

BlackRock Inc.
Form 10-Q
November 06, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2009

OR

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

For the transition period from to .

Commission file number 001-33099

BlackRock, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

32-0174431
(I.R.S. Employer
Identification No.)

40 East 52nd Street,
New York, NY 10022
(Address of principal executive offices)

(Zip Code)

(212) 810-5300

(Registrant's telephone number, including area code)

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

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

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

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

Large accelerated filer Accelerated filer

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

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

As of October 31, 2009, there were 51,051,400 shares of the registrant's common stock outstanding.

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

	September 30, 2009	December 31, 2008
Assets		
Cash and cash equivalents	\$ 2,763	\$ 2,032
Accounts receivable	1,219	901
Due from related parties	91	309
Investments	1,041	1,429
Separate account assets	3,536	2,623
Deferred mutual fund sales commissions, net	106	135
Property and equipment (net of accumulated depreciation of \$316 at September 30, 2009 and \$259 at December 31, 2008)	250	260
Intangible assets (net of accumulated amortization of \$432 at September 30, 2009 and \$324 at December 31, 2008)	6,335	6,441
Goodwill	5,718	5,533
Other assets	321	261
Total assets	\$ 21,380	\$ 19,924
Liabilities		
Accrued compensation and benefits	\$ 584	\$ 826
Accounts payable and accrued liabilities	712	545
Due to related parties	107	103
Short-term borrowings	200	200
Convertible debentures	247	245
Long-term borrowings	696	697
Separate account liabilities	3,536	2,623
Deferred tax liabilities	1,729	1,826
Other liabilities	268	299
Total liabilities	8,079	7,364
Commitments and contingencies (Note 13)		
Temporary equity		
Redeemable non-controlling interests	9	266
Convertible debentures	1	
Total temporary equity	10	266

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

	September 30, 2009	December 31, 2008
Permanent Equity		
BlackRock, Inc. stockholders' equity		
Common stock, \$0.01 par value;	1	1
Shares authorized: 500,000,000 at September 30, 2009 and		
December 31, 2008;		
Shares issued: 50,983,192 at September 30, 2009 and 118,573,367 at December 31, 2008;		
Shares outstanding: 50,071,926 at September 30, 2009 and 117,291,110 at December 31, 2008		
Preferred stock (Note 12)	1	
Additional paid-in capital	11,003	10,473
Retained earnings	2,286	1,982
Accumulated other comprehensive (loss)	(88)	(186)
Escrow shares, common, at cost (911,266 shares held at September 30, 2009 and December 31, 2008)	(143)	(143)
Treasury stock, common, at cost (0 and 370,991 shares held at September 30, 2009 and December 31, 2008, respectively)		(58)
Total BlackRock, Inc. stockholders' equity	13,060	12,069
Nonredeemable non-controlling interests	231	225
Total permanent equity	13,291	12,294
Total liabilities, temporary equity and permanent equity	\$ 21,380	\$ 19,924

See accompanying notes to condensed consolidated financial statements.

Table of Contents**BlackRock, Inc.****Condensed Consolidated Statements of Income**

(Dollar amounts in millions, except per share data)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenue				
Investment advisory and administration base fees				
Related parties	\$ 625	\$ 757	\$ 1,763	\$ 2,389
Other third parties	288	327	799	988
Investment advisory performance fees	49	55	77	154
Investment advisory and administration base and performance fees	962	1,139	2,639	3,531
<i>BlackRock Solutions</i> and advisory	127	113	383	273
Distribution fees	25	34	73	103
Other revenue	26	27	61	93
Total revenue	1,140	1,313	3,156	4,000
Expenses				
Employee compensation and benefits	444	468	1,185	1,489
Portfolio administration and servicing costs				
Related parties	92	126	291	383
Other third parties	27	23	80	72
Amortization of deferred mutual fund sales commissions	23	34	76	97
General and administration	161	171	505	593
Restructuring charges			22	
Amortization of intangible assets	36	37	108	111
Total expenses	783	859	2,267	2,745
Operating income	357	454	889	1,255
Non-operating income (expense)				
Net gain (loss) on investments	89	(143)	5	(163)
Interest and dividend income	4	20	16	52
Interest expense	(15)	(18)	(45)	(54)
Total non-operating income (expense)	78	(141)	(24)	(165)
Income before income taxes	435	313	865	1,090
Income tax expense	101	117	225	394
Net income	334	196	640	696
Less:				
Net income (loss) attributable to redeemable non-controlling interests	1		2	(3)

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Net income (loss) attributable to nonredeemable non-controlling interests	16	(21)	19	(33)
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Net income attributable to BlackRock, Inc.	\$ 317	\$ 217	\$ 619	\$ 732
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Earnings per share attributable to BlackRock, Inc. common stockholders:

Basic	\$ 2.31	\$ 1.62	\$ 4.58	\$ 5.47
Diluted	\$ 2.27	\$ 1.59	\$ 4.50	\$ 5.36

Cash dividends declared and paid per share	\$ 0.78	\$ 0.78	\$ 2.34	\$ 2.34
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Weighted-average common shares outstanding:

Basic	133,266,379	129,793,939	131,481,677	129,427,715
Diluted	135,902,241	132,270,351	134,001,799	131,998,448

See accompanying notes to condensed consolidated financial statements.

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