the BlackRock capital stock issued and outstanding, PNC shall promptly cause one of such PNC designees to resign and the number of PNC designees permissible shall be reduced to one and; provided further, that, if for any period greater than 90 consecutive days PNC and its affiliates shall beneficially own less than 5% of the BlackRock capital stock issued and outstanding PNC shall promptly cause a second PNC designee to resign and the number of PNC designees permissible shall be reduced to zero;

two directors, each in a different class, who will be designated by Barclays, provided that if, for a period greater than 90 days, Barclays beneficially owns less than 10% of the issued and outstanding BlackRock capital stock, Barclays will promptly cause one of its designees to resign and provided further that if, for a period greater than 90 days, Barclays owns less than 5% of the issued and outstanding BlackRock capital stock, Barclays will promptly cause its remaining designee to resign; and

the remaining directors who will be independent for purposes of the rules of the NYSE and will not be designated by or on behalf of Merrill Lynch, PNC, Barclays or any of their respective affiliates.

If Item 2 is approved and the Board of Directors is declassified, the class requirements described above will no longer be applicable. BlackRock's management directors currently consist of Laurence D. Fink and Robert S. Kapito. Of our current directors, Thomas K. Montag was designated by Bank of America/Merrill Lynch, James E. Rohr and William S. Demchak are designees of PNC and Robert E. Diamond, Jr. is a designee of Barclays.

#### *Voting Agreement*

Merrill Lynch, PNC and Barclays have agreed to vote all voting shares respectively owned by them in accordance with the recommendation of the Board of Directors on all matters to the extent consistent with the provisions of the Merrill Lynch stockholder agreement, the PNC implementation and stockholder agreement and the Barclays stockholder agreement, respectively, including the election of directors.

#### *Approvals*

Under the PNC implementation and stockholder agreement, the following may not be done without prior approval of all of the independent directors, or at least two-thirds of the directors, then in office:

appointment of a new Chief Executive Officer of BlackRock;

any merger, issuance of shares or similar transaction in which beneficial ownership of a majority of the total voting power of BlackRock capital stock would be held by persons different than those currently holding such majority of the total voting power, or any sale of all or substantially all assets of BlackRock;

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any acquisition of any person or business which has a consolidated net income after taxes for its preceding fiscal year that equals or exceeds 20% of BlackRock's consolidated net income after taxes for its preceding fiscal year if such acquisition involves the current or

potential issuance of BlackRock capital stock constituting more than 10% of the total voting power of BlackRock capital stock issued and outstanding immediately after completion of such acquisition;

any acquisition of any person or business constituting a line of business that is materially different from the lines of business BlackRock and its controlled affiliates are engaged in at that time if such acquisition involves consideration in excess of 10% of the total assets of BlackRock on a consolidated basis;

except for repurchases otherwise permitted under their respective stockholder agreements, any repurchase by BlackRock or any subsidiary of shares of BlackRock capital stock such that after giving effect to such repurchase BlackRock and its subsidiaries shall have repurchased more than 10% of the total voting power of BlackRock capital stock within the 12-month period ending on the date of such repurchase;

any amendment to BlackRock's certificate of incorporation or bylaws;

any matter requiring stockholder approval pursuant to the rules of the NYSE; or

any amendment, modification or waiver of any restriction or prohibition on Merrill Lynch or its affiliates provided for under its stockholder agreements.

Under the Merrill Lynch stockholder agreement, BlackRock may not enter into any of the following transactions without the prior approval of Merrill Lynch:

any amendment, modification or waiver of any provision of a stockholder agreement between BlackRock and PNC or stockholder beneficially owning greater than 20% of BlackRock capital stock that would be viewed by a reasonable person as being adverse to Merrill Lynch or materially more favorable to the rights of PNC or other stockholder beneficially owning greater than 20% of BlackRock capital stock than to Merrill Lynch;

any amendment, modification, repeal or waiver of BlackRock's certificate of incorporation or bylaws that would be viewed by a reasonable person as being adverse to the rights of Merrill Lynch or more favorable to the rights of PNC or other stockholder beneficially owning greater than 20% of BlackRock capital stock, or any settlement or consent in a regulatory enforcement matter that would be reasonably likely to cause Merrill Lynch or any of its affiliates to suffer regulatory disqualification, suspension of registration or license or other material adverse regulatory consequences;

any acquisition which would be reasonably likely to require Merrill Lynch to register with the Board of Governors of the Federal Reserve System as a bank holding company or become subject to regulation under the Bank Holding Company Act of 1956, the Change of Bank Control Act of 1978 or Section 10 of the Homeowners Loan Act of 1934; or

a voluntary bankruptcy or similar filing by BlackRock.

Under the PNC implementation and stockholder agreement, BlackRock may not enter into any of the following transactions without the prior approval of PNC:

any sale of any subsidiary of BlackRock, the annualized revenues of which, together with the annualized revenues of any other subsidiaries disposed of within the same year, are more than 20% of the annualized revenues of BlackRock for the preceding fiscal year



on a consolidated basis;

for so long as BlackRock is a subsidiary of PNC for purposes of the Bank Holding Company Act of 1956, entering into any business or activity that is prohibited for any such subsidiary under such Act;

any amendment of any provision of a stockholder agreement between BlackRock and any stockholder beneficially owning greater than 20% of BlackRock capital stock that would be viewed by a reasonable person as being adverse to PNC or materially more favorable to the rights of any stockholder beneficially owning greater than 20% of BlackRock capital stock than to PNC;

any amendment, modification, repeal or waiver of BlackRock's certificate of incorporation or bylaws that would be viewed by a reasonable person as being adverse to the rights of PNC or more favorable to the rights of any stockholder beneficially owning greater than 20% of BlackRock capital stock, or any settlement or consent in a regulatory enforcement matter that would be reasonably likely to cause PNC or any of its affiliates to suffer regulatory disqualification, suspension of registration or license or other material adverse regulatory consequences; or

a voluntary bankruptcy or similar filing by BlackRock.

Under the Barclays stockholder agreement, BlackRock may not enter into any of the following transactions without the prior approval of Barclays:

any amendment to BlackRock's certificate of incorporation or bylaws that would in any material respect adversely alter or change the powers or preferences of the shares of any class of BlackRock capital stock held by Barclays;

any settlement or consent in a regulatory enforcement matter that would be reasonably likely, in the opinion of counsel to Barclays, to cause Barclays or any of its affiliates to be subject to regulatory disqualification, suspension of registration or licenses or other material adverse regulatory consequence which approval may not be unreasonably withheld in the last case, provided that Barclays shall not be entitled to such approval right if none of the stockholders beneficially owning greater than 20% of the BlackRock capital stock have comparable rights; or

any voluntary bankruptcy or similar filing by BlackRock.

### *Committees*

To the extent permitted by applicable laws, rules and regulations and except as otherwise determined by BlackRock's Board of Directors, each committee of BlackRock's Board of Directors must consist of a majority of independent directors and the Audit Committee, the MDCC and the Nominating and Governance Committee must each consist entirely of independent directors. The Executive Committee will consist of not less than five members of which one must be designated by PNC and one must be designated by Barclays.

### *Significant Stockholder Transactions*

The stockholder agreements between BlackRock and Merrill Lynch, PNC and Barclays, respectively, prohibit BlackRock or its affiliates from entering into any transaction with Merrill Lynch, PNC, Barclays or their respective affiliates unless such transaction was in effect as of September 29, 2006, in the case of Merrill Lynch and PNC, or December 1, 2009, in the case of Barclays, is in the ordinary course of business of BlackRock or has been approved by a majority of the directors of BlackRock, excluding those appointed by the party wishing to enter into the transaction.

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***Non-Competition***

Under the Merrill Lynch stockholder agreement, Merrill Lynch may not, subject to certain exceptions, act as an asset manager to any fund or separately managed account anywhere in the world, and BlackRock may not compete in the retail securities brokerage business.

Furthermore, neither IQ Investment Advisors nor any other investment advisor controlled by Merrill Lynch will (1) directly or through one or more sub-advisors create a family of open-end funds for the purpose of replicating that portion of the asset management business of BlackRock or establishing a direct competitive threat to BlackRock or (2) create an open-end fund or family of open-end funds for the purpose of replicating BlackRock's Funds Diversified Portfolios (FDP) platform or establishing a direct competitive threat to FDP.

However, notwithstanding the above, BlackRock and Merrill Lynch each may:

acquire or hold any interest in any person engaged in any activities restricted above if the applicable party holds less than 10% of the voting interests and less than 10% of the ownership, revenue and profits interests in such person, or in connection with the bona fide third party venture capital or merchant banking line of business of Merrill Lynch or its affiliates;

acquire or hold interests in any person engaged in restricted activities in excess of those described above if (1) such person's consolidated revenue from restricted activities is less than 33% of its total consolidated revenue and (2) the ownership percentage by BlackRock or Merrill Lynch multiplied by consolidated revenue from restricted activities does not exceed 10% of BlackRock's or Merrill Lynch's revenue, as applicable, provided that BlackRock or Merrill Lynch, as applicable, takes commercially reasonable actions necessary to cease or terminate the restricted activities or to sell such business to a third party that is not an affiliate;

acquire or hold interests in any person in excess of those described above if such person's consolidated revenue from restricted activities is less than 33% of its total consolidated revenue, for so long as such person does not use the Merrill Lynch or BlackRock name, as the case may be, and BlackRock or Merrill Lynch, as the case may be, does not enter into any agreement similar to the global distribution agreement described above with such person;

in the case of Merrill Lynch, merge, consolidate or otherwise engage in a business combination with, or sell all or substantially all of its assets or businesses to, any person that is not an affiliate of Merrill Lynch with an existing business engaged in the Merrill Lynch restricted activities and continue to operate such business so long as members of the Merrill Lynch Board of Directors do not constitute a majority of the Board of Directors of the surviving corporation and that the Merrill Lynch stockholders immediately prior to consummation of the transaction do not own 60% or more of the outstanding capital stock or other equity interests of the surviving entity after such transaction; and

engage in restricted activities if and to the extent that, prior to engaging in such activities:

the applicable party disclosed to the other party's Board of Directors the nature, extent and duration of the restricted activities they propose to engage in; and

a majority of the independent directors on the applicable Board of Directors approves the proposed restricted activities.

### **Termination**

The Merrill Lynch stockholder agreement will terminate on July 31, 2013.

The PNC implementation and stockholder agreement will terminate on the first day on which PNC and its affiliates own less than 20% of the voting power of voting securities of BlackRock, unless PNC sends a notice indicating its intent to increase its beneficial ownership above such threshold within 10 business days after it has fallen below such threshold, and PNC buys sufficient capital stock of BlackRock within 20 business days after PNC has notice that it has fallen below 20% of the voting power of BlackRock capital stock such that it continues to own greater than 20% of the voting power of BlackRock capital stock.

The Barclays stockholder agreement will terminate upon the later of (i) December 1, 2014 and (ii) the first date on which Barclays and its affiliates own less than 5% of the sum of BlackRock voting securities and participating preferred stock issued and outstanding at such time.

### **Registration Rights Agreements with Merrill Lynch, PNC and Barclays**

On September 29, 2006, BlackRock entered into a registration rights agreement with Merrill Lynch and PNC and on December 1, 2009, BlackRock entered into a registration rights agreement with Barclays Bank. Pursuant to the agreements, each of Merrill Lynch, PNC and Barclays has the right to require BlackRock to register certain BlackRock securities owned by it. Merrill Lynch, PNC and Barclays each have the right to make two such requests in any 12-month period subject to each request being for securities with a minimum value of \$150,000,000. Additionally, the agreements grant each of Merrill Lynch, PNC and Barclays customary piggyback registration rights. Pursuant to the registration rights agreement, BlackRock may suspend registration for a reasonable period of time if the Chief Executive Officer of BlackRock determines in good faith, upon consultation with counsel, that the use of a registration statement would require premature disclosure of non-public information, the disclosure of which would be materially adverse to BlackRock, with such suspension period to be limited to 60 days with the total number of suspension days of a 12-month period limited to 120 days. Subject to the terms of the respective stockholder agreements, BlackRock is generally required to pay all expenses in connection with obtaining registrations under the registration rights agreement while Merrill Lynch, PNC and Barclays will pay all sales and commission related expenses.

### **Transactions with Directors, Executive Officers and Other Related Parties**

Linda Gosden Robinson resigned from BlackRock's Board of Directors in May 2011 to become BlackRock's Senior Managing Director and Global Head of Marketing and Communications. Ms. Robinson was formerly Chairman of Robinson Lerer & Montgomery, LLC, which later merged with Finsbury Group to form RLM Finsbury ( RLM Finsbury ) in July 2011. RLM Finsbury provides strategic communications consulting services to BlackRock. BlackRock paid RLM Finsbury approximately \$3.6 million for fees and expenses incurred in 2011.

From time to time, certain directors, their family members, and related charitable foundations may have investments in various BlackRock investment vehicles or accounts. For certain types of products and services offered by BlackRock's subsidiaries, BlackRock directors may receive discounts that are available to our employees generally. In addition, certain of the companies or affiliates of the companies that employ BlackRock's independent directors may have investments in various BlackRock investment vehicles or accounts. These investments are entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with similarly situated customers and eligible employees.



**Policy Regarding the Review, Approval or Ratification of Transactions with Related Persons**

On February 27, 2007, the Board of Directors adopted a written policy regarding related person transactions, which governs and establishes procedures for the approval and ratification of related person transactions. The policy defines a related person transaction as any transaction or arrangement in which the amount involved exceeds \$120,000 where BlackRock or any of its subsidiaries is a participant and a related person has a direct or indirect material interest. For purposes of the policy, a related person is any person who is, or was during the last fiscal year, a BlackRock director or executive officer, or a director nominee, or any person who is a beneficial owner of more than 5% of any class of BlackRock's voting securities, or any immediate family member of any of the foregoing persons.

The policy provides that related person transactions must be approved by a majority of the uninterested members of the Nominating and Governance Committee or the Board of Directors. In the event it is not practicable for BlackRock to wait for approval until the next meeting of the Nominating and Governance Committee or the Board of Directors, the Chairman of the Nominating and Governance Committee may approve the transaction.

In reviewing any related person transaction, all of the relevant facts and circumstances must be considered, including (i) the related person's relationship to BlackRock and his or her interest in the transaction, (ii) the benefits to BlackRock, (iii) the impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer, (iv) the availability of comparable products or services that would avoid the need for a related person transaction, and (v) the terms of the transaction and the terms available to unrelated third parties or to employees generally.

The policy provides that transactions (other than transactions in the ordinary course of business) with Merrill Lynch, PNC and Barclays are governed by the special approval procedures set forth in BlackRock's stockholder agreement with Merrill Lynch, its implementation and stockholder agreement with PNC and its stockholder agreement with Barclays Bank, respectively. Those approval procedures prohibit BlackRock or its affiliates from entering into any transaction (other than any transaction in the ordinary course of business) with Merrill Lynch, PNC, Barclays or their respective affiliates unless such transaction was in effect as of September 29, 2006, with respect to Merrill Lynch and PNC, and December 1, 2009, with respect to Barclays, or has been approved by a majority of the directors of BlackRock, excluding those designated for appointment by the party wishing to enter into the transaction. Of the current directors, Thomas K. Montag was designated by Bank of America/Merrill Lynch, James E. Rohr and William S. Demchak were designated by PNC and Robert E. Diamond, Jr. was designated by Barclays.

Prior to the adoption of this policy, related person transactions, including certain of the transactions described above under Bank of America and its Subsidiaries, PNC and its Subsidiaries, and Stockholder Agreements with Merrill Lynch, PNC and Barclays Bank, were reviewed with the Board of Directors at the time of entering into such transactions.

**ITEM 2**

**APPROVAL OF THE AMENDMENT TO BLACKROCK'S**

**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION**

BlackRock's Board of Directors has unanimously adopted and is submitting for stockholder approval an amendment to BlackRock's Amended and Restated Certificate of Incorporation (the "Charter Amendment") that would phase in the declassification of BlackRock's Board of Directors and provide instead for the annual election of directors.

BlackRock's current classified board structure has been in place since 1999. BlackRock's Board of Directors believes that its classified structure has helped assure continuity of the Company's business strategies and has reinforced a commitment to long-term stockholder value. Although these are important benefits, BlackRock's Board of Directors recognized the growing sentiment among stockholders and the investment community in favor of annual elections. After careful consideration, BlackRock's Board of Directors determined that it is appropriate to propose declassifying the Board, commencing with BlackRock's 2013 Annual Meeting of Stockholders.

Currently, members of BlackRock's Board of Directors are elected for staggered terms of three years. If the Charter Amendment is approved, commencing with the class of directors standing for election at BlackRock's 2013 Annual Meeting of Stockholders, directors will stand for election for one-year terms, expiring at the next succeeding annual meeting of stockholders. The directors who are elected at BlackRock's 2012 Annual Meeting of Stockholders under Item 1, whose terms will expire in 2015, and the directors who were elected at BlackRock's 2011 Annual Meeting of Stockholders, whose terms will expire in 2014, will continue to hold office until the end of the terms for which they were elected. All directors will be elected on an annual basis beginning with BlackRock's 2015 Annual Meeting of Stockholders. In all cases, each director will hold office until his or her successor has been elected and qualified or until the director's earlier resignation or removal. BlackRock's Board of Directors has adopted corresponding amendments to our Amended and Restated Bylaws, which will become effective if the Charter Amendment is approved by stockholders. However, if the Charter Amendment is not approved, BlackRock's Board of Directors will remain classified.

Presently, because the terms of the directors are staggered, the directors are removable only for cause. Upon adoption of the Charter Amendment, directors serving terms to which they were elected prior to BlackRock's 2013 Annual Meeting of Stockholders would continue to be removable only for cause until the completion of their current terms and, consistent with Delaware law for corporations without classified boards, directors elected at BlackRock's 2013 Annual Meeting of Stockholders and thereafter will be removable with or without cause upon the affirmative vote of a majority of the outstanding shares entitled to vote generally in the election of directors.

Appendix A shows the proposed changes to paragraphs C and D of Article Sixth of BlackRock's Amended and Restated Certificate of Incorporation, with deletions indicated by strikeouts and additions indicated by underlining.

The affirmative vote of a majority of the outstanding shares entitled to vote generally on the election of directors is required to approve the Charter Amendment. Abstentions will have the same effect as votes against the proposal.

**Board of Directors Recommendation**

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The Board of Directors recommends a vote FOR the approval of the Charter Amendment.



**ITEM 3**

**NON-BINDING VOTE ON EXECUTIVE COMPENSATION**

In accordance with the requirements of Section 14A of the Exchange Act (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd Frank Act)), we are holding a non-binding vote for stockholders to approve the compensation of our named executive officers as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K.

While this vote is advisory, and not binding on our Company, it will provide information to our Board of Directors and the MDCC regarding investor sentiment about our executive compensation philosophy, policies and practices. Our Board and the MDCC value the opinions of our stockholders and to the extent there is any significant vote against the compensation of named executive officers as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the MDCC will evaluate whether any actions are necessary to address those concerns.

In considering their vote, stockholders may wish to review with care the information on BlackRock's compensation policies and decisions regarding the named executive officers presented in "Compensation of Executive Officers" on pages 23 to 32, as well as the discussion regarding the MDCC on page 15.

Our compensation philosophy is structured to align management's interests with our stockholders' interests. A significant portion of total compensation for executives is closely linked to BlackRock's financial and operational performance as well as BlackRock's common stock price performance. BlackRock has adopted strong governance practices for its employment and compensation programs. Compensation programs are reviewed annually to ensure that they do not promote excessive risk taking.

**Board of Directors Recommendation**

The Board of Directors recommends a vote **FOR** the approval of the compensation of our named executive officers.

## ITEM 4

**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

At its meeting on February 22, 2012, the Audit Committee appointed Deloitte & Touche LLP to serve as BlackRock's independent registered public accounting firm for 2012. This appointment is being submitted to the stockholders for ratification. Representatives of the firm of Deloitte & Touche LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

**Fees Incurred by BlackRock for Deloitte & Touche LLP**

Aggregate fees incurred by BlackRock for the fiscal years ended December 31, 2011 and 2010, for BlackRock's principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates, are set forth below.

|                        | <b>2011</b>          | <b>2010</b>          |
|------------------------|----------------------|----------------------|
| Audit Fees (1)         | \$ 16,434,729        | \$ 14,826,170        |
| Audit-Related Fees (2) | 3,702,056            | 3,873,534            |
| Tax Fees (3)           | 1,880,411            | 1,062,782            |
| All Other Fees (4)     | 2,373,169            | 1,189,808            |
| <b>Total</b>           | <b>\$ 24,390,365</b> | <b>\$ 20,952,294</b> |

- (1) Audit Fees consisted of fees for the audits of the consolidated financial statements and reviews of the condensed consolidated financial statements filed with the SEC on Forms 10-K and 10-Q, respectively, as well as work generally only the independent registered public accounting firm can be reasonably expected to provide, such as statutory audits, and review of documents filed with the SEC, including certain Form 8-K filings. Audit fees also included fees for the audit opinion rendered regarding the effectiveness of internal control over financial reporting and audits of certain sponsored funds.
- (2) Audit-Related Fees consisted principally of assurance and related services pursuant to Statement on Standards for Attestation Engagements (SSAE) No. 16 and International Standard on Assurance Engagements (ISAE) 3402, fees for employee benefit plan audits and other assurance engagements.
- (3) Tax Fees consisted of fees for all services performed by the independent registered public accounting firm's tax personnel, except those services specifically related to the audit and review of the financial statements, and consisted principally of tax compliance and reviews of tax returns for certain sponsored investment funds.
- (4) All Other Fees consisted of fees paid to the principal auditor other than audit, audit-related, or tax services. All Other Fees includes fees primarily related to attest services for Global Investment Performance Standards (GIPS®) verification and operational readiness assessments.

**Audit Committee Pre-Approval Policy**

In accordance with the BlackRock Audit Committee Pre-Approval Policy (the "Pre-Approval Policy"), all audit and non-audit services performed for BlackRock by BlackRock's independent registered public accounting firm were pre-approved by the Audit Committee, which concluded that the provision of such services by Deloitte & Touche LLP was compatible with the maintenance of that firm's independence in the conduct of its auditing functions. The responsibility for pre-approval of audit and permitted non-audit services includes pre-approval of the fees for such

services and the other terms of the engagement. Periodically, the Audit Committee reviews and

pre-approves all audit, audit-related, tax and all other services that are performed by BlackRock's independent registered public accounting firm for BlackRock. In the intervals between the scheduled meetings of the Audit Committee, the Audit Committee delegates pre-approval authority under the Pre-Approval Policy to the Chairman of the Audit Committee. The Chairman must report any pre-approval decisions under the Pre-Approval Policy to the Audit Committee at its next scheduled meeting.

**Board of Directors Recommendation**

The Board of Directors recommends a vote **FOR** the ratification of Deloitte & Touche LLP as BlackRock's independent registered public accounting firm for the fiscal year 2012.

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**REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS, NOMINATION OF DIRECTORS  
AND OTHER BUSINESS OF STOCKHOLDERS**

Stockholders who, in accordance with the Exchange Act Rule 14a-8, wish to present proposals for inclusion in the proxy materials to be distributed by us in connection with our 2013 Annual Meeting must submit their proposals to BlackRock's Corporate Secretary on or before December 12, 2012.

Apart from the Exchange Act Rule 14a-8 that addresses the inclusion of stockholder proposals in our proxy materials, under our bylaws, certain procedures are provided that a stockholder must follow to nominate persons for election as directors or to introduce an item of business at an annual meeting of stockholders. These procedures provide that nominations for director nominees and/or an item of business to be introduced at an annual meeting of stockholders must be submitted in writing to the Corporate Secretary of BlackRock at 55 East 52nd Street, New York, New York 10055. We must receive the notice of your intention to introduce a nomination or proposed item of business at our 2013 Annual Meeting:

not less than 120 days nor more than 150 days prior to the anniversary of the mailing date of BlackRock's proxy materials for the immediately preceding annual meeting of stockholders; or

not later than 10 days following the day on which notice of the date of the annual meeting was mailed to stockholders or public disclosure of the date of the annual meeting was made, whichever comes first, in the event that next year's annual meeting is not held within 30 days before or after the anniversary date of the immediately preceding annual meeting.

Assuming that our 2013 Annual Meeting is held within 30 days of the anniversary of the 2012 Annual Meeting, we must receive notice of your intention to introduce a nomination or other item of business at the 2013 Annual Meeting by December 12, 2012. If we do not receive notice by that date, or if we meet other requirements of the SEC rules, the persons named as proxies in the proxy materials relating to that meeting will use their discretion in voting the proxies when these matters are raised at the meeting.

The nomination notice must contain the following information about the nominee:

name;

age;

business and residence addresses;

principal occupation or employment; and

the class and number of shares of common stock held by the nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors.

Notice of a proposed item of business must include:

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a brief description of the substance of, and the reasons for, conducting such business at the annual meeting;

the stockholder's name and address;

the class and number of shares of common stock held by the stockholder (with supporting documentation where appropriate);

any material interest of the stockholder in such business; and

a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

As to the stockholder giving notice, the notice must include:

the name and record address of the stockholder;

the class and number of shares of BlackRock which are owned beneficially or of record by such stockholder;

a description of all arrangements or understandings between such stockholder and the proposed nominee and any other person or persons (including their names) pursuant to which the nomination is to be made by the stockholder;

a representation that such stockholder intends to appear in person or by proxy at the annual meeting to nominate the person in its notice; and

any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

The Chairman of the meeting may refuse to allow the transaction of any business not presented beforehand, or to acknowledge the nomination of any person not made, in compliance with the foregoing procedures.

**OTHER MATTERS**

The Board of Directors knows of no other business to be presented at the meeting. If, however, any other business should properly come before the meeting, or any adjournment thereof, it is intended that the proxy will be voted with respect thereto in accordance with the best judgment of the persons named in the proxy.

By Order of the Board of Directors,

Harris Oliner

Corporate Secretary



**PROPOSED AMENDMENT TO BLACKROCK S****AMENDED AND RESTATED CERTIFICATE OF INCORPORATION (ITEM 2)**

The text below is the proposed changes to paragraphs C and D of Article Sixth of BlackRock's Amended and Restated Certificate of Incorporation proposed to be amended by Item 2. Proposed additions are indicated by underlining and proposed deletions are indicated by strike-outs.

**C. Classes, Election and Term.** ~~The Board of Directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one third of the total number of directors constituting the entire Board of Directors. Class I directors shall be elected initially for a one year term, Class II directors initially for a two year term and Class III directors initially for a three year term. At each succeeding~~ A director shall be elected to hold office until the expiration of the term for which such person is elected, and until such person's successor shall be duly elected and qualified. Commencing at the annual meeting of stockholders beginning in 2007, successors to the class of directors whose term expires at that annual meeting shall be elected for a three year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the annual meeting of the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation or removal from office. ~~that is held in calendar year 2013 (the 2013 Annual Meeting ), the directors of the Corporation shall be elected annually for terms of one year, except that any director in office at the 2013 Annual Meeting whose term expires at the annual meeting of stockholders in calendar year 2014 or calendar year 2015 (a Continuing Classified Director ) shall continue to hold office until the end of the term for which such director was elected and until such director's successor shall have been elected and qualified. Accordingly, at each annual meeting of stockholders after the terms of all Continuing Classified Directors have expired, all directors shall be elected for terms expiring at the next annual meeting of stockholders and until such directors' successors shall have been elected and qualified. Any vacancies created in the Board of Directors through and increase in the number of directors or otherwise may be filled in accordance with the By-Laws of the Corporation and the applicable laws of the State of Delaware.~~

**D. Removal of Directors.** ~~Except as may be provided in a resolution or resolutions providing for any class or series of Preferred Stock with respect to any directors elected by the holders of such class or series, any director, or the entire Board of Directors, may be removed from office at any time, only for, with or without cause (as defined by the Corporation's Bylaws), by the affirmative vote of the holders of at least eighty percent (80%) of the votes entitled to be cast by the Voting Stock. , by the holders of a majority of the votes of capital stock then entitled to vote in the election of directors at a meeting of stockholders called for that purpose, except that Continuing Classified Directors and any director appointed to fill a vacancy of any Continuing Classified Director may be removed only for cause.~~

**VOTE BY INTERNET** [www.proxyvote.com](http://www.proxyvote.com)

**BLACKROCK, INC.**

**55 EAST 52ND STREET**

**NEW YORK, NY 10055**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER MATERIALS**

If you would like to reduce the costs incurred by BlackRock, Inc. in mailing proxy materials, you can consent to receive all future Proxy Statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder materials electronically in future years.

**VOTE BY PHONE 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided if you received your proxy materials by mail or return it to BlackRock, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

If you vote your proxy by Internet or telephone, you do NOT need to mail back your proxy card. To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M41663-TBD

KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

DETACH AND RETURN THIS PORTION ONLY

**BLACKROCK, INC.**

**The Board of Directors recommends you vote**

**FOR the following proposals**

1. Election of Directors

**Nominees:**

- 1a. William S. Demchak
- 1b. Laurence D. Fink
- 1c. Robert S. Kapito
- 1d. Thomas H. O'Brien
- 1e. Ivan G. Seidenberg

| <b>For</b> | <b>Against</b> | <b>Abstain</b> |
|------------|----------------|----------------|
| ..         | ..             | ..             |
| ..         | ..             | ..             |
| ..         | ..             | ..             |
| ..         | ..             | ..             |
| ..         | ..             | ..             |

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|  | For | Against | Abstain |
|--|-----|---------|---------|
| 2. Approval of the amendment to BlackRock's Amended and Restated Certificate of Incorporation to declassify BlackRock's Board of Directors.    | ..  | ..      | ..      |
| 3. Approval, in a non-binding vote, of the compensation of the named executive officers, as disclosed and discussed in the Proxy Statement.    | ..  | ..      | ..      |
| 4. Ratification of the appointment of Deloitte & Touche LLP as BlackRock's independent registered public accounting firm for fiscal year 2012. | ..  | ..      | ..      |

All shares will be voted as instructed above. In the absence of instructions, all shares will be voted with respect to registered stockholders that return a signed proxy card, FOR all nominees listed in item 1, FOR item 2, FOR item 3 and FOR item 4, and with respect to participants in the BlackRock, Inc. Retirement Savings Plan, in the manner required or permitted by the governing plan documents.

For address changes and/or comments, please check this box and write them on the back where indicated.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature (Joint Owners)      Date

**BLACKROCK, INC.**

**2012 ANNUAL MEETING OF STOCKHOLDERS**

**May 24, 2012**

**8:00 AM, local time**

**The New York Palace Hotel**

**455 Madison Avenue**

**New York, New York 10022**

**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING.**

**BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

**Internet and telephone voting is available through 11:59 PM Eastern Time on May 23, 2012.**

**Your Internet or telephone vote authorizes the named proxies to vote the shares in the same manner as if you marked, signed and returned your proxy card.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

M41664-TBD

**PROXY**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**BLACKROCK, INC.**

**SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned appoints Ann Marie Petach and Harris Oliner and each of them, as proxies, each with full power of substitution, and authorizes them to represent and to vote, as designated on the reverse side of this form, all shares of common stock of BlackRock, Inc. held of record by the undersigned as of March 29, 2012, at the 2012 Annual Meeting of Stockholders to be held on May 24, 2012, beginning at 8:00 a.m., local time, at the New York Palace Hotel, 455 Madison Avenue, New York, New York and in their discretion, upon any matter that may properly come before the meeting or any adjournment of the meeting, in accordance with their best judgment.

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**If no other indication is made on the reverse side of this form, the proxies shall vote FOR all nominees listed in Item 1, FOR Item 2, FOR Item 3 and FOR Item 4.**

This proxy may be revoked at any time prior to the time voting is declared closed by giving the Corporate Secretary of BlackRock, Inc. written notice of revocation or a subsequently dated proxy, or by casting a ballot at the meeting.

If the undersigned is a participant in the BlackRock Retirement Savings Plan (the RSP ), then the undersigned hereby directs Bank of America, N.A., FSB, as Trustee of the RSP to vote all the shares of BlackRock common stock credited to the undersigned's account as indicated on the reverse side, at the meeting and at any adjournment(s) thereof.

**Address Changes/Comments:**

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**Continued and to be signed on reverse side**