UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

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

BlackRock, Inc.
(Exact name of registrant as specified in its charter)

Delaware	32-0174431
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

55 East 52nd Street, New York, NY 10055
(Address of Principal Executive Offices)
(Zip Code)

(212) 810-5300
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 X 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 X No ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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 ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ____ No X

As of April 30, 2017, there were 161,655,884 shares of the registrant's common stock outstanding.

BlackRock, Inc.
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PART I

FINANCIAL INFORMATION

PART II

OTHER INFORMATION

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

BlackRock, Inc.
Condensed Consolidated Statements of Financial Condition
(unaudited)

(in millions, except shares and per share data)	March 31, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 5,703	$ 6,091
Accounts receivable	3,227	2,350
Investments	1,857	1,595
Assets of consolidated variable interest entities:		
Cash and cash equivalents	111	84
Investments	1,097	1,008
Other assets	34	63
Separate account assets	156,352	149,089
Separate account collateral held under securities lending agreements	30,038	27,792
Property and equipment (net of accumulated depreciation of $636 and $601 at March 31, 2017 and December 31, 2016, respectively)	546	559
Intangible assets (net of accumulated amortization of $857 and $832 at March 31, 2017 and December 31, 2016, respectively)	17,338	17,363
Goodwill	13,113	13,118
Other assets	1,170	1,065
Total assets	$ 230,586	$ 220,177
Liabilities		
Accrued compensation and benefits	$ 769	$ 1,880
Accounts payable and accrued liabilities	2,000	1,094
Liabilities of consolidated variable interest entities	207	216
Borrowings	5,619	4,915
Separate account liabilities	156,352	149,089
Separate account collateral liabilities under securities lending agreements	30,038	27,792
Deferred income tax liabilities	5,030	4,840
Other liabilities	1,056	1,007
Total liabilities	201,071	190,833
Commitments and contingencies (Note 11)		
Temporary equity		
Redeemable noncontrolling interests	309	194
Permanent Equity		
BlackRock, Inc. stockholders' equity		
Common stock, $0.01 par value;	2	2
Shares authorized: 500,000,000 at March 31, 2017 and December 31, 2016; Shares issued: 171,252,185 at March 31, 2017 and December 31, 2016; Shares outstanding: 161,798,937 and 161,534,443 at March 31, 2017 and December 31, 2016, respectively;		
Preferred stock (Note 15)	—	—
Additional paid-in capital	18,929	19,337
Retained earnings	14,073	13,660
Accumulated other comprehensive loss	(677)	(716)
Treasury stock, common, at cost (9,453,248 and 9,717,742 shares held at March 31, 2017 and December 31, 2016, respectively)	(3,171)	(3,185)
Total BlackRock, Inc. stockholders' equity	29,156	29,098
Nonredeemable noncontrolling interests	50	52
Total permanent equity	29,206	29,150
Total liabilities, temporary equity and permanent equity	$ 230,586	$ 220,177

See accompanying notes to condensed consolidated financial statements.

BlackRock, Inc.
Condensed Consolidated Statements of Income
(unaudited)

(in millions, except shares and per share data)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Revenue		
Investment advisory, administration fees and securities lending revenue		
Related parties	$ 1,779	$ 1,617
Other third parties	751	742
Total investment advisory, administration fees and securities lending revenue	2,530	2,359
Investment advisory performance fees	70	34
Technology and risk management revenue	158	141
Distribution fees	7	11
Advisory and other revenue	59	79
Total revenue	2,824	2,624
Expense		
Employee compensation and benefits	1,021	947
Distribution and servicing costs	117	97
Amortization of deferred sales commissions	5	10
Direct fund expense	208	188
General and administration	301	318
Restructuring charge	—	76
Amortization of intangible assets	25	25
Total expense	1,677	1,661
Operating income	1,147	963
Nonoperating income (expense)		
Net gain (loss) on investments	51	(2)
Interest and dividend income	7	5
Interest expense	(65)	(51)
Total nonoperating income (expense)	(7)	(48)
Income before income taxes	1,140	915
Income tax expense	269	268
Net income	871	647
Less:		
Net income (loss) attributable to noncontrolling interests	9	(10)
Net income attributable to BlackRock, Inc.	$ 862	$ 657
Earnings per share attributable to BlackRock, Inc. common stockholders:		
Basic	$ 5.29	$ 3.97
Diluted	$ 5.23	$ 3.92
Cash dividends declared and paid per share	$ 2.50	$ 2.29
Weighted-average common shares outstanding:		
Basic	163,016,599	165,388,130
Diluted	164,856,183	167,398,938

See accompanying notes to condensed consolidated financial statements.

BlackRock, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net income	$ 871	$ 647
Other comprehensive income:		
Foreign currency translation adjustments[1]	40	(26)
Other	(1)	—
Other comprehensive income (loss)	39	(26)
Comprehensive income	910	621
Less: Comprehensive income (loss) attributable to noncontrolling interests	9	(10)
Comprehensive income attributable to BlackRock, Inc.	$ 901	$ 631

(1) Amounts for the three months ended March 31, 2017 and 2016 include losses from a net investment hedge of $7 million (net of tax of $4 million) and $23 million (net of tax of $14 million), respectively.

See accompanying notes to condensed consolidated financial statements.

BlackRock, Inc.
Condensed Consolidated Statements of Changes in Equity
(unaudited)

(in millions)	Additional Paid-in Capital[1]	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Common	Total BlackRock Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity
December 31, 2016	$ 19,339	$ 13,660	$ (716)	$ (3,185)	$ 29,098	$ 52	$ 29,150	$ 194
Net income	—	862	—	—	862	1	863	8
Dividends paid	—	(447)	—	—	(447)	—	(447)	—
Stock-based compensation	162	—	—	—	162	—	162	—
PNC preferred stock capital contribution	193	—	—	—	193	—	193	—
Retirement of preferred stock	(193)	—	—	—	(193)	—	(193)	—
Issuance of common shares related to employee stock transactions	(573)	—	—	576	3	—	3	—
Employee tax withholdings related to employee stock transactions	—	—	—	(287)	(287)	—	(287)	—
Shares repurchased	—	—	—	(275)	(275)	—	(275)	—
Subscriptions (redemptions/ distributions) — noncontrolling interest holders	—	—	—	—	—	(3)	(3)	135
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	(28)
Other comprehensive income (loss)	—	—	39	—	39	—	39	—
Adoption of new accounting pronouncement	3	(2)	—	—	1	—	1	—
March 31, 2017	**$ 18,931**	**$ 14,073**	**$ (677)**	**$ (3,171)**	**$ 29,156**	**$ 50**	**$ 29,206**	**$ 309**

(1) Amounts include $2 million of common stock at both March 31, 2017 and December 31, 2016.

See accompanying notes to condensed consolidated financial statements.

BlackRock, Inc.
Condensed Consolidated Statements of Changes in Equity
(unaudited)

(in millions)	Additional Paid-in Capital[(1)]	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Common	Total BlackRock Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total Permanent Equity	Redeemable Noncontrolling Interests / Temporary Equity
December 31, 2015	$ 19,407	$ 12,033	$ (448)	$ (2,489)	$ 28,503	$ 77	$ 28,580	$ 464
Net income	—	657	—	—	657	—	657	(10)
Dividends paid	—	(419)	—	—	(419)	—	(419)	—
Stock-based compensation	172	—	—	—	172	—	172	—
PNC preferred stock capital contribution	172	—	—	—	172	—	172	—
Retirement of preferred stock	(172)	—	—	—	(172)	—	(172)	—
Issuance of common shares related to employee stock transactions	(616)	—	—	619	3	—	3	—
Employee tax withholdings related to employee stock transactions	—	—	—	(262)	(262)	—	(262)	—
Shares repurchased	—	—	—	(300)	(300)	—	(300)	—
Net tax benefit (shortfall) from stock-based compensation	66	—	—	—	66	—	66	—
Subscriptions (redemptions/ distributions) — noncontrolling interest holders	—	—	—	—	—	(2)	(2)	363
Net consolidations (deconsolidations) of sponsored investment funds	—	—	—	—	—	—	—	(300)
Other comprehensive income (loss)	—	—	(26)	—	(26)	—	(26)	—
March 31, 2016	**$ 19,029**	**$ 12,271**	**$ (474)**	**$ (2,432)**	**$ 28,394**	**$ 75**	**$ 28,469**	**$ 517**

(1) Amounts include $2 million of common stock at both March 31, 2016 and December 31, 2015.

See accompanying notes to condensed consolidated financial statements.

BlackRock, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from operating activities		
Net income	$ 871	$ 647
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	58	56
Amortization of deferred sales commissions	5	10
Stock-based compensation	162	172
Deferred income tax expense (benefit)	199	98
Net (gains) losses on nontrading investments	—	3
Assets and liabilities of consolidated VIEs:		
Change in cash and cash equivalents	(27)	(46)
Net (gains) losses within consolidated VIEs	(33)	(2)
Net (purchases) proceeds within consolidated VIEs	(96)	(373)
(Earnings) losses from equity method investees	(32)	(3)
Distributions of earnings from equity method investees	5	10
Changes in operating assets and liabilities:		
Accounts receivable	(869)	(270)
Investments, trading	(188)	(85)
Other assets	(101)	(58)
Accrued compensation and benefits	(1,110)	(1,296)
Accounts payable and accrued liabilities	914	326
Other liabilities	51	246
Cash flows from operating activities	(191)	(565)
Cash flows from investing activities		
Purchases of investments	(61)	(55)
Proceeds from sales and maturities of investments	21	133
Distributions of capital from equity method investees	10	6
Net consolidations (deconsolidations) of sponsored investment funds	—	(8)
Purchases of property and equipment	(19)	(30)
Cash flows from investing activities	(49)	46
Cash flows from financing activities		
Proceeds from long-term borrowings	697	—
Cash dividends paid	(447)	(419)
Repurchases of common stock	(562)	(562)
Net (redemptions/distributions paid)/subscriptions received from noncontrolling interest holders	132	361
Excess tax benefit from stock-based compensation	—	70
Other financing activities	—	3
Cash flows from financing activities	(180)	(547)
Effect of exchange rate changes on cash and cash equivalents	32	(36)
Net increase (decrease) in cash and cash equivalents	(388)	(1,102)
Cash and cash equivalents, beginning of period	6,091	6,083
Cash and cash equivalents, end of period	$ 5,703	$ 4,981
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	$ 40	$ 40
Income taxes (net of refunds)	$ 82	$ 107
Supplemental schedule of noncash investing and financing transactions:		
Issuance of common stock	$ 573	$ 616
PNC preferred stock capital contribution	$ 193	$ 172
Increase (decrease) in noncontrolling interests due to net consolidation (deconsolidation) of sponsored investment funds	$ (28)	$ (300)

See accompanying notes to condensed consolidated financial statements.

1. Business Overview

BlackRock, Inc. (together, with its subsidiaries, unless the context otherwise indicates, "BlackRock" or the "Company") is a leading publicly traded investment management firm providing a broad range of investment and risk management services to institutional and retail clients worldwide.

BlackRock's diverse platform of active (alpha) and index (beta) investment strategies across asset classes enables the Company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single- and multi-asset portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds ("ETFs"), separate accounts, collective investment funds and other pooled investment vehicles. BlackRock also offers an investment and risk management technology platform, *Aladdin*®, risk analytics, advisory and technology services and solutions to a broad base of institutional and wealth management investors.

At March 31, 2017, The PNC Financial Services Group, Inc. ("PNC") held 21.2% of the Company's voting common stock and 21.7% of the Company's capital stock, which includes outstanding common and nonvoting preferred stock.

2. Significant Accounting Policies

Basis of Presentation. These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and include the accounts of the Company and its controlled subsidiaries. Noncontrolling interests on the condensed consolidated statements of financial condition represents the portion of consolidated sponsored investment funds in which the Company does not have direct equity ownership. Accounts and transactions between consolidated entities have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

Certain financial information that normally is included in annual financial statements, including certain financial statement footnotes, is not required for interim reporting purposes and has been condensed or omitted herein. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes related thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the Securities and Exchange Commission ("SEC") on February 28, 2017 ("2016 Form 10-K").

The interim financial information at March 31, 2017 and for the three months ended March 31, 2017 and 2016 is unaudited. However, in the opinion of management, the interim information includes all normal recurring adjustments necessary for the fair presentation of the Company's results for the periods presented. The results of operations for interim periods are not necessarily indicative of results to be expected for the full year.

Certain items previously reported have been reclassified to conform to the current year presentation. Beginning with the first quarter of 2017, *Aladdin* revenue previously reported within "*BlackRock Solutions*® and advisory" is presented within "Technology and risk management revenue" on the condensed consolidated statement of income. The remaining "*BlackRock Solutions* and advisory" revenue is reported as part of "Advisory and other revenue." The prior period amount reported for *BlackRock Solutions* and advisory for the three months ended March 31, 2016 has been reclassified to conform to the current presentation.

Accounting Pronouncements Adopted in the Three Months Ended March 31, 2017.

Accounting for Share-Based Payments. In March 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 simplifies accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the consolidated statement of cash flows. The Company adopted ASU 2016-09 as of January 1, 2017. ASU 2016-09 requires all excess tax benefits and deficiencies to be recognized in income tax expense on the consolidated statements of income. Accordingly, the Company recorded a discrete income tax benefit of $81 million during the three months ended March 31, 2017 for vested restricted stock units where the grant date stock price was lower than the vesting date stock price. The new guidance will increase the volatility of income tax expense as a result of fluctuations in the Company's stock price. Upon adoption, the Company elected to account for forfeitures as they occur, which did not have a material impact on the condensed consolidated financial statements. In addition, the Company elected to present excess tax benefits and deficiencies prospectively in operating activities on the condensed consolidated statement of cash flows.

Fair Value Measurements.

Hierarchy of Fair Value Inputs. The Company uses a fair value hierarchy that prioritizes inputs to valuation approaches used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Inputs:

Quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date.

- Level 1 assets may include listed mutual funds, ETFs, listed equities and certain exchange-traded derivatives.

Level 2 Inputs:

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; quotes from pricing services or brokers for which the Company can determine that orderly transactions took place at the quoted price or that the inputs used to arrive at the price are observable; and inputs other than quoted prices that are observable, such as models or other valuation methodologies.

- Level 2 assets may include debt securities, investments in CLOs, short-term floating-rate notes, asset-backed securities, securities held within consolidated hedge funds, restricted public securities valued at a discount, as well as over-the-counter derivatives, including interest and inflation rate swaps and foreign currency exchange contracts that have inputs to the valuations that generally can be corroborated by observable market data.

Level 3 Inputs:

Unobservable inputs for the valuation of the asset or liability, which may include nonbinding broker quotes. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation.

- Level 3 assets may include direct private equity investments held within consolidated funds and investments in CLOs.
- Level 3 liabilities include contingent liabilities related to acquisitions valued based upon discounted cash flow analyses using unobservable market data.

Significance of Inputs. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Valuation Approaches. The fair values of certain Level 3 assets and liabilities were determined using various valuation approaches as appropriate, including third-party pricing vendors, broker quotes and market and income approaches. Such quotes and modeled prices are evaluated for reasonableness through various procedures, including due diligence reviews of third-party pricing vendors, variance analyses, consideration of the current market environment and other analytical procedures.

A significant number of inputs used to value equity, debt securities and investments in CLOs is sourced from third-party pricing vendors. Generally, prices obtained from pricing vendors are categorized as Level 1 inputs for identical securities traded in active markets and as Level 2 for other similar securities if the vendor uses observable inputs in determining the price. Annually, BlackRock's internal valuation committee or other designated groups review both the valuation approaches, including the general assumptions and methods used to value various asset classes, and operational processes with these vendors. On a quarterly basis, meetings are held with key vendors to identify any significant changes to the vendors' processes.

In addition, quotes obtained from brokers generally are nonbinding and categorized as Level 3 inputs. However, if the Company is able to determine that market participants have transacted for the asset in an orderly manner near the quoted price or if the Company can determine that the inputs used by the broker are observable, the quote is classified as a Level 2 input.

Investments Measured at Net Asset Values. As a practical expedient, the Company uses net asset value ("NAV") as the fair value for certain investments. The inputs to value these investments may include BlackRock capital accounts for its partnership interests in various alternative investments, including hedge funds, real assets and private equity funds, which may be adjusted by using the returns of certain market indices. The various partnerships generally are investment companies, which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the fund to utilize pricing/valuation information from third-party sources, including independent appraisals. However, in some instances, current valuation information for illiquid securities or securities in markets that are not active may not be available from any third-party source or fund management may conclude that the valuations that are available from third-party sources are not reliable. In these instances, fund management may perform model-based analytical valuations that could be used as an input to value these investments.

Derivative Instruments and Hedging Activities. The Company does not use derivative financial instruments for trading or speculative purposes. The Company uses derivative financial instruments primarily for purposes of hedging exposures to fluctuations in foreign currency exchange rates of certain assets and liabilities, and market exposures for certain seed investments. However, certain consolidated sponsored investment funds may also utilize derivatives as a part of their investment strategy.

Changes in the fair value of the Company's derivative financial instruments are recognized in earnings and, where applicable, are offset by the corresponding gain or loss on the related foreign-denominated assets or liabilities or hedged investments, on the condensed consolidated statements of income.

The Company may also use financial instruments designated as net investment hedges for accounting purposes to hedge net investments in international subsidiaries whose functional currency is not U.S. dollars. The gain or loss from revaluing accounting hedges of net investments in foreign operations at the spot rate is deferred and reported within accumulated other comprehensive income on the condensed consolidated statements of financial condition. The Company reassesses the effectiveness of its net investment hedge on a quarterly basis.

Money Market Fee Waivers. The Company is currently voluntarily waiving a portion of its management fees on certain money market funds to ensure that they maintain a targeted level of daily net investment income (the "Yield Support waivers"). During the three months ended March 31, 2017 and 2016, these waivers resulted in a reduction of management fees of approximately $6 million and $12 million, respectively. Approximately 0% and 83% of Yield Support waivers for the three months ended March 31, 2017 and 2016, respectively, were offset by a reduction of BlackRock's distribution and servicing costs paid to a financial intermediary. BlackRock has provided Yield Support waivers in prior periods and may increase or decrease the level of fee waivers in future periods.

Separate Account Assets and Liabilities. Separate account assets are maintained by BlackRock Life Limited, a wholly owned subsidiary of the Company, which is a registered life insurance company in the United Kingdom, and represent segregated assets held for purposes of funding individual and group pension contracts. The life insurance company does not underwrite any insurance contracts that involve any insurance risk transfer from the insured to the life insurance company. The separate account assets primarily include equity securities, debt securities, money market funds and derivatives. The separate account assets are not subject to general claims of the creditors of BlackRock. These separate account assets and the related equal and offsetting liabilities are recorded as separate account assets and separate account liabilities on the condensed consolidated statements of financial condition.

The net investment income attributable to separate account assets supporting individual and group pension contracts accrues directly to the contract owner and is not reported on the condensed consolidated statements of income. While BlackRock has no economic interest in these separate account assets and liabilities, BlackRock earns policy administration and management fees associated with these products, which are included in investment advisory, administration fees and securities lending revenue on the condensed consolidated statements of income.

Separate Account Collateral Assets Held and Liabilities Under Securities Lending Agreements. The Company facilitates securities lending arrangements whereby securities held by separate accounts maintained by BlackRock Life Limited are lent to third parties under global master securities lending agreements. In exchange, the Company receives legal title to the collateral with minimum values generally ranging from approximately 102% to 112% of the value of the securities lent in order to reduce counterparty risk. The required collateral value is calculated on a daily basis. The global master securities lending agreements provide the Company the right to request additional collateral or, in the event of borrower default, the right to liquidate collateral. The securities lending transactions entered into by the Company are accompanied by an agreement that entitles the Company to request the borrower to return the securities at any time; therefore, these transactions are not reported as sales.

The Company records on the condensed consolidated statements of financial condition the cash and noncash collateral received under these BlackRock Life Limited securities lending arrangements as its own asset in addition to an equal and offsetting collateral liability for the obligation to return the collateral. The securities lending revenue earned from lending securities held by the separate accounts is included in investment advisory, administration fees and securities lending revenue on the condensed consolidated statements of income. During the three months ended March 31, 2017 and 2016, the Company had not resold or repledged any of the collateral received under these arrangements. At March 31, 2017 and December 31, 2016, the fair value of loaned securities held by separate accounts was approximately $27.5 billion and $25.7 billion, respectively, and the fair value of the collateral held under these securities lending agreements was approximately $30.0 billion and $27.8 billion, respectively.

Recent Accounting Pronouncements Not Yet Adopted.

Revenue from Contracts with Customers. In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance also changes the accounting for certain contract costs and revises the criteria for determining if an entity is acting as a principal or agent in certain arrangements. The Company continues to evaluate the impact of ASU 2014-09 on the presentation and recognition of its revenue contracts and certain contract costs. The most significant change identified to date relates to the presentation of certain distribution costs, which are currently presented net against revenues (contra-revenue) and will likely be presented as an expense on a gross basis. The Company will adopt ASU 2014-09 upon its effective date of January 1, 2018, together with all amending ASUs, and is currently evaluating which transition method it will apply.

Recognition and Measurement of Financial Instruments. In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 amends guidance on the classification and measurement of financial instruments, including significant revisions in accounting related to the classification and measurement of investments in equity securities and presentation of certain fair value changes for financial liabilities when the fair value option is elected. ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for the Company on January 1, 2018. In the period of adoption, the Company is required to reclassify the unrealized gains/losses on equity securities within accumulated other comprehensive income to retained earnings, which is not expected to be material to the condensed consolidated financial statements.

Leases. In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 requires lessees to recognize assets and liabilities arising from most operating leases on the statement of financial position. The Company is currently evaluating the impact of adopting ASU 2016-02, which is effective for the Company on January 1, 2019.

Cash Flow Classification. In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which amends and clarifies the current guidance to reduce diversity in practice of the classification of certain cash receipts and payments in the statement of cash flows. The Company is currently evaluating the impact of adopting ASU 2016-15, which is effective for the Company on January 1, 2018 with early adoption permitted. The Company must apply the guidance retrospectively to all periods presented.

3. Investments

A summary of the carrying value of total investments is as follows:

(in millions)	March 31, 2017	December 31, 2016
Available-for-sale investments	$ 80	$ 80
Held-to-maturity investments	51	51
Trading investments:		
Consolidated sponsored investment funds	677	465
Other equity and debt securities	192	101
Deferred compensation plan mutual funds	51	59
Total trading investments	920	625
Other investments:		
Equity method investments	701	730
Cost method investments[(1)]	91	91
Carried interest	14	18
Total other investments	806	839
Total investments	$ 1,857	$ 1,595

(1) Amounts primarily include Federal Reserve Bank ("FRB") Stock.

Available-for-Sale Investments

At both March 31, 2017 and December 31, 2016, available-for-sale investments primarily included certain investments in CLOs and seed investments in BlackRock sponsored mutual funds. The cost of these investments approximated carrying value.

Held-to-Maturity Investments

The carrying value of held-to-maturity investments was $51 million at both March 31, 2017 and December 31, 2016. Held-to-maturity investments included foreign government debt held primarily for regulatory purposes and certain investments in CLOs. The amortized cost (carrying value) of these investments approximated fair value. At March 31, 2017, $10 million of these investments mature between five to ten years and $41 million mature after ten years.

Trading Investments

A summary of the cost and carrying value of trading investments is as follows:

(in millions)	March 31, 2017		December 31, 2016	
	Cost	Carrying Value	Cost	Carrying Value
Trading investments:				
Deferred compensation plan mutual funds	$ 33	$ 51	$ 41	$ 59
Equity securities/multi-asset mutual funds	519	550	290	308
Debt securities/fixed income mutual funds:				
Corporate debt	186	188	128	128
Government debt	71	73	60	60
Asset/mortgage backed debt	58	58	70	70
Total trading investments	$ 867	$ 920	$ 589	$ 625

At March 31, 2017, trading investments included $307 million of debt securities and $370 million of equity securities held by consolidated sponsored investment funds accounted for as voting rights entities ("VREs"), $51 million of certain deferred compensation plan mutual fund investments and $192 million of other equity and debt securities.

At December 31, 2016, trading investments included $246 million of debt securities and $219 million of equity securities held by consolidated sponsored investment funds accounted for as VREs, $59 million of certain deferred compensation plan mutual fund investments and $101 million of other equity and debt securities.

Other Investments

A summary of the carrying value of other investments is as follows:

(in millions)	March 31, 2017	December 31, 2016
Other investments:		
Equity method investments	$ 701	$ 730
Cost method investments:		
Federal Reserve Bank stock	89	89
Other	2	2
Total cost method investments	91	91
Carried interest[1]	14	18
Total other investments	$ 806	$ 839

[1] Carried interest of consolidated VREs.

Equity method investments primarily include BlackRock's direct investments in certain BlackRock sponsored investment funds.

In addition, the Company accounts for its interest in PennyMac Financial Services, Inc. ("PennyMac") as an equity method investment. At March 31, 2017 and December 31, 2016 the Company's investment in PennyMac was excluded from the amounts in the table above and included in other assets on the condensed consolidated statements of financial condition. The carrying value and fair value of the Company's interest (approximately 20% or 16 million shares and units) was approximately $305 million and $265 million, respectively, at March 31, 2017 and approximately $301 million and $259 million, respectively, at December 31, 2016. The fair value of the Company's interest reflected the PennyMac stock price at March 31, 2017 and December 31, 2016, respectively (a Level 1 input). The Company performed an other-than-temporary impairment analysis as of March 31, 2017 and determined the decline in fair value below the carrying value to be temporary.

Cost method investments include nonmarketable securities, primarily FRB stock, which is held for regulatory purposes and is restricted from sale. At March 31, 2017 and December 31, 2016, there were no indicators of impairment on these investments.

Carried interest represents allocations to BlackRock's general partner capital accounts from certain funds. These balances are subject to change upon cash distributions, additional allocations or reallocations back to limited partners within the respective funds.

4. Consolidated Voting Rights Entities

The Company consolidates certain sponsored investment funds accounted for as VREs because it is deemed to control such funds. The investments owned by these consolidated VREs are classified as trading investments. The following table presents the balances related to these consolidated VREs that were recorded on the condensed consolidated statements of financial condition, including BlackRock's net interest in these funds:

(in millions)	March 31, 2017	December 31, 2016
Cash and cash equivalents	$ 130	$ 53
Trading investments	677	465
Other assets	24	15
Other liabilities	(74)	(50)
Noncontrolling interests	(127)	(39)
BlackRock's net interests in consolidated VREs	$ 630	$ 444

BlackRock's total exposure to consolidated VREs represents the value of its economic ownership interest in these sponsored investment funds. Valuation changes associated with investments held at fair value by these consolidated VREs are reflected in nonoperating income (expense) and partially offset in net income (loss) attributable to noncontrolling interests for the portion not attributable to BlackRock.

The Company cannot readily access cash and cash equivalents held by consolidated VREs to use in its operating activities.

5. Variable Interest Entities

In the normal course of business, the Company is the manager of various types of sponsored investment vehicles, which may be considered variable interest entities ("VIEs"). The Company may from time to time own equity or debt securities or enter into derivatives with the vehicles, each of which are considered variable interests. The Company's involvement in financing the operations of the VIEs is generally limited to its investments in the entity. The Company consolidates entities when it is determined to be the primary beneficiary ("PB").

Consolidated VIEs. The Company's consolidated VIEs include certain sponsored investment funds in which BlackRock has an investment and as the investment manager is deemed to have both the power to direct the most significant activities of the funds and the right to receive benefits (or the obligation to absorb losses) that could potentially be significant to these sponsored investment funds. The assets of these VIEs are not available to creditors of the Company. In addition, the investors in these VIEs have no recourse to the credit of the Company.

Consolidated VIE assets and liabilities are presented after intercompany eliminations in the following table:

(in millions)	March 31, 2017	December 31, 2016
Assets of consolidated VIEs:		
Cash and cash equivalents	$ 111	$ 84
Investments	1,097	1,008
Other assets	34	63
Total investments and other assets	1,131	1,071
Liabilities of consolidated VIEs	(207)	(216)
Noncontrolling interests	(232)	(207)
BlackRock's net interests in consolidated VIEs	$ 803	$ 732

The Company recorded a $33 million and a $2 million nonoperating net gain during the three months ended March 31, 2017 and 2016, respectively, related to consolidated VIEs. The net gain attributable to noncontrolling interest was $8 million and the net loss attributable to noncontrolling interest was $6 million for the three months ended March 31, 2017 and 2016, respectively, related to consolidated VIEs.

Non-Consolidated VIEs. At March 31, 2017 and December 31, 2016, the Company's carrying value of assets and liabilities included on the condensed consolidated statements of financial condition pertaining to nonconsolidated VIEs and its maximum risk of loss related to VIEs for which it held a variable interest, but for which it was not the PB, was as follows:

(in millions)	Investments	Advisory Fee Receivables	Other Net Assets (Liabilities)	Maximum Risk of Loss[1]
At March 31, 2017				
Sponsored investment products	$ 182	$ 10	$ (7)	$ 209
At December 31, 2016				
Sponsored investment products	$ 171	$ 9	$ (8)	$ 197

[1] At March 31, 2017 and December 31, 2016, BlackRock's maximum risk of loss associated with these VIEs primarily related to BlackRock's investments and collecting advisory fee receivables.

The net assets of sponsored investment products that are nonconsolidated VIEs approximated $4 billion at both March 31, 2017 and December 31, 2016.

6. Fair Value Disclosures

Fair Value Hierarchy

Assets and liabilities measured at fair value on a recurring basis and other assets not held at fair value

March 31, 2017 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV[1]	Other Assets Not Held at Fair Value[2]	March 31, 2017
Assets:						
Investments						
Available-for-sale:	$ 7	$ 73	$ —	$ —	$ —	$ 80
Held-to-maturity securities	—	—	—	—	51	51
Trading:						
Deferred compensation plan mutual funds	51	—	—	—	—	51
Equity securities/Multi-asset mutual funds	550	—	—	—	—	550
Debt securities / fixed income mutual funds	1	318	—	—	—	319
Total trading	602	318	—	—	—	920
Other investments:						
Equity method:						
Equity and fixed income mutual funds	282	—	—	5	—	287
Other	—	—	—	407	7	414
Total equity method	282	—	—	412	7	701
Cost method investments	—	—	—	—	91	91
Carried interest	—	—	—	—	14	14
Total investments	891	391	—	412	163	1,857
Separate account assets	117,222	37,753	—	—	1,377	156,352
Separate account collateral held under securities lending agreements:						
Equity securities	24,061	—	—	—	—	24,061
Debt securities	—	5,977	—	—	—	5,977
Total separate account collateral held under securities lending agreements	24,061	5,977	—	—	—	30,038
Investments of consolidated VIEs:						
Private / public equity[3]	5	4	113	83	80	285
Equity securities	340	—	—	—	—	340
Debt securities	—	304	—	—	—	304
Other	—	—	—	54	—	54
Carried interest	—	—	—	—	114	114
Total investments of consolidated VIEs	345	308	113	137	194	1,097
Total	$ 142,519	$ 44,429	$ 113	$ 549	$ 1,734	$ 189,344
Liabilities:						
Separate account collateral liabilities under securities lending agreements	$ 24,061	$ 5,977	$ —	$ —	$ —	$ 30,038
Other liabilities[4]	—	7	113	—	—	120
Total	$ 24,061	$ 5,984	$ 113	$ —	$ —	$ 30,158

(1) Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

(2) Amounts are comprised of investments held at cost or amortized cost, carried interest and certain equity method investments, which include sponsored investment funds and other assets, which are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.

(3) Level 3 amounts primarily include direct investments in private equity companies held by private equity funds.

(4) Amounts primarily include recorded contingent liabilities related to certain acquisitions (see Note 11, *Commitments and Contingencies*, for more information).

Assets and liabilities measured at fair value on a recurring basis and other assets not held at fair value

December 31, 2016 *(in millions)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV[(1)]	Other Assets Not Held at Fair Value[(2)]	December 31, 2016
Assets:						
Investments						
Available-for-sale	$ 7	$ 49	$ 24	$ —	$ —	$ 80
Held-to-maturity securities	—	—	—	—	51	51
Trading:						
Deferred compensation plan mutual funds	59	—	—	—	—	59
Equity/Multi-asset mutual funds	308	—	—	—	—	308
Debt securities / fixed income mutual funds	1	250	7	—	—	258
Total trading	368	250	7	—	—	625
Other investments:						
Equity method:						
Equity and fixed income mutual funds	323	—	—	5	—	328
Other	—	—	—	394	8	402
Total equity method	323	—	—	399	8	730
Cost method investments	—	—	—	—	91	91
Carried interest	—	—	—	—	18	18
Total investments	698	299	31	399	168	1,595
Separate account assets	109,663	38,542	—	—	884	149,089
Separate account collateral held under securities lending agreements:						
Equity securities	22,173	—	—	—	—	22,173
Debt securities	—	5,619	—	—	—	5,619
Total separate account collateral held under securities lending agreements	22,173	5,619	—	—	—	27,792
Investments of consolidated VIEs:						
Private / public equity[(3)]	3	2	112	89	79	285
Equity securities	278	—	—	—	—	278
Debt securities	—	274	—	—	—	274
Other	—	—	—	63	—	63
Carried interest	—	—	—	—	108	108
Total investments of consolidated VIEs	281	276	112	152	187	1,008
Total	$ 132,815	$ 44,736	$ 143	$ 551	$ 1,239	$ 179,484
Liabilities:						
Separate account collateral liabilities under securities lending agreements	$ 22,173	$ 5,619	$ —	$ —	$ —	$ 27,792
Other liabilities[(4)]	—	7	115	—	—	122
Total	$ 22,173	$ 5,626	$ 115	$ —	$ —	$ 27,914

(1) Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.
(2) Amounts are comprised of investments held at cost or amortized cost, carried interest and certain equity method investments, which include sponsored investment funds and other assets, which are not accounted for under a fair value measure. In accordance with GAAP, certain equity method investees do not account for both their financial assets and liabilities under fair value measures; therefore, the Company's investment in such equity method investees may not represent fair value.
(3) Level 3 amounts include direct investments in private equity companies held by private equity funds.
(4) Amounts primarily include recorded contingent liabilities related to certain acquisitions (see Note 11, *Commitments and Contingencies*, for more information).

Level 3 Assets. Level 3 investments of consolidated VIEs of $113 million and $112 million at March 31, 2017 and December 31, 2016, respectively, related to direct investments in private equity companies held by consolidated private equity funds.

Direct investments in private equity companies may be valued using the market approach or the income approach, or a combination thereof, and were valued based on an assessment of each underlying investment, incorporating evaluation of additional significant third-party financing, changes in valuations of comparable peer companies, the business environment of the companies, market indices, assumptions relating to appropriate risk adjustments for nonperformance and legal restrictions on disposition, among other factors. The fair value derived from the methods used is evaluated and weighted, as appropriate, considering the reasonableness of the range of values indicated. Under the market approach, fair value may be determined by reference to multiples of market-comparable companies or transactions, including earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples. Under the income approach, fair value may be determined by discounting the expected cash flows to a single present value amount using current expectations about those future amounts. Unobservable inputs used in a discounted cash flow model may include projections of operating performance generally covering a five-year period and a terminal value of the private equity direct investment. For investments utilizing the discounted cash flow valuation technique, a significant increase (decrease) in the discount rate, risk premium or discount for lack of marketability in isolation could result in a significantly lower (higher) fair value measurement. For investments utilizing the market-comparable valuation technique, a significant increase (decrease) in the EBITDA multiple in isolation could result in a significantly higher (lower) fair value measurement.

Level 3 assets may include investments in CLOs valued based on single-broker nonbinding quotes and direct private equity investments valued using the market approach or the income approach as described above.

Level 3 Liabilities. Level 3 other liabilities primarily include recorded contingent liabilities related to certain acquisitions, which were valued based upon discounted cash flow analyses using unobservable market data inputs.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended March 31, 2017

(in millions)	December 31, 2016	Realized and Unrealized Gains (Losses) in Earnings and OCI	Purchases	Sales and Maturities	Issuances and other Settlements	Transfers into Level 3	Transfers out of Level 3[1]	March 31, 2017	Total Net Unrealized Gains (Losses) Included in Earnings[2]
Assets:									
Investments:									
Available-for-sale securities[3]	$ 24	$ —	$ —	$ —	$ —	$ —	$ (24)	$ —	$ —
Trading	7	—	—	—	—	—	(7)	—	—
Total investments	31	—	—	—	—	—	(31)	—	—
Assets of consolidated VIEs - Private equity	112	1	—	—	—	—	—	113	$ 1
Total Level 3 assets	$ 143	$ 1	$ —	$ —	$ —	$ —	$ (31)	$ 113	$ 1
Liabilities:									
Other liabilities[4]	$ 115	$ 2	$ —	$ —	$ —	$ —	$ —	$ 113	$ 2

(1) Amounts include transfers out of Level 3 due to availability of observable market inputs from pricing vendors.

(2) Earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at the reporting date.

(3) Amounts include investments in CLOs.

(4) Other liabilities amount includes contingent liabilities in connection with certain acquisitions.

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Three Months Ended March 31, 2016

(in millions)	December 31, 2015	Realized and Unrealized Gains (Losses) in Earnings and OCI	Purchases	Sales and Maturities	Issuances and other Settlements	Transfers into Level 3	Transfers out of Level 3	March 31, 2016	Total Net Unrealized Gains (Losses) Included in Earnings(1)
Assets:									
Investments:									
Available-for-sale securities(2)	$ 23	$ —	$ 23	$ —	$ —	$ —	$ (23)	$ 23	$ —
Trading	2	—	4	—	—	—	(2)	4	—
Total investments	25	—	27	—	—	—	(25)	27	—
Assets of consolidated VIEs - Private equity	196	2	—	(6)	—	—	—	192	$ 2
Total Level 3 assets	$ 221	$ 2	$ 27	$ (6)	$ —	$ —	$ (25)	$ 219	$ 2
Liabilities:									
Other liabilities(3)	$ 48	$ (1)	$ —	$ —	$ —	$ —	$ —	$ 49	$ (1)

(1) Earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at the reporting date.

(2) Amounts include investments in CLOs.

(3) Other liabilities amount includes contingent liabilities in connection with certain acquisitions.

Realized and Unrealized Gains (Losses) for Level 3 Assets and Liabilities. Realized and unrealized gains (losses) recorded for Level 3 assets and liabilities are reported in nonoperating income (expense) on the condensed consolidated statements of income. A portion of net income (loss) for consolidated sponsored investment funds are allocated to noncontrolling interests to reflect net income (loss) not attributable to the Company.

Transfers in and/or out of Levels. Transfers in and/or out of levels are reflected when significant inputs, including market inputs or performance attributes, used for the fair value measurement become observable/unobservable, or when the carrying value of certain equity method investments no longer represents fair value as determined under valuation methodologies.

Disclosures of Fair Value for Financial Instruments Not Held at Fair Value. At March 31, 2017 and December 31, 2016, the fair value of the Company's financial instruments not held at fair value are categorized in the table below:

	March 31, 2017		December 31, 2016		
(in millions)	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**	**Fair Value Hierarchy**
Financial Assets:					
Cash and cash equivalents	$ 5,703	$ 5,703	$ 6,091	$ 6,091	Level 1 [(1),(2)]
Accounts receivable	3,227	3,227	2,350	2,350	Level 1 [(3)]
Cash and cash equivalents of consolidated VIEs	111	111	84	84	Level 1 [(1),(2)]
Financial Liabilities:					
Accounts payable and accrued liabilities	2,000	2,000	1,094	1,094	Level 1 [(3)]
Long-term borrowings	5,619	5,888	4,915	5,165	Level 2 [(4)]

(1) Cash and cash equivalents are carried at either cost or amortized cost, which approximates fair value due to their short-term maturities.
(2) At March 31, 2017 and December 31, 2016, approximately $125 million and $132 million, respectively, of money market funds were recorded within cash and cash equivalents on the condensed consolidated statements of financial condition. In addition, at March 31, 2017 and December 31, 2016, approximately $15 million and $13 million, respectively, of money market funds were recorded within cash and cash equivalents of consolidated VIEs. Money market funds are valued based on quoted market prices, or $1.00 per share, which generally is the NAV of the fund.
(3) The carrying amounts of accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature.
(4) Long-term borrowings are recorded at amortized cost net of debt issuance costs. The fair value of the long-term borrowings, including the current portion of long-term borrowings, is estimated using market prices at the end of March 2017 and December 2016, respectively. See Note 10, *Borrowings*, for the fair value of each of the Company's long-term borrowings.

Investments in Certain Entities that Calculate Net Asset Value Per Share.

As a practical expedient to value certain investments that do not have a readily determinable fair value and have attributes of an investment company, the Company uses NAV as the fair value. The following tables list information regarding all investments that use a fair value measurement to account for both their financial assets and financial liabilities in their calculation of a NAV per share (or equivalent).

March 31, 2017

(in millions)	**Ref**	**Fair Value**	**Total Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Equity method:[1]					
Hedge funds/funds of hedge funds	(a)	$ 248	$ 13	Daily/Monthly (21%) Quarterly (52%) N/R (27%)	1 – 90 days
Private equity funds	(b)	90	72	N/R	N/R
Real assets funds	(c)	62	49	Quarterly (40%) N/R (60%)	60 days
Other	(d)	12	9	Daily/Monthly (45%) N/R (55%)	3 – 5 days
Consolidated VIEs:					
Private equity funds of funds	(e)	83	16	N/R	N/R
Hedge fund	(a)	27	—	Quarterly	90 days
Real assets funds	(c)	27	21	N/R	N/R
Total		$ 549	$ 180		

December 31, 2016

(in millions)	**Ref**	**Fair Value**	**Total Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Equity method:[1]					
Hedge funds/funds of hedge funds	(a)	$ 237	$ 14	Daily/Monthly (21%) Quarterly (51%) N/R (28%)	1 – 90 days
Private equity funds	(b)	90	62	N/R	N/R
Real assets funds	(c)	60	35	Quarterly (41%) N/R (59%)	60 days
Other	(d)	12	9	Daily/Monthly (42%) N/R (58%)	3 – 5 days
Consolidated VIEs:					
Private equity funds of funds	(e)	89	16	N/R	N/R
Hedge fund	(a)	36	—	Quarterly	90 days
Real assets funds	(c)	27	21	N/R	N/R
Total		$ 551	$ 157		

N/R – not redeemable

(1) Comprised of equity method investments, which include investments in investment companies, which account for their financial assets and most financial liabilities under fair value measures; therefore, the Company's investment in such equity method investees approximates fair value.

(a) This category includes hedge funds and funds of hedge funds that invest primarily in equities, fixed income securities, distressed credit, opportunistic and mortgage instruments and other third-party hedge funds. The fair values of the investments have been estimated using the NAV of the Company's ownership interest in partners' capital. It was estimated that the investments in the funds that are not subject to redemption will be liquidated over a weighted-average period of less than one year at March 31, 2017 and approximately one year at December 31, 2016.

(b) This category includes several private equity funds that initially invest in nonmarketable securities of private companies, which ultimately may become public in the future. The fair values of these investments have been estimated using capital accounts representing the Company's ownership interest in the funds as well as other performance inputs. The Company's investment in each fund is not subject to redemption and is normally returned through distributions as a result of the liquidation of the underlying assets of the private equity funds. It was estimated that the investments in these funds will be liquidated over a weighted-average period of approximately five years at both March 31, 2017 and December 31, 2016.

[c] This category includes several real assets funds that invest directly in real estate, real estate related assets and infrastructure. The fair values of the investments have been estimated using capital accounts representing the Company's ownership interest in the funds. A majority of the Company's investments are not subject to redemption or are not currently redeemable and are normally returned through distributions as a result of the liquidation of the underlying assets of the funds. It is estimated that the investments in these funds not subject to redemptions will be liquidated over a weighted-average period of approximately seven years at both March 31, 2017 and December 31, 2016.

[d] This category includes investments in deferred compensation plan investments. The investments are not subject to redemption; however, distributions as a result of the liquidation of the underlying assets will be used to settle certain deferred compensation liabilities over time. The fair values of the investments have been estimated using capital accounts representing the Company's ownership interest in partners' capital.

[e] This category includes the underlying third-party private equity funds within consolidated BlackRock sponsored private equity funds of funds. The fair values of the investments in the third-party funds have been estimated using capital accounts representing the Company's ownership interest in each fund in the portfolio as well as other performance inputs. These investments are not subject to redemption; however, for certain funds, the Company may sell or transfer its interest, which may need approval by the general partner of the underlying funds. Due to the nature of the investments in this category, the Company reduces its investment by distributions that are received through the realization of the underlying assets of the funds. It is estimated that the underlying assets of these funds will be liquidated over a weighted-average period of approximately five years at both March 31, 2017 and December 31, 2016. The total remaining unfunded commitments to other third-party funds were $16 million at both March 31, 2017 and December 31, 2016. The Company had contractual obligations to the consolidated funds of $24 million at both March 31, 2017 and December 31, 2016.

7. Derivatives and Hedging

The Company maintains a program to enter into swaps to hedge against market price and interest rate exposures with respect to certain seed investments in sponsored investment products. At March 31, 2017, the Company had outstanding total return swaps and interest rate swaps with aggregate notional values of approximately $698 million and $41 million, respectively. At December 31, 2016, the Company had outstanding total return swaps and interest rate swaps with aggregate notional values of approximately $572 million and $42 million, respectively.

Gains (losses) on the total return swaps are recorded in nonoperating income (expense) and were $(35) million for the three months ended March 31, 2017. Gains (losses) on total return swaps were not material for the three months ended March 31, 2016.

Gains (losses) on the interest rate swaps are recorded in nonoperating income (expense) and were not material for the three months ended March 31, 2017 and 2016.

The Company has entered into a derivative providing credit protection to a counterparty of approximately $17 million, representing the Company's maximum risk of loss with respect to the provision of credit protection. The Company carries the derivative at fair value based on the expected discounted future cash outflows under the arrangement.

The Company executes forward foreign currency exchange contracts to mitigate the risk of certain foreign exchange movements. At March 31, 2017 and December 31, 2016, the Company had outstanding forward foreign currency exchange contracts with aggregate notional values of approximately $728 million and $107 million, respectively.

Gains (losses) on the forward foreign currency exchange contracts are recorded in other general and administration expense and were not material for the three months ended March 31, 2017 and 2016.

The Company consolidates certain sponsored investment funds, which may utilize derivative instruments as a part of the funds' investment strategies. The change in fair value of such derivatives, which is recorded in nonoperating income (expense), was not material for the three months ended March 31, 2017 and 2016.

The fair value of the outstanding derivatives mentioned above were not material at March 31, 2017 and December 31, 2016.

See Note 10, *Borrowings*, in the 2016 Form 10-K for more information on the Company's net investment hedge.

8. Goodwill

Goodwill activity during the three months ended March 31, 2017 was as follows:

(in millions)		
December 31, 2016	$	13,118
Goodwill adjustments related to Quellos [1]		(5)
March 31, 2017	**$**	**13,113**

(1) The decrease in goodwill during the three months ended March 31, 2017 primarily resulted from a decline related to tax benefits realized from tax-deductible goodwill in excess of book goodwill from the acquisition of the fund-of-funds business of Quellos Group, LLC in October 2007 (the "Quellos Transaction"). Goodwill related to the Quellos Transaction will continue to be reduced in future periods by the amount of tax benefits realized from tax-deductible goodwill in excess of book goodwill from the Quellos Transaction. The balance of the Quellos tax-deductible goodwill in excess of book goodwill was approximately $192 million and $200 million at March 31, 2017 and December 31, 2016, respectively.

9. Intangible Assets

The carrying amounts of identifiable intangible assets are summarized as follows:

(in millions)	Indefinite-lived	Finite-lived	Total
December 31, 2016	$ 17,178	$ 185	$ 17,363
Amortization expense	—	(25)	(25)
March 31, 2017	**$ 17,178**	**$ 160**	**$ 17,338**

10. Borrowings

Short-Term Borrowings

2017 Revolving Credit Facility. The Company's credit facility has an aggregate commitment amount of $4.0 billion and was amended in April 2017 to extend the maturity date to April 2022 (the "2017 credit facility"). The 2017 credit facility permits the Company to request up to an additional $1.0 billion of borrowing capacity, subject to lender credit approval, increasing the overall size of the 2017 credit facility to an aggregate principal amount not to exceed $5.0 billion. Interest on borrowings outstanding accrues at a rate based on the applicable London Interbank Offered Rate plus a spread. The 2017 credit facility requires the Company not to exceed a maximum leverage ratio (ratio of net debt to earnings before interest, taxes, depreciation and amortization, where net debt equals total debt less unrestricted cash) of 3 to 1, which was satisfied with a ratio of less than 1 to 1 at March 31, 2017. The 2017 credit facility provides back-up liquidity to fund ongoing working capital for general corporate purposes and various investment opportunities. At March 31, 2017, the Company had no amount outstanding under the 2017 credit facility.

Commercial Paper Program. The Company can issue unsecured commercial paper notes (the "CP Notes") on a private-placement basis up to a maximum aggregate amount outstanding at any time of $4.0 billion. The commercial paper program is currently supported by the 2017 credit facility. At March 31, 2017, BlackRock had no CP Notes outstanding.

Long-Term Borrowings

The carrying value and fair value of long-term borrowings estimated using market prices and foreign exchange rates at March 31, 2017 included the following:

(in millions)	Maturity Amount		Unamortized Discount and Debt Issuance Costs		Carrying Value		Fair Value	
6.25% Notes due 2017[1]	$	700	$	—	$	700	$	717
5.00% Notes due 2019		1,000		(3)		997		1,082
4.25% Notes due 2021		750		(4)		746		803
3.375% Notes due 2022		750		(4)		746		780
3.50% Notes due 2024		1,000		(6)		994		1,045
1.25% Notes due 2025		749		(6)		743		760
3.20% Notes due 2027		700		(7)		693		701
Total Long-term Borrowings	$	5,649	$	(30)	$	5,619	$	5,888

(1) In connection with the issuance of the 3.20% Notes due 2027, in April 2017, the Company fully repaid the $700 million 6.25% notes prior to their maturity in September 2017.

Long-term borrowings at December 31, 2016 had a carrying value of $4.9 billion and a fair value of $5.2 billion determined using market prices at the end of December 2016.

2027 Notes. In March 2017, the Company issued $700 million in aggregate principal amount of 3.20% senior unsecured and unsubordinated notes maturing on March 15, 2027 (the “2027 Notes”). The net proceeds of the 2027 Notes were used towards the redemption of 6.25% notes in April 2017. Interest is payable semi-annually on March 15 and September 15 of each year, commencing September 15, 2017, and is approximately $22 million per year. The 2027 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a “make-whole” redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2027 Notes.

See Note 12, *Borrowings*, in the 2016 Form 10-K for more information regarding the Company’s borrowings.

11. Commitments and Contingencies

Investment Commitments. At March 31, 2017, the Company had $226 million of various capital commitments to fund sponsored investment funds, including consolidated VIEs. These funds include private equity funds, real assets funds and opportunistic funds. This amount excludes additional commitments made by consolidated funds of funds to underlying third-party funds as third-party noncontrolling interest holders have the legal obligation to fund the respective commitments of such funds of funds. In addition to the capital commitments of $226 million, the Company had approximately $12 million of contingent commitments for certain funds which have investment periods that have expired. Generally, the timing of the funding of these commitments is unknown and the commitments are callable on demand at any time prior to the expiration of the commitment. These unfunded commitments are not recorded on the condensed consolidated statements of financial condition. These commitments do not include potential future commitments approved by the Company that are not yet legally binding. The Company intends to make additional capital commitments from time to time to fund additional investment products for, and with, its clients.

Contingencies

Contingent Payments Related to Business Acquisitions. In connection with certain acquisitions, BlackRock is required to make contingent payments, subject to achieving specified performance targets, which may include revenue related to acquired contracts or new capital commitments for certain products. The fair value of the remaining aggregate contingent payments at March 31, 2017 totaled $113 million and is included in other liabilities on the condensed consolidated statement of financial condition.

Other Contingent Payments. The Company acts as the portfolio manager in a series of derivative transactions and has a maximum potential exposure of $17 million between the Company and counterparty. See Note 7, *Derivatives and Hedging*, for further discussion.

Legal Proceedings. From time to time, BlackRock receives subpoenas or other requests for information from various U.S. federal, state governmental and domestic and international regulatory authorities in connection with certain industry-wide or other investigations or proceedings. It is BlackRock's policy to cooperate fully with such inquiries. The Company and certain of its subsidiaries have been named as defendants in various legal actions, including arbitrations and other litigation arising in connection with BlackRock's activities. Additionally, BlackRock advised investment portfolios may be subject to lawsuits, any of which potentially could harm the investment returns of the applicable portfolio or result in the Company being liable to the portfolios for any resulting damages.

On May 27, 2014, certain purported investors in the BlackRock Global Allocation Fund, Inc. and the BlackRock Equity Dividend Fund (collectively, the "Funds") filed a consolidated complaint (the "Consolidated Complaint") in the U.S. District Court for the District of New Jersey against BlackRock Advisors, LLC, BlackRock Investment Management, LLC and BlackRock International Limited under the caption *In re BlackRock Mutual Funds Advisory Fee Litigation*. The Consolidated Complaint, which purports to be brought derivatively on behalf of the Funds, alleges that the defendants violated Section 36(b) of the Investment Company Act by receiving allegedly excessive investment advisory fees from the Funds. On February 24, 2015, the same plaintiffs filed another complaint in the same court against BlackRock Investment Management, LLC and BlackRock Advisors, LLC. The allegations and legal claims in both complaints are substantially similar, with the new complaint purporting to challenge fees received by defendants after the plaintiffs filed their prior complaint. Both complaints seek, among other things, to recover on behalf of the Funds all allegedly excessive advisory fees received by defendants in the twelve month period preceding the start of each lawsuit, along with purported lost investment returns on those amounts, plus interest. On March 25, 2015, defendants' motion to dismiss the Consolidated Complaint was denied. The defendants believe the claims in both lawsuits are without merit and intend to vigorously defend the actions.

Between November 12, 2015 and November 16, 2015, BlackRock, Inc., BlackRock Realty Advisors, Inc. ("BRA") and BlackRock US Core Property Fund, Inc. (formerly known as the BlackRock Granite Property Fund, Inc.) ("Granite Fund"), along with certain other Granite Fund related entities (collectively, the "BlackRock Parties") were named as defendants in thirteen lawsuits filed in the Superior Court of the State of California for the County of Alameda arising out of the June 16, 2015 collapse of a balcony at the Library Gardens apartment complex in Berkeley, California (the "Property"). The Property is indirectly owned by the Granite Fund, which is managed by BRA. The plaintiffs also named as defendants in the lawsuits Greystar, which is the property manager of the Property, and certain other entities, including the developer of the Property, building contractors and building materials suppliers. The plaintiffs allege, among other things, that the BlackRock Parties were negligent in their ownership, control and maintenance of the Property's balcony, and seek monetary, including punitive, damages. Additionally, on March 16, 2016, three former tenants of the Library Gardens apartment unit that experienced the balcony collapse sued the BlackRock Parties. The former tenants, who witnessed (but were not physically injured in) the accident make allegations virtually identical to those in the previously filed actions and claim that, as a result of the collapse, they suffered unspecified emotional damage. Several defendants have also filed cross-complaints alleging a variety of claims, including claims against the BlackRock Parties for contribution, negligence, and declaratory relief. BlackRock believes the claims against the BlackRock Parties are without merit and intends to vigorously defend the actions.

On June 16, 2016, *iShares* Trust, BlackRock, Inc. and certain of its advisory affiliates, and the directors and certain officers of the *iShares* funds were named as defendants in a purported class action lawsuit filed in California state court. The lawsuit was filed by investors in certain *iShares* funds (the "Funds"), and alleges the defendants violated the federal securities laws, purportedly by failing to adequately disclose in prospectuses issued by the Funds the risks to Fund shareholders in the event of a "flash crash." Plaintiffs seek unspecified monetary damages. The Plaintiffs' complaint was dismissed in December 2016 and on January 6, 2017, plaintiffs filed an amended complaint. The defendants filed a motion for judgment on the pleadings dismissing that complaint. On April 27, 2017, the court granted the defendants' motion in part and denied it in part. The defendants believe the claims in this lawsuit are without merit and intend to vigorously defend the action.

On April 5, 2017, BlackRock, Inc., BlackRock Institutional Trust Company, N.A., the BlackRock, Inc. Retirement Committee and various sub-committees, and a BlackRock employee were named as defendants in a purported class action lawsuit brought in the U.S. District Court for the Northern District of California by a former employee on behalf of all BlackRock employee 401(k) Plan (the "Plan") participants and beneficiaries in the Plan from April 5, 2011, to the present. The lawsuit generally alleges that the defendants breached their duties towards Plan participants in violation of the Employee Retirement Income Security Act of 1974 by, among other things, offering investment options that were overly expensive, underperformed peer funds, focused disproportionately on active versus passive strategies, and were unduly concentrated with investment options managed by BlackRock. While the complaint does not contain any specific amount in alleged damages, it claims that the purported underperformance and hidden fees cost Plan participants more than $60 million. The defendants believe the claims in this lawsuit are without merit and intend to vigorously defend the action.

Management, after consultation with legal counsel, currently does not anticipate that the aggregate liability arising out of regulatory matters or lawsuits will have a material effect on BlackRock's results of operations, financial position, or cash flows. However, there is no assurance as to whether any such pending or threatened matters will have a material effect on BlackRock's results of operations, financial position or cash flows in any future reporting period. Due to uncertainties surrounding the outcome of these matters, management cannot reasonably estimate the possible loss or range of loss that may arise from these matters.

Indemnifications. In the ordinary course of business or in connection with certain acquisition agreements, BlackRock enters into contracts pursuant to which it may agree to indemnify third parties in certain circumstances. The terms of these indemnities vary from contract to contract and the amount of indemnification liability, if any, cannot be determined or the likelihood of any liability is considered remote. Consequently, no liability has been recorded on the condensed consolidated statements of financial condition.

In connection with securities lending transactions, BlackRock has issued certain indemnifications to certain securities lending clients against potential loss resulting from a borrower's failure to fulfill its obligations under the securities lending agreement should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligation under the securities lending agreement. At March 31, 2017, the Company indemnified certain of its clients for their securities lending loan balances of approximately $187.8 billion. The Company held, as agent, cash and securities totaling $200.6 billion as collateral for indemnified securities on loan at March 31, 2017. The fair value of these indemnifications was not material at March 31, 2017.

12. Stock-Based Compensation

Restricted Stock and RSUs.

Restricted stock and restricted stock units ("RSUs") activity for the three months ended March 31, 2017 is summarized below.

Outstanding at	Restricted Stock and RSUs	Weighted-Average Grant Date Fair Value
December 31, 2016	2,987,588	$ 318.04
Granted	995,395	$ 375.32
Converted	(1,236,130)	$ 319.29
Forfeited	(8,468)	$ 334.56
March 31, 2017[1]	**2,738,385**	**$ 338.24**

[1] At March 31, 2017, approximately 2.4 million awards are expected to vest and 0.3 million awards have vested but have not been converted.

In January 2017, the Company granted 699,991 RSUs or shares of restricted stock to employees as part of 2016 annual incentive compensation that vest ratably over three years from the date of grant and 277,313 RSUs or shares of restricted stock to employees that cliff vest 100% on January 31, 2020. The Company values restricted stock and RSUs at their grant-date fair value as measured by BlackRock's common stock price. The total fair market value of RSUs/restricted stock granted to employees during the three months ended March 31, 2017 was $374 million.

At March 31, 2017, the intrinsic value of outstanding RSUs was $1.1 billion, reflecting a closing stock price of $383.51.

At March 31, 2017, total unrecognized stock-based compensation expense related to unvested RSUs was $526 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 1.6 years.

Performance-Based RSUs.

Performance-based RSU activity for the three months ended March 31, 2017 is summarized below.

Outstanding at	Performance-Based RSUs	Weighted-Average Grant Date Fair Value
December 31, 2016	610,371	$ 315.65
Granted	294,584	$ 375.27
Forfeited	(1,430)	$ 296.12
March 31, 2017	**903,525**	**$ 335.12**

In January 2017, the Company granted 293,385 performance-based RSUs to certain employees that cliff vest 100% on January 31, 2020. These awards are amortized over a service period of three years. The number of shares distributed at vesting could be higher or lower than the original grant based on the level of attainment of predetermined Company performance measures.

The Company values performance-based RSUs at their grant-date fair value as measured by BlackRock's common stock price. The total grant-date fair market value of performance-based RSUs granted to employees during the three months ended March 31, 2017 was $111 million.

At March 31, 2017, the intrinsic value of outstanding performance-based RSUs was $347 million, reflecting a closing stock price of $383.51.

At March 31, 2017, total unrecognized stock-based compensation expense related to unvested performance-based awards was $181 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of 1.9 years.

Market Performance-based RSUs.

Market performance-based RSUs activity for the three months ended March 31, 2017 is summarized below.

Outstanding at	Market Performance-Based RSUs	Weighted-Average Grant Date Fair Value
December 31, 2016	803,474	$ 151.20
Converted	(517,138)	$ 126.76
March 31, 2017[(1)]	**286,336**	**$ 195.33**

(1) The market performance-based RSUs require that separate 15%, 25% and 35% share price appreciation targets be achieved during the six-year term of the awards. The awards are split into three tranches and each tranche may vest if the specified target increase in share price is met. At March 31, 2017 approximately 0.2 million awards are expected to vest and an immaterial amount of awards have vested and have not been converted.

See Note 14, *Stock-Based Compensation,* in the 2016 Form 10-K for more information on market performance-based RSUs.

At March 31, 2017, the intrinsic value of outstanding market performance-based RSUs was $110 million reflecting a closing stock price of $383.51.

At March 31, 2017, total unrecognized stock-based compensation expense related to unvested market performance-based awards was $10 million. The unrecognized compensation cost is expected to be recognized over the remaining weighted-average period of less than one year.

Long-Term Incentive Plans Funded by PNC. Under a share surrender agreement, PNC committed to provide up to 4 million shares of BlackRock stock, held by PNC, to fund certain BlackRock long-term incentive plans ("LTIP"), including performance-based and market performance-based RSUs. The current share surrender agreement commits

PNC to provide BlackRock Series C nonvoting participating preferred stock to fund the remaining committed shares. As of March 31, 2017, 3.8 million shares had been surrendered by PNC.

517,138 shares were surrendered by PNC in the first quarter of 2017.

At March 31, 2017, the remaining shares committed by PNC of 0.2 million were available to fund certain future long-term incentive awards.

13. Net Capital Requirements

The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions, which is partially maintained by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. As a result, such subsidiaries of the Company may be restricted in their ability to transfer cash between different jurisdictions and to their parents. Additionally, transfers of cash between international jurisdictions, including repatriation to the United States, may have adverse tax consequences that could discourage such transfers.

At March 31, 2017, the Company was required to maintain approximately $1.7 billion in net capital in certain regulated subsidiaries, including BlackRock Institutional Trust Company, N.A. (a wholly owned subsidiary of the Company that is chartered as a national bank whose powers are limited to trust and other fiduciary activities and which is subject to regulatory capital requirements administered by the Office of the Comptroller of the Currency), entities regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom, and the Company's broker-dealers. The Company was in compliance with all applicable regulatory net capital requirements.

14. Accumulated Other Comprehensive Income (Loss)

The following tables present changes in accumulated other comprehensive income (loss) by component for the three months ended March 31, 2017 and 2016:

(in millions)	**Foreign currency translation adjustments[(1)]**	**Other[(2)]**	**Total**
For the Three Months Ended March 31, 2017			
December 31, 2016	$ (721)	$ 5	$ (716)
Net other comprehensive income (loss) for the three months ended March 31, 2017	40	(1)	39
March 31, 2017	**$ (681)**	**$ 4**	**$ (677)**

(1) Amount for the three months ended March 31, 2017 includes a loss from a net investment hedge of $7 million, net of tax of $4 million.
(2) Other includes amounts related to benefit plans and available-for-sale investments.

(in millions)	**Foreign currency translation adjustments[(1)]**	**Other[(2)]**	**Total**
For the Three Months Ended March 31, 2016			
December 31, 2015	$ (452)	$ 4	$ (448)
Net other comprehensive income (loss) for the three months ended March 31, 2016	(26)	—	(26)
March 31, 2016	**$ (478)**	**$ 4**	**$ (474)**

(1) Amount for the three months ended March 31, 2016 includes losses from a net investment hedge of $23 million, net of tax of $14 million.
(2) Other includes amounts related to benefit plans and available-for-sale investments.

15. Capital Stock

Nonvoting Participating Preferred Stock. The Company's preferred shares authorized, issued and outstanding consisted of the following:

	March 31, 2017	December 31, 2016
Series A		
Shares authorized, $0.01 par value	20,000,000	20,000,000
Shares issued and outstanding	—	—
Series B		
Shares authorized, $0.01 par value	150,000,000	150,000,000
Shares issued and outstanding[1]	823,188	823,188
Series C		
Shares authorized, $0.01 par value	6,000,000	6,000,000
Shares issued and outstanding[1]	246,522	763,660
Series D		
Shares authorized, $0.01 par value	20,000,000	20,000,000
Shares issued and outstanding	—	—

(1) Shares held by PNC.

Share Repurchases*.* The Company repurchased 0.7 million common shares in open market transactions under the share repurchase program for approximately $275 million during the three months ended March 31, 2017. At March 31, 2017, there were 8.3 million shares still authorized to be repurchased.

PNC Capital Contribution*.* During the three months ended March 31, 2017, PNC surrendered to BlackRock 517,138 shares of BlackRock Series C Preferred to fund certain LTIP awards.

16. Restructuring Charge

A restructuring charge of $76 million ($53 million after-tax), comprised of $44 million of severance and $32 million of expense related to the accelerated amortization of previously granted deferred cash and equity compensation awards, was recorded in the first quarter of 2016 in connection with a project to streamline and simplify the organization. At March 31, 2017 and December 31, 2016, the restructuring liability was $3 million and $4 million, respectively, and is included within other liabilities on the condensed consolidated statements of financial condition.

17. Earnings Per Share

Due to the similarities in terms between BlackRock nonvoting participating preferred stock and the Company's common stock, the Company considers its participating preferred stock to be a common stock equivalent for purposes of earnings per share ("EPS") calculations. As such, the Company has included the outstanding nonvoting participating preferred stock in the calculation of average basic and diluted shares outstanding.

The following table sets forth the computation of basic and diluted EPS for the three months ended March 31, 2017 and 2016 under the treasury stock method:

	Three Months Ended March 31,	
(in millions, except shares and per share data)	2017	2016
Net income attributable to BlackRock	$ 862	$ 657
Basic weighted-average shares outstanding	163,016,599	165,388,130
Dilutive effect of nonparticipating RSUs and stock options	1,839,584	2,010,808
Total diluted weighted-average shares outstanding	164,856,183	167,398,938
Basic earnings per share	$ 5.29	$ 3.97
Diluted earnings per share	$ 5.23	$ 3.92

18. Segment Information

The Company's management directs BlackRock's operations as one business, the asset management business. The Company utilizes a consolidated approach to assess performance and allocate resources. As such, the Company operates in one business segment as defined in ASC 280-10.

The following table illustrates investment advisory, administration fees, securities lending revenue and performance fees by product type, technology and risk management revenue, distribution fees, and advisory and other revenue for the three months ended March 31, 2017 and 2016.

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Equity	$ 1,299	$ 1,184
Fixed income	691	623
Multi-asset	277	287
Alternatives	206	196
Cash management	127	103
Total investment advisory, administration fees, securities lending revenue and performance fees	2,600	2,393
Technology and risk management revenue	158	141
Distribution fees	7	11
Advisory and other revenue	59	79
Total revenue	$ 2,824	$ 2,624

The following table illustrates total revenue for the three months ended March 31, 2017 and 2016 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the customer resides.

(in millions) **Revenue**	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Americas	$ 1,939	$ 1,768
Europe	747	723
Asia-Pacific	138	133
Total revenue	$ 2,824	$ 2,624

The following table illustrates long-lived assets that consist of goodwill and property and equipment at March 31, 2017 and December 31, 2016 by geographic region. These amounts are aggregated on a legal entity basis and do not necessarily reflect where the asset is physically located.

(in millions) **Long-lived Assets**	March 31, 2017	December 31, 2016
Americas	$ 13,409	$ 13,424
Europe	161	163
Asia-Pacific	89	90
Total long-lived assets	$ 13,659	$ 13,677

Americas primarily is comprised of the United States and Canada, while Europe primarily is comprised of the United Kingdom and Luxembourg. Asia-Pacific primarily is comprised of Hong Kong, Australia, Japan and Singapore.

19. Subsequent Events

In addition to the subsequent events included in the notes to the condensed consolidated financial statements, the Company conducted a review for additional subsequent events and determined that no subsequent events had occurred that would require accrual or additional disclosures.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

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

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

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

OVERVIEW

BlackRock, Inc. (together, with its subsidiaries, unless the context otherwise indicates, “BlackRock” or the “Company”) is a leading publicly traded investment management firm with $5.4 trillion of AUM at March 31, 2017. With approximately 13,000 employees in more than 30 countries, BlackRock provides a broad range of investment and risk management services to institutional and retail clients worldwide.

BlackRock’s diverse platform of active (alpha) and index (beta) investment strategies across asset classes enables the Company to tailor investment outcomes and asset allocation solutions for clients. Product offerings include single- and multi-asset class portfolios investing in equities, fixed income, alternatives and money market instruments. Products are offered directly and through intermediaries in a variety of vehicles, including open-end and closed-end mutual funds, *iShares*® exchange-traded funds (“ETFs”), separate accounts, collective investment funds and other pooled investment vehicles. BlackRock also offers the investment and risk management technology platform, *Aladdin*®, risk analytics, advisory and technology services and solutions to a broad base of institutional and wealth management investors.

BlackRock serves a diverse mix of institutional and retail clients across the globe. Clients include tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, foundations and endowments; official institutions, such as central banks, sovereign wealth funds, supranationals and other government entities; taxable institutions, including insurance companies, financial institutions, corporations and third-party fund sponsors, and retail investors.

BlackRock maintains a significant global sales and marketing presence that is focused on establishing and maintaining retail and institutional investment management relationships by marketing its services to investors directly and through financial professionals and pension consultants, and establishing third-party distribution relationships.

At March 31, 2017, PNC held 21.2% of the Company’s voting common stock and 21.7% of the Company’s capital stock, which includes outstanding common and nonvoting preferred stock.

Certain items previously reported have been reclassified to conform to the current year presentation. For more information on the current period’s reclassification, see “Discussion of Financial Results – Revenue” herein.

OTHER DEVELOPMENTS

Acquisitions and Divestitures

In February 2017, the Company announced that it entered into an agreement to acquire the First Reserve Energy Infrastructure business, the equity infrastructure franchise of First Reserve. Consideration for the transaction will include an upfront payment and contingent consideration. The transaction is expected to close in the second quarter of 2017, subject to customary regulatory approvals and closing conditions. This transaction is not expected to be material to the Company’s consolidated financial condition or results of operations.

United Kingdom Exit from European Union

Following the June 2016 vote to exit the European Union (“EU”), the United Kingdom served notice under Article 50 of the Treaty on European Union on March 29, 2017 to initiate the process of exiting from the EU, commonly referred to as "Brexit". The outcome of the negotiations between the United Kingdom and the EU in connection with Brexit is highly uncertain and information regarding the long-term consequences is expected to become clearer over time as negotiations progress. The Company will continue to monitor the potential impact of Brexit on its results of operations and financial condition.

EXECUTIVE SUMMARY

(in millions, except shares and per share data)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
GAAP basis:		
Total revenue	$ 2,824	$ 2,624
Total expense	1,677	1,661
Operating income	1,147	963
Operating margin	*40.6%*	*36.7%*
Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests	(16)	(38)
Income tax expense	(269)	(268)
Net income attributable to BlackRock	$ 862	$ 657
Diluted earnings per common share	$ 5.23	$ 3.92
Effective tax rate	23.8%	29.0%
As adjusted[(1)]:		
Operating income	$ 1,151	$ 1,047
Operating margin	*42.6%*	*41.6%*
Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests	(16)	(38)
Net income attributable to BlackRock	$ 865	$ 711
Diluted earnings per common share	$ 5.25	$ 4.25
Effective tax rate	23.8%	29.6%
Other:		
Assets under management (end of period)	$ 5,420,477	$ 4,737,165
Diluted weighted-average common shares outstanding[(2)]	164,856,183	167,398,938
Common and preferred shares outstanding (end of period)	162,868,647	165,174,069
Book value per share[(3)]	$ 179.02	$ 171.90
Cash dividends declared and paid per share	$ 2.50	$ 2.29

(1) As adjusted items are described in more detail in *Non-GAAP Financial Measures*.
(2) Nonvoting participating preferred shares are considered to be common stock equivalents for purposes of determining basic and diluted earnings per share calculations.
(3) Total BlackRock stockholders' equity divided by total common and preferred shares outstanding at March 31 of the respective period-end.

THREE MONTHS ENDED MARCH 31, 2017 COMPARED WITH THREE MONTHS ENDED MARCH 31, 2016

GAAP. Operating income of $1,147 million increased $184 million and operating margin of 40.6% increased 390 bps from the first quarter of 2016. Operating income and operating margin growth reflected higher year-over-year base fees, performance fees, technology and risk management revenue and lower general and administration expense, partially offset by higher compensation and volume-related expense, and approximately $22 million of expense associated with the strategic repositioning of the active equity platform. Operating income for the first quarter of 2016 included a restructuring charge of $76 million in connection with a project to streamline and simplify the organization. Nonoperating income (expense), less net income (loss) attributable to noncontrolling interests ("NCI"), increased $22 million driven by higher net gains on investments. First quarter 2017 nonoperating results included a "make-whole" redemption premium of $14 million related to the current quarter's refinancing of $700 million of 6.25% notes, which were called prior to their September 2017 maturity.

First quarter 2017 income tax expense included an $81 million discrete tax benefit reflecting the adoption of new accounting guidance related to stock-based compensation awards that vested in the first quarter of 2017. First quarter 2016 income tax expense included a $4 million net noncash tax benefit, primarily associated with the revaluation of certain deferred income tax liabilities. See *Income Tax Expense* within *Discussion of Financial Results* for more information.

Earnings per diluted common share increased $1.31, or 33%, from the first quarter of 2016, driven primarily by higher operating income, a lower effective tax rate due to the adoption of new accounting guidance described above and the benefit of share repurchases.

As Adjusted. Operating income of $1,151 million increased $104 million and operating margin of 42.6% increased 100 bps from the first quarter of 2016. The pre-tax restructuring charge of $76 million described above was excluded from as adjusted results for the first quarter of 2016. First quarter 2017 income tax expense included the $81 million discrete tax benefit described above. Income tax expense for the prior year's quarter excluded the $4 million net noncash benefit described above. Earnings per diluted common share increased $1.00, or 24%, from the first quarter of 2016.

See *Non-GAAP Financial Measures* for further information on as adjusted items and the reconciliation to accounting principles generally accepted in the United States ("GAAP").

For further discussion of BlackRock's revenue, expense, nonoperating results and income tax expense, see *Discussion of Financial Results* herein.

NON-GAAP FINANCIAL MEASURES

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

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

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

(1) Operating income, as adjusted, and operating margin, as adjusted:
Management believes operating income, as adjusted, and operating margin, as adjusted, are effective indicators of BlackRock's financial performance over time and, therefore, provide useful disclosure to investors.

	Three Months Ended March 31,	
(in millions)	**2017**	**2016**
Operating income, GAAP basis	**$ 1,147**	**$ 963**
Non-GAAP expense adjustments:		
Restructuring charge	—	76
PNC LTIP funding obligation	4	8
Operating income, as adjusted	**$ 1,151**	**$ 1,047**
Revenue, GAAP basis	$ 2,824	$ 2,624
Non-GAAP adjustments:		
Distribution and servicing costs	(117)	(97)
Amortization of deferred sales commissions	(5)	(10)
Revenue used for operating margin measurement	$ 2,702	$ 2,517
Operating margin, GAAP basis	**40.6%**	**36.7%**
Operating margin, as adjusted	**42.6%**	**41.6%**

- Operating income, as adjusted, includes non-GAAP expense adjustments. The portion of compensation expense associated with certain long-term incentive plans ("LTIP") funded, or to be funded, through share distributions to participants of BlackRock stock held by PNC has been excluded because it ultimately does not impact BlackRock's book value. For the three months ended March 31, 2016, a restructuring charge comprised of severance and accelerated amortization expense of previously granted deferred compensation awards has been excluded to provide more meaningful analysis of BlackRock's ongoing operations and to ensure comparability among periods presented.

- Revenue used for operating margin, as adjusted, excludes distribution and servicing costs paid to related parties and other third parties. Management believes such costs represent a benchmark for the amount of revenue passed through to external parties who distribute the Company's products. In addition, management believes the exclusion of such costs is useful because it creates consistency in the treatment for certain contracts for similar services, which due to the terms of the contracts, are accounted for under GAAP on a net basis within investment advisory, administration fees and securities lending revenue. Amortization of deferred sales commissions is excluded from revenue used for operating margin measurement, as adjusted, because such costs, over time, substantially offset distribution fee revenue the

Company earns. For each of these items, BlackRock excludes from revenue used for operating margin, as adjusted, the costs related to each of these items as a proxy for such offsetting revenue.

(2) Net income attributable to BlackRock, as adjusted:

(in millions, except per share data)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net income attributable to BlackRock, GAAP basis	**$ 862**	**$ 657**
Non-GAAP adjustments:		
Restructuring charge (including $23 tax benefit)	—	53
PNC LTIP funding obligation, net of tax	3	5
Income tax matters	—	(4)
Net income attributable to BlackRock, as adjusted	**$ 865**	**$ 711**
Diluted weighted-average common shares outstanding(3)	164.9	167.4
Diluted earnings per common share, GAAP basis(3)	**$ 5.23**	**$ 3.92**
Diluted earnings per common share, as adjusted(3)	**$ 5.25**	**$ 4.25**

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

See aforementioned discussion regarding operating income, as adjusted, and operating margin, as adjusted, for information on the PNC LTIP funding obligation and the restructuring charge.

For each period presented, the non-GAAP adjustment related to the restructuring charge and PNC LTIP funding obligation was tax effected at the respective blended rates applicable to the adjustments. Amounts for income tax matters represent net noncash (benefits) expense primarily associated with the revaluation of certain deferred tax liabilities related to intangible assets and goodwill. Amounts have been excluded from the as adjusted results as these items will not have a cash flow impact and to ensure comparability among periods presented.

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

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

ASSETS UNDER MANAGEMENT

AUM for reporting purposes generally is based upon how investment advisory and administration fees are calculated for each portfolio. Net asset values, total assets, committed assets or other measures may be used to determine portfolio AUM.

AUM and Net Inflows (Outflows) by Client Type

	AUM			Net inflows (outflows)	
(in millions)	March 31, 2017	December 31, 2016	March 31, 2016	Three Months Ended March 31, 2017	Twelve Months Ended March 31, 2017
Retail	$ 564,333	$ 541,952	$ 542,666	$ 4,624	$ (6,341)
iShares ETFs	1,413,335	1,287,879	1,127,554	64,481	180,714
Institutional:					
Active	1,037,233	1,009,974	1,000,191	(1,010)	6,109
Index	2,013,905	1,901,681	1,764,149	12,246	44,342
Total institutional	3,051,138	2,911,655	2,764,340	11,236	50,451
Long-term	**5,028,806**	**4,741,486**	**4,434,560**	**80,341**	**224,824**
Cash management	388,935	403,584	291,986	(15,705)	21,678
Advisory[1]	2,736	2,782	10,619	(37)	(7,540)
Total	**$ 5,420,477**	**$ 5,147,852**	**$ 4,737,165**	**$ 64,599**	**$ 238,962**

AUM and Net Inflows (Outflows) by Product Type

	AUM			Net inflows (outflows)	
(in millions)	March 31, 2017	December 31, 2016	March 31, 2016	Three Months Ended March 31, 2017	Twelve Months Ended March 31, 2017
Equity	$ 2,865,515	$ 2,657,176	$ 2,408,175	$ 44,057	$ 113,159
Fixed income	1,630,569	1,572,365	1,525,153	33,374	101,156
Multi-asset	411,565	395,007	385,243	1,549	6,341
Alternatives:					
Core	90,914	88,630	91,639	1,003	(342)
Currency and commodities[2]	30,243	28,308	24,350	358	4,510
Subtotal	121,157	116,938	115,989	1,361	4,168
Long-term	**5,028,806**	**4,741,486**	**4,434,560**	**80,341**	**224,824**
Cash management	388,935	403,584	291,986	(15,705)	21,678
Advisory[1]	2,736	2,782	10,619	(37)	(7,540)
Total	**$ 5,420,477**	**$ 5,147,852**	**$ 4,737,165**	**$ 64,599**	**$ 238,962**

AUM and Net Inflows (Outflows) by Investment Style

	AUM			Net inflows (outflows)	
(in millions)	March 31, 2017	December 31, 2016	March 31, 2016	Three Months Ended March 31, 2017	Twelve Months Ended March 31, 2017
Active	$ 1,543,519	$ 1,501,052	$ 1,499,128	$ (1,844)	$ (11,163)
Index and *iShares* ETFs	3,485,287	3,240,434	2,935,432	82,185	235,987
Long-term	**5,028,806**	**4,741,486**	**4,434,560**	**80,341**	**224,824**
Cash management	388,935	403,584	291,986	(15,705)	21,678
Advisory[1]	2,736	2,782	10,619	(37)	(7,540)
Total	**$ 5,420,477**	**$ 5,147,852**	**$ 4,737,165**	**$ 64,599**	**$ 238,962**

(1) Advisory AUM represents long-term portfolio liquidation assignments.
(2) Amounts include commodity *iShares* ETFs.

Component Changes in AUM for the Three Months Ended March 31, 2017

The following table presents the component changes in AUM by client type and product type for the three months ended March 31, 2017.

(in millions)	**December 31, 2016**	**Net inflows (outflows)**	**Market change**	**FX impact[1]**	**March 31, 2017**	**Average AUM[2]**
Retail:						
Equity	$ 196,221	$ 1,828	$ 9,259	$ 873	$ 208,181	$ 202,859
Fixed income	222,256	4,793	2,494	460	230,003	226,343
Multi-asset	107,997	(1,743)	4,257	191	110,702	109,515
Alternatives	15,478	(254)	162	61	15,447	15,433
Retail subtotal	541,952	4,624	16,172	1,585	564,333	554,150
iShares ETFs:						
Equity	951,252	44,552	54,750	1,855	1,052,409	1,003,328
Fixed income	314,707	20,304	1,960	933	337,904	327,555
Multi-asset	3,149	(378)	118	1	2,890	2,913
Alternatives	18,771	3	1,333	25	20,132	19,669
iShares ETFs subtotal	1,287,879	64,481	58,161	2,814	1,413,335	1,353,465
Institutional:						
Active:						
Equity	120,699	(4,676)	7,875	919	124,817	123,380
Fixed income	536,727	(1,246)	5,103	3,198	543,782	543,732
Multi-asset	276,933	3,758	8,455	1,583	290,729	283,748
Alternatives	75,615	1,154	639	497	77,905	76,851
Active subtotal	1,009,974	(1,010)	22,072	6,197	1,037,233	1,027,711
Index:						
Equity	1,389,004	2,353	80,083	8,668	1,480,108	1,436,839
Fixed income	498,675	9,523	5,339	5,343	518,880	507,656
Multi-asset	6,928	(88)	252	152	7,244	7,149
Alternatives	7,074	458	94	47	7,673	7,390
Index subtotal	1,901,681	12,246	85,768	14,210	2,013,905	1,959,034
Institutional subtotal	2,911,655	11,236	107,840	20,407	3,051,138	2,986,745
Long-term	**4,741,486**	**80,341**	**182,173**	**24,806**	**5,028,806**	**4,894,360**
Cash management	403,584	(15,705)	219	837	388,935	397,621
Advisory[3]	2,782	(37)	(29)	20	2,736	2,762
Total	**$ 5,147,852**	**$ 64,599**	**$ 182,363**	**$ 25,663**	**$ 5,420,477**	**$ 5,294,743**

(1) Foreign exchange reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.
(2) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing four months.
(3) Advisory AUM represents long-term portfolio liquidation assignments.

The following table presents component changes in AUM by investment style and product type for the three months ended March 31, 2017.

(in millions)	December 31, 2016	Net inflows (outflows)	Market change	FX impact[(1)]	March 31, 2017	Average AUM[(2)]
Active:						
Equity	$ 275,033	$ (6,820)	$ 15,989	$ 1,514	$ 285,716	$ 281,691
Fixed income	749,996	2,061	7,405	3,558	763,020	760,128
Multi-asset	384,930	2,015	12,711	1,775	401,431	393,263
Alternatives	91,093	900	801	558	93,352	92,284
Active subtotal	1,501,052	(1,844)	36,906	7,405	1,543,519	1,527,366
Index and *iShares* ETFs:						
iShares:						
Equity	951,252	44,552	54,750	1,855	1,052,409	1,003,328
Fixed income	314,707	20,304	1,960	933	337,904	327,555
Multi-asset	3,149	(378)	118	1	2,890	2,913
Alternatives	18,771	3	1,333	25	20,132	19,669
iShares ETFs subtotal	1,287,879	64,481	58,161	2,814	1,413,335	1,353,465
Non-ETF Index:						
Equity	1,430,891	6,325	81,228	8,946	1,527,390	1,481,387
Fixed income	507,662	11,009	5,531	5,443	529,645	517,603
Multi-asset	6,928	(88)	253	151	7,244	7,149
Alternatives	7,074	458	94	47	7,673	7,390
Non-ETF Index subtotal	1,952,555	17,704	87,106	14,587	2,071,952	2,013,529
Index & *iShares* ETFs subtotal	3,240,434	82,185	145,267	17,401	3,485,287	3,366,994
Long-term	**4,741,486**	**80,341**	**182,173**	**24,806**	**5,028,806**	**4,894,360**
Cash management	403,584	(15,705)	219	837	388,935	397,621
Advisory[(3)]	2,782	(37)	(29)	20	2,736	2,762
Total	**$ 5,147,852**	**$ 64,599**	**$ 182,363**	**$ 25,663**	**$ 5,420,477**	**$ 5,294,743**

(1) Foreign exchange reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.
(2) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing four months.
(3) Advisory AUM represents long-term portfolio liquidation assignments.

The following table presents component changes in AUM by product type for the three months ended March 31, 2017.

(in millions)	December 31, 2016	Net inflows (outflows)	Market change	FX impact[(1)]	March 31, 2017	Average AUM[(2)]
Equity	$ 2,657,176	$ 44,057	$ 151,967	$ 12,315	$ 2,865,515	$ 2,766,406
Fixed income	1,572,365	33,374	14,896	9,934	1,630,569	1,605,286
Multi-asset	395,007	1,549	13,082	1,927	411,565	403,325
Alternatives:						
Core	88,630	1,003	810	471	90,914	89,865
Currency and commodities[(3)]	28,308	358	1,418	159	30,243	29,478
Alternatives subtotal	116,938	1,361	2,228	630	121,157	119,343
Long-term	**4,741,486**	**80,341**	**182,173**	**24,806**	**5,028,806**	**4,894,360**
Cash management	403,584	(15,705)	219	837	388,935	397,621
Advisory[(4)]	2,782	(37)	(29)	20	2,736	2,762
Total	**$ 5,147,852**	**$ 64,599**	**$ 182,363**	**$ 25,663**	**$ 5,420,477**	**$ 5,294,743**

(1) Foreign exchange reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.
(2) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing four months.
(3) Amounts include commodity *iShares* ETFs.
(4) Advisory AUM represents long-term portfolio liquidation assignments.

AUM increased $272.6 billion, or 5%, to $5.4 trillion at March 31, 2017 from $5.1 trillion at December 31, 2016, driven by net market appreciation, positive net inflows and the impact of foreign exchange movements.

Net market appreciation of $182.4 billion was driven by higher U.S. and global equity markets.

Long-term net inflows of $80.3 billion included $64.5 billion, $11.2 billion and $4.6 billion from *iShares* ETFs, institutional clients and retail clients, respectively. Net flows in long-term products are described below.

- *iShares* ETFs net inflows of $64.5 billion were led by equity net inflows of $44.6 billion, with strength in *iShares* Core, precision exposure and financial instrument ETFs. Fixed income net inflows of $20.3 billion reflected inflows into investment grade corporate, emerging markets debt and treasury bond strategies.
- Institutional index net inflows of $12.2 billion included fixed income and equity net inflows of $9.5 billion and $2.4 billion, respectively.
- Retail net inflows of $4.6 billion reflected net inflows of $5.0 billion internationally, partially offset by net outflows of $0.4 billion from the United States. Fixed income net inflows of $4.8 billion were paced by inflows into unconstrained and emerging market categories. Equity net inflows of $1.8 billion reflected inflows into index mutual funds. Multi-asset net outflows of $1.7 billion were largely due to outflows from world allocation strategies.
- Institutional active net outflows of $1.0 billion reflected equity and fixed income net outflows of $4.7 billion and $1.3 billion, respectively, partially offset by inflows into multi-asset and alternatives. Multi-asset net inflows of $3.8 billion were driven by ongoing demand for the *LifePath®* target-date series. Alternatives net inflows of $1.2 billion were led by inflows into infrastructure offerings.

Cash management AUM decreased 4% to $388.9 billion with net outflows of $15.7 billion, primarily reflecting seasonal institutional client outflows.

AUM also increased $25.7 billion due to the impact of foreign exchange movements, primarily resulting from the weakening of the U.S. dollar against the Japanese yen, the British pound and the Euro.

Component Changes in AUM for the Twelve Months Ended March 31, 2017

The following table presents the component changes in AUM by client type and product for the twelve months ended March 31, 2017.

(in millions)	**March 31, 2016**	**Net inflows (outflows)**	**Acquisition[(1)]**	**Market change**	**FX impact[(2)]**	**March 31, 2017**	**Average AUM[(3)]**
Retail:							
Equity	$ 193,436	$ (5,206)	$ -	$ 25,425	$ (5,474)	$ 208,181	$ 196,955
Fixed income	217,209	11,080	-	4,173	(2,459)	230,003	225,373
Multi-asset	113,291	(9,476)	-	7,848	(961)	110,702	111,003
Alternatives	18,730	(2,739)	-	(222)	(322)	15,447	16,565
Retail subtotal	542,666	(6,341)	-	37,224	(9,216)	564,333	549,896
iShares ETFs:							
Equity	818,104	124,153	-	116,759	(6,607)	1,052,409	904,822
Fixed income	291,132	52,735	-	(1,058)	(4,905)	337,904	316,540
Multi-asset	2,166	562	-	166	(4)	2,890	2,564
Alternatives	16,152	3,264	-	822	(106)	20,132	20,026
iShares ETFs subtotal	1,127,554	180,714	-	116,689	(11,622)	1,413,335	1,243,952
Institutional:							
Active:							
Equity	118,833	(10,355)	-	20,512	(4,173)	124,817	121,823
Fixed income	544,244	(1,896)	-	10,169	(8,735)	543,782	548,196
Multi-asset	262,010	15,817	-	21,984	(9,082)	290,729	274,205
Alternatives	75,104	2,543	-	1,801	(1,543)	77,905	75,615
Active subtotal	1,000,191	6,109	-	54,466	(23,533)	1,037,233	1,019,839
Index:							
Equity	1,277,802	4,567	-	221,463	(23,724)	1,480,108	1,358,634
Fixed income	472,568	39,237	-	41,203	(34,128)	518,880	493,488
Multi-asset	7,776	(562)	-	178	(148)	7,244	7,591
Alternatives	6,003	1,100	-	963	(393)	7,673	6,985
Index subtotal	1,764,149	44,342	-	263,807	(58,393)	2,013,905	1,866,698
Institutional subtotal	2,764,340	50,451	-	318,273	(81,926)	3,051,138	2,886,537
Long-term	**4,434,560**	**224,824**	-	**472,186**	**(102,764)**	**5,028,806**	**4,680,385**
Cash management	291,986	21,678	80,635	671	(6,035)	388,935	381,639
Advisory[(4)]	10,619	(7,540)	-	23	(366)	2,736	7,974
Total	**$4,737,165**	**$ 238,962**	**$ 80,635**	**$472,880**	**$(109,165)**	**$5,420,477**	**$5,069,998**

(1) Amount represents AUM acquired in the BofA® Global Capital Management transaction in April 2016.
(2) Foreign exchange reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.
(3) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing thirteen months.
(4) Advisory AUM represents long-term portfolio liquidation assignments.

The following table presents component changes in AUM by investment style and product type for the twelve months ended March 31, 2017.

(in millions)	March 31, 2016	Net inflows (outflows)	Acquisition(1)	Market change	FX impact(2)	March 31, 2017	Average AUM(3)
Active:							
Equity	$ 276,281	$ (23,080)	$ -	$ 39,869	$ (7,354)	$ 285,716	$ 279,440
Fixed income	753,711	5,771	-	13,839	(10,301)	763,020	764,867
Multi-asset	375,300	6,342	-	29,832	(10,043)	401,431	385,208
Alternatives	93,836	(196)	-	1,577	(1,865)	93,352	92,180
Active subtotal	1,499,128	(11,163)	-	85,117	(29,563)	1,543,519	1,521,695
Index and *iShares* ETFs:							
iShares ETFs:							
Equity	818,104	124,153	-	116,759	(6,607)	1,052,409	904,822
Fixed income	291,132	52,735	-	(1,058)	(4,905)	337,904	316,540
Multi-asset	2,166	562	-	166	(4)	2,890	2,564
Alternatives	16,152	3,264	-	822	(106)	20,132	20,026
iShares ETFs subtotal	1,127,554	180,714	-	116,689	(11,622)	1,413,335	1,243,952
Non-ETF Index:							
Equity	1,313,790	12,086	-	227,531	(26,017)	1,527,390	1,397,972
Fixed income	480,310	42,650	-	41,706	(35,021)	529,645	502,190
Multi-asset	7,777	(563)	-	178	(148)	7,244	7,591
Alternatives	6,001	1,100	-	965	(393)	7,673	6,985
Non-ETF Index subtotal	1,807,878	55,273	-	270,380	(61,579)	2,071,952	1,914,738
Index & *iShares* ETFs subtotal	2,935,432	235,987	-	387,069	(73,201)	3,485,287	3,158,690
Long-term	**4,434,560**	**224,824**	**-**	**472,186**	**(102,764)**	**5,028,806**	**4,680,385**
Cash management	291,986	21,678	80,635	671	(6,035)	388,935	381,639
Advisory(4)	10,619	(7,540)	-	23	(366)	2,736	7,974
Total	**$ 4,737,165**	**$ 238,962**	**$ 80,635**	**$ 472,880**	**$ (109,165)**	**$ 5,420,477**	**$ 5,069,998**

(1) Amount represents AUM acquired in the BofA Global Capital Management transaction in April 2016.
(2) Foreign exchange reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.
(3) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing thirteen months.
(4) Advisory AUM represents long-term portfolio liquidation assignments.

The following table presents component changes in AUM by product type for the twelve months ended March 31, 2017.

(in millions)	March 31, 2016	Net inflows (outflows)	Acquisition(1)	Market change	FX impact(2)	March 31, 2017	Average AUM(3)
Equity	$2,408,175	$ 113,159	$ -	$384,159	$ (39,978)	$2,865,515	$2,582,234
Fixed income	1,525,153	101,156	-	54,487	(50,227)	1,630,569	1,583,597
Multi-asset	385,243	6,341	-	30,176	(10,195)	411,565	395,363
Alternatives:							
Core	91,639	(342)	-	1,515	(1,898)	90,914	89,842
Currency and commodities(4)	24,350	4,510	-	1,849	(466)	30,243	29,349
Alternatives subtotal	115,989	4,168	-	3,364	(2,364)	121,157	119,191
Long-term	**4,434,560**	**224,824**	**-**	**472,186**	**(102,764)**	**5,028,806**	**4,680,385**
Cash management	291,986	21,678	80,635	671	(6,035)	388,935	381,639
Advisory(5)	10,619	(7,540)	-	23	(366)	2,736	7,974
Total	**$4,737,165**	**$ 238,962**	**$ 80,635**	**$472,880**	**$(109,165)**	**$5,420,477**	**$5,069,998**

(1) Amount represents AUM acquired in the BofA Global Capital Management transaction in April 2016.
(2) Foreign exchange reflects the impact of translating non-U.S. dollar denominated AUM into U.S. dollars for reporting purposes.
(3) Average AUM is calculated as the average of the month-end spot AUM amounts for the trailing thirteen months.
(4) Amounts include commodity *iShares* ETFs.
(5) Advisory AUM represents long-term portfolio liquidation assignments.

AUM increased $683.3 billion, or 14%, to $5.4 trillion at March 31, 2017 from $4.7 trillion at March 31, 2016, driven by net market appreciation, positive net inflows and AUM acquired in the BofA Global Capital Management transaction, partially offset by the impact of foreign exchange movements.

Net market appreciation of $472.9 billion was primarily driven by higher U.S. and global equity markets.

Long-term net inflows of $224.8 billion were comprised of net inflows of $180.7 billion and $50.5 billion from *iShares* ETFs and institutional clients, respectively, partially offset by net outflows of $6.3 billion from retail clients. Net flows in long-term products are described below.

- *iShares* ETFs net inflows of $180.7 billion were led by equity net inflows of $124.2 billion, with strength in the *iShares* Core and broad developed market exposures. Fixed income net inflows of $52.7 billion were led by flows into *iShares* Core and emerging market bond strategies.
- Institutional index net inflows of $44.3 billion were driven by fixed income net inflows of $39.2 billion.
- Institutional active net inflows of $6.1 billion reflected active multi-asset net inflows of $15.8 billion and $2.5 billion in alternatives, partially offset by active equity net outflows of $10.4 billion. Multi-asset net inflows were driven by ongoing demand for the *LifePath* target-date series. Alternatives net inflows of $2.5 billion were led by inflows into infrastructure offerings.
- Retail net outflows of $6.3 billion were driven by $6.5 billion from the United States. Retail net outflows reflected net outflows of $9.5 billion, $5.2 billion and $2.7 billion from multi-asset, equity and alternative products, respectively, partially offset by fixed income net inflows of $11.1 billion. Fixed income net inflows were led by emerging market, total return and municipal bond funds.

Cash management net inflows of $21.7 billion primarily reflected net inflows into government funds, partially offset by net outflows from prime strategies from Americas institutional clients ahead of U.S. money market reform.

AUM decreased $109.2 billion due to the impact of foreign exchange movements, primarily due to the strengthening of the U.S. dollar, largely against the British pound and Euro.

DISCUSSION OF FINANCIAL RESULTS

The Company's results of operations for the three months ended March 31, 2017 and 2016 are discussed below. For a further description of the Company's revenue and expense, see the Company's Annual Report on Form 10-K for the year ended December 31, 2016 ("2016 Form 10-K").

Revenue

	Three Months Ended March 31,	
(in millions)	2017	2016
Investment advisory, administration fees and securities lending revenue:		
Equity:		
Active	$ 402	$ 386
iShares ETFs	721	623
Non-ETF index	161	164
Equity subtotal	1,284	1,173
Fixed income:		
Active	411	396
iShares ETFs	185	152
Non-ETF index	85	70
Fixed income subtotal	681	618
Multi-asset	272	284
Alternatives:		
Core	144	164
Currency and commodities	22	17
Alternatives subtotal	166	181
Long-term	**2,403**	**2,256**
Cash management	127	103
Total base fees	**2,530**	**2,359**
Investment advisory performance fees:		
Equity	15	11
Fixed income	10	5
Multi-asset	5	3
Alternatives	40	15
Total performance fees	**70**	**34**
Technology and risk management revenue[(1)]	**158**	**141**
Distribution fees	**7**	**11**
Advisory and other revenue		
Advisory[(1)]	24	30
Other	35	49
Advisory and other revenue	**59**	**79**
Total revenue	**$ 2,824**	**$ 2,624**

(1) Beginning with the first quarter of 2017, *Aladdin* revenue previously reported within "*BlackRock Solutions*® and advisory" is presented within "Technology and risk management revenue" on the condensed consolidated statement of income. The remaining "*BlackRock Solutions* and advisory" revenue is reported as part of "Advisory and other revenue." Under the historical presentation, *BlackRock Solutions* and advisory revenue would have totaled $182 million for the three months ended March 31, 2017. The prior period amount reported for *BlackRock Solutions* and advisory of $171 million for the three months ended March 31, 2016 has been reclassified to conform to the current presentation.

The table below lists the asset type mix of investment advisory, administration fees and securities lending revenue (collectively "base fees") and mix of average AUM by product type:

	Three Months Ended March 31,			
	Mix of Base Fees		Mix of Average AUM by Asset Class[1]	
	2017	2016	2017	2016
Equity:				
Active	16%	17%	6%	6%
iShares ETFs	29%	26%	18%	17%
Non-ETF index	6%	7%	28%	28%
Equity subtotal	51%	50%	52%	51%
Fixed income:				
Active	16%	17%	14%	16%
iShares ETFs	7%	6%	6%	6%
Non-ETF index	3%	3%	10%	10%
Fixed income subtotal	26%	26%	30%	32%
Multi-asset	11%	12%	8%	8%
Alternatives:				
Core	6%	7%	2%	2%
Currency and commodities	1%	1%	1%	1%
Alternatives subtotal	7%	8%	3%	3%
Long-term	**95%**	**96%**	**93%**	**94%**
Cash management	5%	4%	7%	6%
Total excluding Advisory AUM	**100%**	**100%**	**100%**	**100%**

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

Three Months Ended March 31, 2017 Compared with Three Months Ended March 31, 2016

Revenue increased $200 million, or 8%, from the first quarter of 2016, driven by growth in base fees, performance fees, and technology and risk management revenue.

Investment advisory, administration fees and securities lending revenue of $2,530 million increased $171 million from $2,359 million in the first quarter of 2016 reflecting the impact of higher markets and organic growth on average AUM and the effect of AUM acquired in the BofA Global Capital Management transaction, partially offset by impact of foreign exchange movements and the effect of one less day in the current quarter. Securities lending revenue of $141 million in the current quarter decreased $7 million from the first quarter of 2016, primarily reflecting lower spreads.

Investment advisory performance fees of $70 million increased $36 million from the first quarter of 2016, primarily reflecting higher revenue from alternative products.

Technology and risk management revenue of $158 million increased $17 million from $141 million in the first quarter of 2016 reflecting ongoing demand for *Aladdin*.

Advisory and other revenue of $59 million decreased $20 million from $79 million in the first quarter of 2016, reflecting lower fees from advisory assignments, lower commissions from sales of certain funds and lower fees for distributing certain exchange-traded products.

Expense

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Expense, GAAP:		
Employee compensation and benefits	$ 1,021	$ 947
Distribution and servicing costs	117	97
Amortization of deferred sales commissions	5	10
Direct fund expense	208	188
General and administration:		
Marketing and promotional	69	86
Occupancy and office related	65	72
Portfolio services	62	54
Technology	43	46
Professional services	25	28
Communications	8	10
Other general and administration	29	22
Total general and administration expense	301	318
Restructuring charge	—	76
Amortization of intangible assets	25	25
Total expense, GAAP	**$ 1,677**	**$ 1,661**
Less non-GAAP expense adjustments:		
Employee compensation and benefits:		
PNC LTIP funding obligation	$ 4	$ 8
Restructuring charge	—	76
Total non-GAAP expense adjustments	**$ 4**	**$ 84**
Expense, as adjusted:		
Employee compensation and benefits	$ 1,017	$ 939
Distribution and servicing costs	117	97
Amortization of deferred sales commissions	5	10
Direct fund expense	208	188
General and administration	301	318
Amortization of intangible assets	25	25
Total expense, as adjusted	**$ 1,673**	**$ 1,577**

Three Months Ended March 31, 2017 Compared with Three Months Ended March 31, 2016

GAAP. Expense increased $16 million from the first quarter of 2016, driven primarily by higher employee compensation and benefits expense, higher volume-related expense and $22 million of expense associated with the strategic repositioning of the active equity platform, partially offset by lower general and administration expense, and a restructuring charge recorded in the first quarter of 2016.

Employee compensation and benefits expense increased $74 million, or 8%, from the first quarter of 2016, reflecting higher incentive compensation, primarily driven by higher performance fees and higher operating income, and approximately $20 million of severance and accelerated compensation expense associated with the repositioning of the active equity platform.

Distribution and servicing costs totaled $117 million compared with $97 million in the first quarter of 2016, reflecting higher average AUM.

Direct fund expense increased $20 million from the first quarter of 2016, reflecting higher average AUM.

General and administration expense decreased $17 million from the first quarter of 2016, reflecting lower discretionary marketing and promotional expense. General and administration expense in the first quarter of 2017 included $2 million of one-time costs related to the repositioning of the active equity platform.

As Adjusted. Expense, as adjusted, increased $96 million, or 6%, to $1,673 million from $1,577 million in the first quarter of 2016. The increase in total expense, as adjusted, is driven primarily by higher employee compensation and benefit expense, volume-related expense and the $22 million expense associated with the repositioning of the active equity platform. The restructuring charge recorded in the first quarter of 2016 has been excluded from the as adjusted results.

Nonoperating Results

Summary and reconciliation of U.S. GAAP nonoperating income (expense) to nonoperating income (expense), as adjusted for the three months ended March 31, 2017 and 2016 was as follows:

	Three Months Ended March 31,	
(in millions)	**2017**	**2016**
Nonoperating income (expense), GAAP basis[1]	$ (7)	$ (48)
Less: Net income (loss) attributable to NCI	9	(10)
Nonoperating income (expense), as adjusted, net of NCI[2][3]	$ (16)	$ (38)

[1] Amounts include a gain of $33 million and $2 million for the three months ended March 31, 2017 and 2016, respectively, attributable to consolidated variable interest entities ("VIEs").
[2] Net of income (loss) attributable to NCI.
[3] Management believes nonoperating income (expense), as adjusted, is an effective measure for reviewing BlackRock's nonoperating contribution to results. See *Non-GAAP Financial Measures* for further information on non-GAAP financial measures for the three months ended March 31, 2017 and 2016.

The components of nonoperating income (expense), as adjusted, for the three months ended March 31, 2017 and 2016 were as follows:

	Three Months Ended March 31,	
(in millions)	**2017**	**2016**
Net gain (loss) on investments[1][2]		
Private equity	$ 6	$ 2
Real assets	1	2
Other alternatives[3]	14	—
Other investments[4]	21	4
Total net gain (loss) on investments[1][2]	42	8
Interest and dividend income	7	5
Interest expense	(65)	(51)
Net interest expense	(58)	(46)
Nonoperating income (expense), as adjusted[1][2]	$ (16)	$ (38)

[1] Net of net income (loss) attributable to NCI. Amounts also include net gain (loss) on consolidated VIEs.
[2] Management believes nonoperating income (expense), as adjusted, is an effective measure for reviewing BlackRock's nonoperating contribution to results. See *Non-GAAP Financial Measures* for further information on non-GAAP financial measures for the three months ended March 31, 2017 and 2016.
[3] Amounts primarily include net gains (losses) related to direct hedge fund strategies and hedge fund solutions.
[4] Amounts include net gains (losses) related to equity and fixed income investments, and BlackRock's seed capital hedging program.

Three Months Ended March 31, 2017 Compared with Three Months Ended March 31, 2016

Net gain (loss) on investments of $42 million increased $34 million from the first quarter of 2016, primarily driven by higher marks.

First quarter 2017 interest expense included a "make-whole" redemption premium of $14 million related to the current quarter's refinancing of $700 million of 6.25% notes, which were called prior to their September 2017 maturity.

Income Tax Expense

(in millions)	GAAP Three Months Ended March 31, 2017	GAAP Three Months Ended March 31, 2016	As Adjusted Three Months Ended March 31, 2017	As Adjusted Three Months Ended March 31, 2016
Operating income[1]	$ 1,147	$ 963	$ 1,151	$ 1,047
Total nonoperating income (expense)[1][2]	(16)	(38)	(16)	(38)
Income before income taxes[2]	$ 1,131	$ 925	$ 1,135	$ 1,009
Income tax expense	$ 269	$ 268	$ 270	$ 298
Effective tax rate	*23.8%*	*29.0%*	*23.8%*	*29.6%*

(1) See *Non-GAAP Financial Measures* for further information on and reconciliation of as adjusted items.
(2) Net of net income (loss) attributable to NCI.

2017. The three months ended March 31, 2017 income tax expense (GAAP) included an $81 million discrete tax benefit, reflecting the adoption of new accounting guidance related to stock-based compensation awards that vested in the first quarter of 2017. See Note 2, *Significant Accounting Policies*, for further information.

2016. The three months ended March 31, 2016 income tax expense (GAAP) included a $4 million net noncash tax benefit, primarily related to the revaluation of certain deferred income tax liabilities, including the effect of tax legislation enacted in Japan and domestic state and local tax changes, which has been excluded from as adjusted results.

BALANCE SHEET OVERVIEW

As Adjusted Balance Sheet

The following table presents a reconciliation of the condensed consolidated statement of financial condition presented on a GAAP basis to the condensed consolidated statement of financial condition, excluding the impact of separate account assets and separate account collateral held under securities lending agreements (directly related to lending separate account securities) and separate account liabilities and separate account collateral liabilities under securities lending agreements and consolidated sponsored investment funds, including consolidated VIEs.

The Company presents the as adjusted balance sheet as additional information to enable investors to exclude certain assets that have equal and offsetting liabilities or noncontrolling interests that ultimately do not have an impact on stockholders' equity or cash flows. Management views the as adjusted balance sheet, a non-GAAP financial measure, as an economic presentation of the Company's total assets and liabilities; however, it does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Separate Account Assets and Liabilities and Separate Account Collateral Held under Securities Lending Agreements

Separate account assets are maintained by BlackRock Life Limited, a wholly owned subsidiary of the Company that is a registered life insurance company in the United Kingdom, and represent segregated assets held for purposes of funding individual and group pension contracts. The Company records equal and offsetting separate account liabilities. The separate account assets are not available to creditors of the Company and the holders of the pension contracts have no recourse to the Company's assets. The net investment income attributable to separate account assets accrues directly to the contract owners and is not reported on the condensed consolidated statements of income. While BlackRock has no economic interest in these assets or liabilities, BlackRock earns an investment advisory fee for the service of managing these assets on behalf of its clients.

In addition, the Company records on its condensed consolidated statements of financial condition the separate account collateral received under BlackRock Life Limited securities lending arrangements as its own asset in addition to an equal and offsetting separate account collateral liability for the obligation to return the collateral. The collateral is not available to creditors of the Company, and the borrowers under the securities lending arrangements have no recourse to the Company's assets.

Consolidated Sponsored Investment Funds

The Company consolidates certain sponsored investment funds accounted for as voting rights entities ("VREs") and VIEs, (collectively, "Consolidated Sponsored Investment Funds"). See Note 2, *Significant Accounting Policies*, in the notes to the consolidated financial statements contained in the 2016 Form 10-K for more information on the Company's consolidation policy.

The Company cannot readily access cash and cash equivalents or other assets held by Consolidated Sponsored Investment Funds to use in its operating activities. In addition, the Company cannot readily sell investments held by Consolidated Sponsored Investment Funds in order to obtain cash for use in the Company's operations.

(in millions)	GAAP Basis	Separate Account Assets/ Collateral[(1)]	Consolidated Sponsored Investment Funds[(2)]	As Adjusted
	March 31, 2017			
Assets				
Cash and cash equivalents	$ 5,703	$ —	$ 121	$ 5,582
Accounts receivable	3,227	—	—	3,227
Investments	1,857	—	47	1,810
Assets of consolidated VIEs:				
Cash and cash equivalents	111	—	111	—
Investments	1,097	—	180	917
Other assets	34	—	34	—
Separate account assets and collateral held under securities lending agreements	186,390	186,390	—	—
Other assets[(3)]	1,716	—	6	1,710
Subtotal	200,135	186,390	499	13,246
Goodwill and intangible assets, net	30,451	—	—	30,451
Total assets	$ 230,586	$ 186,390	$ 499	$ 43,697
Liabilities				
Accrued compensation and benefits	$ 769	$ —	$ —	$ 769
Accounts payable and accrued liabilities	2,000	—	—	2,000
Liabilities of consolidated VIEs	207	—	207	—
Borrowings	5,619	—	—	5,619
Separate account liabilities and collateral liabilities under securities lending agreements	186,390	186,390	—	—
Deferred income tax liabilities[(4)]	5,030	—	—	5,030
Other liabilities	1,056	—	(67)	1,123
Total liabilities	201,071	186,390	140	14,541
Equity				
Total stockholders' equity	29,156	—	—	29,156
Noncontrolling interests	359	—	359	—
Total equity	29,515	—	359	29,156
Total liabilities and equity	$ 230,586	$ 186,390	$ 499	$ 43,697

(1) Amounts represent segregated client assets generating advisory fees in which BlackRock has no economic interest or liability.
(2) Amounts represent the portion of assets and liabilities of Consolidated Sponsored Investment Funds attributable to NCI.
(3) Amounts include property and equipment and other assets.
(4) Amount includes approximately $5.6 billion of deferred income tax liabilities related to goodwill and intangibles.

The following discussion summarizes the significant changes in assets and liabilities on a GAAP basis. Please see the condensed consolidated statements of financial condition as of March 31, 2017 and December 31, 2016 contained in Part I, Item 1 of this filing. The discussion does not include changes related to assets and liabilities that are equal and offsetting and have no impact on BlackRock's stockholders' equity.

Assets. Cash and cash equivalents at March 31, 2017 and December 31, 2016 included $130 million and $53 million, respectively, of cash held by consolidated VREs (see *Liquidity and Capital Resources* for details on the change in cash and cash equivalents during the three months ended March 31, 2017).

Accounts receivable at March 31, 2017 increased $877 million from December 31, 2016 primarily due to an increase in unit trust receivables (substantially offset by an increase in unit trust payables recorded within accounts payable and accrued liabilities). Investments were $1,857 million at March 31, 2017 (for more information see *Investments* herein). Goodwill and intangible assets decreased $30 million from December 31, 2016, primarily due to $25 million of amortization of intangible assets.

Liabilities. Accrued compensation and benefits at March 31, 2017 decreased $1,111 million from December 31, 2016, primarily due to 2016 incentive compensation cash payments in the first quarter of 2017. Accounts payable and accrued liabilities at March 31, 2017 increased $906 million from December 31, 2016 due to higher unit trust payables (substantially offset by an increase in unit trust receivables recorded within accounts receivable).

Net deferred income tax liabilities at March 31, 2017 increased $190 million, primarily due to the effects of temporary differences associated with stock-based compensation.

Investments and Investments of Consolidated VIEs

The Company's investments and investments of consolidated VIEs (collectively, "Total Investments") were $1,857 million and $1,097 million, respectively, at March 31, 2017. Total Investments include consolidated investments held by sponsored investment funds accounted for as VREs and VIEs. Management reviews BlackRock's Total Investments on an "economic" basis, which eliminates the portion of Total Investments that does not impact BlackRock's book value or net income attributable to BlackRock. BlackRock's management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

The Company presents Total Investments, as adjusted, to enable investors to understand the portion of Total Investments that is owned by the Company, net of NCI, as a gauge to measure the impact of changes in net nonoperating income (expense) on investments to net income (loss) attributable to BlackRock.

The Company further presents net "economic" investment exposure, net of deferred compensation investments and hedged investments, to reflect another gauge for investors. The economic impact of Total Investments held pursuant to deferred compensation arrangements is offset by a change in compensation expense. The impact of certain investments is substantially mitigated by swap hedges. Carried interest capital allocations are excluded as there is no impact to BlackRock's stockholders' equity until such amounts are realized as performance fees. Finally, the Company's regulatory investment in Federal Reserve Bank stock, which is not subject to market or interest rate risk, is excluded from the Company's net economic investment exposure.

(in millions)	**March 31, 2017**	**December 31, 2016**
Investments, GAAP	$ 1,857	$ 1,595
Investments held by consolidated VIEs, GAAP	1,097	1,008
Total Investments	**2,954**	**2,603**
Investments held by consolidated VREs	(677)	(465)
Investments held by consolidated VIEs	(1,097)	(1,008)
Net interest in consolidated VREs	630	444
Net interest in consolidated VIEs[(1)]	917	840
Total Investments, as adjusted	**2,727**	**2,414**
Federal Reserve Bank stock	(90)	(89)
Deferred compensation investments	(58)	(66)
Hedged investments	(739)	(614)
Carried interest (VIEs/VREs)	(128)	(126)
Total "economic" investment exposure	**$ 1,712**	**$ 1,519**

(1) Amount includes $114 million of carried interest (VIEs) as of March 31, 2017 and $108 million as of December 31, 2016, which has no impact on the Company's "economic" investment exposure.

The following table represents the carrying value of the Company's economic investment exposure, by asset type, at March 31, 2017 and December 31, 2016:

(in millions)	March 31, 2017	December 31, 2016
Private equity	$ 336	$ 334
Real assets	96	94
Other alternatives[1]	254	245
Other investments[2]	1,026	846
Total "economic" investment exposure	**$ 1,712**	**$ 1,519**

(1) Other alternatives include distressed credit/mortgage funds/opportunistic funds and hedge funds/funds of hedge funds.

(2) Other investments primarily include seed investments in fixed income, equity and multi-asset mutual funds/strategies as well as U.K. government securities, primarily held for regulatory purposes.

As adjusted investment activity for the three months ended March 31, 2017 was as follows:

(in millions)	
Total Investments, as adjusted, December 31, 2016	**$ 2,414**
Purchases/capital contributions	338
Sales/maturities	(95)
Distributions[1]	(17)
Market appreciation(depreciation)/earnings from equity method investments	77
Carried interest capital allocations/distributions received	2
Other	8
Total Investments, as adjusted, March 31, 2017	**$ 2,727**

(1) Amount includes distributions representing return of capital and return on investments.

LIQUIDITY AND CAPITAL RESOURCES

BlackRock Cash Flows Excluding the Impact of Consolidated Sponsored Investment Funds

The condensed consolidated statements of cash flows include the cash flows of the Consolidated Sponsored Investment Funds. The Company uses an adjusted cash flow statement, which excludes the impact of Consolidated Sponsored Investment Funds, as a supplemental non-GAAP measure to assess liquidity and capital requirements. The Company believes that its cash flows, excluding the impact of the Consolidated Sponsored Investment Funds, provide investors with useful information on the cash flows of BlackRock relating to its ability to fund additional operating, investing and financing activities. BlackRock's management does not advocate that investors consider such non-GAAP measures in isolation from, or as a substitute for, its cash flows presented in accordance with GAAP.

The following table presents a reconciliation of the condensed consolidated statements of cash flows presented on a GAAP basis to the condensed consolidated statements of cash flows, excluding the impact of the cash flows of Consolidated Sponsored Investment Funds:

(in millions)	GAAP Basis	Impact on Cash Flows of Consolidated Sponsored Investment Funds	Cash Flows Excluding Impact of Consolidated Sponsored Investment Funds
Cash and cash equivalents, December 31, 2016	**$ 6,091**	**$ 53**	**$ 6,038**
Cash flows from operating activities	(191)	(51)	(140)
Cash flows from investing activities	(49)	(4)	(45)
Cash flows from financing activities	(180)	132	(312)
Effect of exchange rate changes on cash and cash equivalents	32	—	32
Net change in cash and cash equivalents	(388)	77	(465)
Cash and cash equivalents, March 31, 2017	**$ 5,703**	**$ 130**	**$ 5,573**

Sources of BlackRock's operating cash primarily include investment advisory, administration fees and securities lending revenue, performance fees, revenue from technology and risk management services, advisory and other revenue and distribution fees. BlackRock uses its cash to pay all operating expense, interest and principal on borrowings, income taxes, dividends on BlackRock's capital stock, repurchases of the Company's stock, capital expenditures and purchases of co-investments and seed investments.

For details of the Company's GAAP cash flows from operating, investing and financing activities, see the Condensed Consolidated Statements of Cash Flows contained in Part I, Item 1 of this filing.

Cash flows from operating activities, excluding the impact of Consolidated Sponsored Investment Funds, primarily include the receipt of investment advisory and administration fees, securities lending revenue and performance fees offset by the payment of operating expenses incurred in the normal course of business, including year-end incentive compensation accrued for in the prior year.

Cash outflows from investing activities, excluding the impact of Consolidated Sponsored Investment Funds, for the three months ended March 31, 2017 were $45 million and primarily reflected $61 million of investment purchases and $19 million of purchases of property and equipment, partially offset by $25 million of net proceeds from sales and maturities of certain investments.

Cash outflows from financing activities, excluding the impact of Consolidated Sponsored Investment Funds, for the three months ended March 31, 2017 were $312 million, primarily resulting from $562 million of share repurchases, including $275 million in open market transactions and $287 million of employee tax withholdings related to employee stock transactions and $447 million of cash dividend payments, partially offset by $697 million of proceeds from issuance of long-term borrowings.

The Company manages its financial condition and funding to maintain appropriate liquidity for the business. Liquidity resources at March 31, 2017 and December 31, 2016 were as follows:

(in millions)	March 31, 2017	December 31, 2016
Cash and cash equivalents[(1)]	$ 5,703	$ 6,091
Cash and cash equivalents held by consolidated VREs[(2)]	(130)	(53)
Subtotal	5,573	6,038
Credit facility – undrawn	4,000	4,000
Total liquidity resources[(3)(4)]	$ 9,573	$ 10,038

(1) The percentage of cash and cash equivalents held by the Company's U.S. subsidiaries was approximately 60% and 50% at March 31, 2017 and December 31, 2016, respectively. See *Net Capital Requirements* herein for more information on net capital requirements in certain regulated subsidiaries.
(2) The Company cannot readily access such cash to use in its operating activities.
(3) Amount at December 31, 2016 does not reflect year-end incentive compensation accruals of approximately $1.3 billion, which were paid in the first quarter of 2017.
(4) Amount at March 31, 2017 does not reflect redemption of $700 million 6.25% notes, which were fully repaid in April 2017 at a "make whole" premium of $14 million prior to their maturity in September 2017.

Total liquidity resources decreased $465 million during the three months ended March 31, 2017, primarily reflecting cash payments of 2016 year-end incentive awards, share repurchases of $562 million and cash dividend payments of $447 million, partially offset by $697 million of proceeds from issuance of long-term borrowings and cash flows from other operating activities.

A significant portion of the Company's $2,727 million of Total Investments, as adjusted, is illiquid in nature and, as such, cannot be readily convertible to cash.

Share Repurchases. In January 2017, the Board of Directors approved an increase in the shares that may be repurchased under the Company's existing share repurchase program to allow for the repurchase of an additional 6 million shares for a total up to 9 million shares of BlackRock common stock.

The Company repurchased 0.7 million common shares in open market transactions under the share repurchase program for approximately $275 million during the three months ended March 31, 2017. At March 31, 2017, there were 8.3 million shares still authorized to be repurchased.

Net Capital Requirements. The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions, which is partially maintained by retaining cash and cash equivalent investments in those subsidiaries or jurisdictions. As a result, such subsidiaries of the Company may be restricted in their ability to transfer cash between different jurisdictions and to their parents. Additionally, transfers of cash between international jurisdictions, including repatriation to the United States, may have adverse tax consequences that could discourage such transfers.

BlackRock Institutional Trust Company, N.A. ("BTC") is chartered as a national bank that does not accept client deposits and whose powers are limited to trust and other fiduciary activities. BTC provides investment management services, including investment advisory and securities lending agency services, to institutional investors and other clients. BTC is subject to regulatory capital and liquid asset requirements administered by the Office of the Comptroller of the Currency.

At March 31, 2017 and December 31, 2016, the Company was required to maintain approximately $1.7 billion and $1.4 billion, respectively, in net capital in certain regulated subsidiaries, including BTC, entities regulated by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom, and the Company's broker-dealers. The Company was in compliance with all applicable regulatory net capital requirements.

Short-Term Borrowings

2017 Revolving Credit Facility. The Company's credit facility has an aggregate commitment amount of $4.0 billion and was amended in April 2017 to extend the maturity date to April 2022 (the "2017 credit facility"). The 2017 credit facility permits the Company to request up to an additional $1.0 billion of borrowing capacity, subject to lender credit approval, increasing the overall size of the 2017 credit facility to an aggregate principal amount not to exceed $5.0 billion. Interest on borrowings outstanding accrues at a rate based on the applicable London Interbank Offered Rate plus a spread. The 2017 credit facility requires the Company not to exceed a maximum leverage ratio (ratio of net debt to earnings before interest, taxes, depreciation and amortization, where net debt equals total debt less unrestricted cash) of 3 to 1, which was satisfied with a ratio of less than 1 to 1 at March 31, 2017. The 2017 credit facility provides back-up liquidity to fund ongoing working capital for general corporate purposes and various investment opportunities. At March 31, 2017, the Company had no amount outstanding under the 2017 credit facility.

Commercial Paper Program. The Company can issue unsecured commercial paper notes (the "CP Notes") on a private-placement basis up to a maximum aggregate amount outstanding at any time of $4.0 billion. The commercial paper program is currently supported by the 2017 credit facility. At March 31, 2017, BlackRock had no CP Notes outstanding.

Long-Term Borrowings

At March 31, 2017, the principal amount of long-term borrowings outstanding was $5.6 billion. See Note 12, *Borrowings*, in the 2016 Form 10-K for more information on borrowings outstanding as of December 31, 2016.

In March 2017, the Company issued $700 million in aggregate principal amount of 3.20% senior unsecured and unsubordinated notes maturing on March 15, 2027 (the "2027 Notes"). The net proceeds of the 2027 Notes were used towards the redemption of 6.25% notes in April 2017. Interest is payable semi-annually on March 15 and September 15 of each year, commencing September 15, 2017, and is approximately $22 million per year. The 2027 Notes may be redeemed prior to maturity at any time in whole or in part at the option of the Company at a "make-whole" redemption price. The unamortized discount and debt issuance costs are being amortized over the remaining term of the 2027 Notes.

During the three months ended March 31, 2017, the Company paid approximately $39 million of interest on long-term borrowings. Future principal repayments and interest requirements at March 31, 2017 were as follows:

(in millions)

Year	Principal	Interest	Total Payments
Remainder of 2017[1]	$ 700	$ 163	$ 863
2018	—	174	174
2019	1,000	174	1,174
2020	—	124	124
2021	750	108	858
2022	750	79	829
Thereafter[2]	2,449	193	2,642
Total	$ 5,649	$ 1,015	$ 6,664

(1) In connection with the issuance of the 3.20% Notes due 2027, in April 2017, the Company fully repaid the $700 million 6.25% notes prior to their maturity in September 2017.
(2) The amount of principal and interest payments for the 2025 Notes represents the expected payment amounts using foreign exchange rates as of March 31, 2017.

Investment Commitments. At March 31, 2017, the Company had $226 million of various capital commitments to fund sponsored investment funds, including consolidated VIEs. These funds include private equity funds, real assets funds and opportunistic funds. This amount excludes additional commitments made by consolidated funds of funds to underlying third-party funds as third-party noncontrolling interest holders have the legal obligation to fund the respective commitments of such funds of funds. In addition to the capital commitments of $226 million, the Company had approximately $12 million of contingent commitments for certain funds which have investment periods that have expired. Generally, the timing of the funding of these commitments is unknown and the commitments are callable on demand at any time prior to the expiration of the commitment. These unfunded commitments are not recorded on the condensed consolidated statements of financial condition. These commitments do not include potential future commitments approved by the Company that are not yet legally binding. The Company intends to make additional capital commitments from time to time to fund additional investment products for, and with, its clients.

Contingent Payments Related to Business Acquisitions. In connection with certain acquisitions, BlackRock is required to make contingent payments, subject to achieving specified performance targets, which may include revenue related to acquired contracts or new capital commitments for certain products. The fair value of the remaining aggregate contingent payments at March 31, 2017 totaled $113 million and is included in other liabilities on the condensed consolidated statement of financial condition.

Carried Interest Clawback. As a general partner in certain investment funds, including private equity partnerships and certain hedge funds, the Company may receive carried interest cash distributions from the partnerships in accordance with distribution provisions of the partnership agreements. The Company may, from time to time, be required to return all or a portion of such distributions to the limited partners in the event the limited partners do not achieve a return as specified in the various partnership agreements. Therefore, BlackRock records carried interest subject to such clawback provisions in Total Investments, or cash/cash of consolidated VIEs to the extent that it is distributed, and as a deferred carried interest liability/other liabilities of consolidated VIEs on its condensed consolidated statements of financial condition. Carried interest is recorded as performance fees on BlackRock's condensed consolidated statements of income upon the earlier of the termination of the investment fund or when the likelihood of clawback is considered mathematically improbable.

Indemnifications. On behalf of certain clients, the Company lends securities to highly rated banks and broker-dealers. In these securities lending transactions, the borrower is required to provide and maintain collateral at or above regulatory minimums. Securities on loan are marked to market daily to determine if the borrower is required to pledge additional collateral. BlackRock has issued certain indemnifications to certain securities lending clients against potential loss resulting from a borrower's failure to fulfill its obligations under the securities lending agreement should the value of the collateral pledged by the borrower at the time of default be insufficient to cover the borrower's obligation under the securities lending agreement. At March 31, 2017, the Company indemnified certain of its clients for their securities lending loan balances of approximately $187.8 billion. The Company held, as agent, cash and securities totaling $200.6 billion as collateral for indemnified securities on loan at March 31, 2017. The fair value of these indemnifications was not material at March 31, 2017.

While the collateral pledged by a borrower is intended to be sufficient to offset the borrower's obligations to return securities borrowed and any other amounts owing to the lender under the relevant securities lending agreement, in the event of a borrower default, the Company can give no assurance that the collateral pledged by the borrower will be sufficient to fulfill such obligations. If the amount of such pledged collateral is not sufficient to fulfill such obligations to a client for whom the Company has provided indemnification, BlackRock would be responsible for the amount of the shortfall. These indemnifications cover only the collateral shortfall described above, and do not in any way guarantee, assume or otherwise insure the investment performance or return of any cash collateral vehicle into which securities lending cash collateral is invested.

Critical Accounting Policies

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ significantly from those estimates. Management considers the following critical accounting policies important to understanding the condensed consolidated financial statements. For a summary of these and additional accounting policies see Note 2, *Significant Accounting Policies*, in the condensed consolidated financial statements contained in Part I, Item 1 of this filing and *Critical Accounting Policies* in Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2016 Form 10-K and Note 2, *Significant Accounting Policies*, in the 2016 Form 10-K for further information.

Consolidation. In the normal course of business, the Company is the manager of various types of sponsored investment vehicles. The Company performs an analysis for investment products to determine if the product is a VIE or a VRE. Assessing whether an entity is a VIE or a VRE involves judgment and analysis. Factors considered in this assessment include the entity's legal organization, the entity's capital structure and equity ownership, and any related party or de facto agent implications of the Company's involvement with the entity. Investments that are determined to be VREs are consolidated if the Company can exert control over the financial and operating policies of the investee, which generally exists if there is greater than 50% voting interest. See Note 4, *Consolidated Voting Rights Entities*, in the notes to the condensed consolidated financial statements for more information. Investments that are determined to be VIEs are consolidated if the Company is the primary beneficiary ("PB") of the entity.

At March 31, 2017, BlackRock was determined to be the PB for certain investment funds that were determined to be VIEs, which required BlackRock to consolidate them. BlackRock was deemed to be the PB because it has the power to direct the activities that most significantly impact the entities' economic performance and has the obligation to absorb losses or the right to receive benefits that potentially could be significant to the VIE. The Company generally consolidates VIEs in which it holds an equity ownership interest of 10% or greater and deconsolidates such VIEs once equity ownership falls below 10%. See Note 5, *Variable Interest Entities*, in the notes to the condensed consolidated financial statements contained in the Part 1, Item 1 of this filing for more information.

Fair Value Measurements. The Company's assessment of the significance of a particular input to the fair value measurement according to the fair value hierarchy (i.e., Level 1, 2 and 3 inputs, as defined) in its entirety requires judgment and considers factors specific to the financial instrument. See Note 2, *Significant Accounting Policies*, in the condensed consolidated financial statements contained in Part I, Item 1 of this filing for more information on fair value measurements.

Investment Advisory Performance Fees / Carried Interest. The Company receives investment advisory performance fees or incentive allocations, from certain actively managed investment funds and certain separately managed accounts. These performance fees are dependent upon exceeding specified relative or absolute investment return thresholds. Such fees are recorded upon completion of the measurement period, which varies by product or account, and could be monthly, quarterly, annually or longer.

In addition, the Company is allocated carried interest from certain alternative investment products upon exceeding performance thresholds. BlackRock may be required to reverse/return all, or part, of such carried interest allocations depending upon future performance of these funds. Therefore, BlackRock records carried interest subject to such clawback provisions in Total Investments, or cash/cash of consolidated VIEs to the extent that it is distributed, on its condensed consolidated statements of financial condition. Carried interest is recorded as performance fee revenue upon the earlier of the termination of the investment fund or when the likelihood of clawback is considered mathematically improbable.

The Company records a deferred carried interest liability to the extent it receives cash or capital allocations related to carried interest prior to meeting the revenue recognition criteria. At March 31, 2017 and December 31, 2016, the Company had $151 million and $152 million, respectively, of deferred carried interest recorded in other liabilities/other liabilities of consolidated VIEs on the condensed consolidated statements of financial condition. A portion of the deferred carried interest liability will be paid to certain employees. The ultimate timing of the recognition of performance fee revenue, if any, for these products is unknown.

The following table presents changes in the deferred carried interest liability (including the portion related to consolidated VIEs) for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
(in millions)	2017	2016
Beginning balance	$ 152	$ 143
Net increase (decrease)	9	(6)
Performance fee revenue recognized	(10)	—
Ending balance	$ 151	$ 137

Accounting Developments

For accounting pronouncements that the Company adopted during the three months ended March 31, 2017 and for recent accounting pronouncements not yet adopted, see Note 2, *Significant Accounting Policies*, in the condensed consolidated financial statements contained in Part I, Items 1 of this filing.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

AUM Market Price Risk. BlackRock's investment advisory and administration fees are primarily comprised of fees based on a percentage of the value of AUM and, in some cases, performance fees expressed as a percentage of the returns realized on AUM. At March 31, 2017, the majority of the Company's investment advisory and administration fees were based on average or period end AUM of the applicable investment funds or separate accounts. Movements in equity market prices, interest rates/credit spreads, foreign exchange rates or all three could cause the value of AUM to decline, which would result in lower investment advisory and administration fees.

Corporate Investments Portfolio Risks. As a leading investment management firm, BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring, managing and analyzing market and operating risks, including the management and oversight of its own investment portfolio. The Board of Directors of the Company has adopted guidelines for the review of investments to be made by the Company, requiring, among other things, that investments be reviewed by certain senior officers of the Company, and that certain investments may be referred to the Audit Committee or the Board of Directors, depending on the circumstances, for approval.

In the normal course of its business, BlackRock is exposed to equity market price risk, interest rate/credit spread risk and foreign exchange rate risk associated with its corporate investments.

BlackRock has investments primarily in sponsored investment products that invest in a variety of asset classes, including real assets, private equity and hedge funds. Investments generally are made for co-investment purposes, to establish a performance track record, to hedge exposure to certain deferred compensation plans or for regulatory purposes. Currently, the Company has a seed capital hedging program in which it enters into swaps to hedge market and interest rate exposure to certain investments. At March 31, 2017, the Company had outstanding total return swaps and interest rate swaps with an aggregate notional value of approximately $698 million and $41 million, respectively.

At March 31, 2017, approximately $1.8 billion of BlackRock's Total Investments were maintained in consolidated sponsored investment funds accounted for as VREs and VIEs. Excluding the impact of the Federal Reserve Bank stock, carried interest, investments made to hedge exposure to certain deferred compensation plans and certain investments that are hedged via the seed capital hedging program, the Company's economic exposure to its investment portfolio is $1,712 million. See *Balance Sheet Overview- Investments and Investments of Consolidated VIEs* in Management's Discussion and Analysis of Financial Condition and Results of Operations for further information on the Company's Total Investments.

Equity Market Price Risk. At March 31, 2017, the Company's net exposure to equity market price risk in its investment portfolio was approximately $486 million of the Company's total economic investment exposure. Investments subject to market price risk include private equity and real assets investments, hedge funds and funds of funds as well as mutual funds. The Company estimates that a hypothetical 10% adverse change in market prices would result in a decrease of approximately $48.6 million in the carrying value of such investments.

Interest Rate/Credit Spread Risk. At March 31, 2017, the Company was exposed to interest-rate risk and credit spread risk as a result of approximately $1,226 million of Total Investments in debt securities and sponsored investment products that invest primarily in debt securities. Management considered a hypothetical 100 basis point fluctuation in interest rates or credit spreads and estimates that the impact of such a fluctuation on these investments, in the aggregate, would result in a decrease, or increase, of approximately $28.1 million in the carrying value of such investments.

Foreign Exchange Rate Risk. As discussed above, the Company invests in sponsored investment products that invest in a variety of asset classes. The carrying value of the total economic investment exposure denominated in foreign currencies, primarily the British pound and Euro, was $327 million at March 31, 2017. A 10% adverse change in the applicable foreign exchange rates would result in approximately a $32.7 million decline in the carrying value of such investments.

Other Market Risks. The Company executes forward foreign currency exchange contracts to mitigate the risk of certain foreign exchange risk movements. At March 31, 2017, the Company had outstanding forward foreign currency exchange contracts with an aggregate notional value of approximately $728 million.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. Under the direction of BlackRock's Chief Executive Officer and Chief Financial Officer, BlackRock evaluated the effectiveness of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report on Form 10-Q. Based on this evaluation, BlackRock's Chief Executive Officer and Chief Financial Officer have concluded that BlackRock's disclosure controls and procedures were effective.

Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2017 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, BlackRock receives subpoenas or other requests for information from various U.S. federal, state governmental and domestic and international regulatory authorities in connection with certain industry-wide or other investigations or proceedings. It is BlackRock's policy to cooperate fully with such inquiries. The Company and certain of its subsidiaries have been named as defendants in various legal actions, including arbitrations and other litigation arising in connection with BlackRock's activities. Additionally, BlackRock advised investment portfolios may be subject to lawsuits, any of which potentially could harm the investment returns of the applicable portfolio or result in the Company being liable to the portfolios for any resulting damages.

On May 27, 2014, certain purported investors in the BlackRock Global Allocation Fund, Inc. and the BlackRock Equity Dividend Fund (collectively, the "Funds") filed a consolidated complaint (the "Consolidated Complaint") in the U.S. District Court for the District of New Jersey against BlackRock Advisors, LLC, BlackRock Investment Management, LLC and BlackRock International Limited under the caption *In re BlackRock Mutual Funds Advisory Fee Litigation*. The Consolidated Complaint, which purports to be brought derivatively on behalf of the Funds, alleges that the defendants violated Section 36(b) of the Investment Company Act by receiving allegedly excessive investment advisory fees from the Funds. On February 24, 2015, the same plaintiffs filed another complaint in the same court against BlackRock Investment Management, LLC and BlackRock Advisors, LLC. The allegations and legal claims in both complaints are substantially similar, with the new complaint purporting to challenge fees received by defendants after the plaintiffs filed their prior complaint. Both complaints seek, among other things, to recover on behalf of the Funds all allegedly excessive advisory fees received by defendants in the twelve month period preceding the start of each lawsuit, along with purported lost investment returns on those amounts, plus interest. On March 25, 2015, defendants' motion to dismiss the Consolidated Complaint was denied. The defendants believe the claims in both lawsuits are without merit and intend to vigorously defend the actions.

Between November 12, 2015 and November 16, 2015, BlackRock, Inc., BlackRock Realty Advisors, Inc. ("BRA") and BlackRock US Core Property Fund, Inc. (formerly known as the BlackRock Granite Property Fund, Inc.) ("Granite Fund"), along with certain other Granite Fund related entities (collectively, the "BlackRock Parties") were named as defendants in thirteen lawsuits filed in the Superior Court of the State of California for the County of Alameda arising out of the June 16, 2015 collapse of a balcony at the Library Gardens apartment complex in Berkeley, California (the "Property"). The Property is indirectly owned by the Granite Fund, which is managed by BRA. The plaintiffs also named as defendants in the lawsuits Greystar, which is the property manager of the Property, and certain other entities, including the developer of the Property, building contractors and building materials suppliers. The plaintiffs allege, among other things, that the BlackRock Parties were negligent in their ownership, control and maintenance of the Property's balcony, and seek monetary, including punitive, damages. Additionally, on March 16, 2016, three former tenants of the Library Gardens apartment unit that experienced the balcony collapse sued the BlackRock Parties. The former tenants, who witnessed (but were not physically injured in) the accident make allegations virtually identical to those in the previously filed actions and claim that, as a result of the collapse, they suffered unspecified emotional damage. Several defendants have also filed cross-complaints alleging a variety of claims, including claims against the BlackRock Parties for contribution, negligence, and declaratory relief. BlackRock believes the claims against the BlackRock Parties are without merit and intends to vigorously defend the actions.

On June 16, 2016, *iShares* Trust, BlackRock, Inc. and certain of its advisory affiliates, and the directors and certain officers of the *iShares* funds were named as defendants in a purported class action lawsuit filed in California state court. The lawsuit was filed by investors in certain *iShares* funds (the "Funds"), and alleges the defendants violated the federal securities laws, purportedly by failing to adequately disclose in prospectuses issued by the Funds the risks to Fund shareholders in the event of a "flash crash." Plaintiffs seek unspecified monetary damages. The Plaintiffs' complaint was dismissed in December 2016 and on January 6, 2017, plaintiffs filed an amended complaint. The defendants filed a motion for judgment on the pleadings dismissing that complaint. On April 27, 2017, the court granted the defendants' motion in part and denied it in part. The defendants believe the claims in this lawsuit are without merit and intend to vigorously defend the action.

On April 5, 2017, BlackRock, Inc., BlackRock Institutional Trust Company, N.A., the BlackRock, Inc. Retirement Committee and various sub-committees, and a BlackRock employee were named as defendants in a purported class action lawsuit brought in the U.S. District Court for the Northern District of California by a former employee on behalf of all BlackRock employee 401(k) Plan (the "Plan") participants and beneficiaries in the Plan from April 5, 2011, to the present. The lawsuit generally alleges that the defendants breached their duties towards Plan participants in violation of the Employee Retirement Income Security Act of 1974 by, among other things, offering investment options that were overly expensive, underperformed peer funds, focused disproportionately on active versus passive strategies, and were unduly concentrated with investment options managed by BlackRock. While the complaint does not contain any specific amount in alleged damages, it claims that the purported underperformance and hidden fees cost Plan participants more than $60 million. The defendants believe the claims in this lawsuit are without merit and intend to vigorously defend the action.

Management, after consultation with legal counsel, currently does not anticipate that the aggregate liability arising out of regulatory matters or lawsuits will have a material effect on BlackRock's results of operations, financial position, or cash flows. However, there is no assurance as to whether any such pending or threatened matters will have a material effect on BlackRock's results of operations, financial position or cash flows in any future reporting period. Due to uncertainties surrounding the outcome of these matters, management cannot reasonably estimate the possible loss or range of loss that may arise from these matters.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2017, the Company made the following purchases of its common stock, which is registered pursuant to Section 12(b) of the Exchange Act.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs[1]
January 1, 2017 through January 31, 2017	1,008,658 [2]	$ 375.93	250,119	8,764,724
February 1, 2017 through February 28, 2017	425,668 [2]	$ 383.52	425,718	8,339,006
March 1, 2017 through March 31, 2017	50,671 [2]	$ 393.81	43,500	8,295,506
Total	1,484,997	$ 378.72	719,337	

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(1) In January 2017, the Board of Directors authorized the repurchase of an additional 6 million shares under the Company's existing share repurchase program for a total of up to 9 million shares of BlackRock common stock.

(2) Includes purchases made by the Company primarily to satisfy income tax withholding obligations of employees and members of the Company's Board of Directors related to the vesting of certain restricted stock or restricted stock unit awards and purchases made by the Company as part of the publicly announced share repurchase program.

Item 6. Exhibits

Exhibit No.	Description
12.1	Computation of Ratio of Earnings to Fixed Charges
31.1	Section 302 Certification of Chief Executive Officer
31.2	Section 302 Certification of Chief Financial Officer
32.1	Section 906 Certification of Chief Executive Officer and Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BLACKROCK, INC.
(Registrant)

By: /s/ Gary S. Shedlin

Date: May 9, 2017

Gary S. Shedlin
Senior Managing Director &
Chief Financial Officer

EXHIBIT INDEX

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 12.1

RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)

(in millions)	Three Months Ended March 31, 2017	Year ended December 31, 2016	2015	2014	2013	2012
Income before income taxes	$ 1,140	$ 4,460	$ 4,602	$ 4,395	$ 3,973	$ 3,470
Less: Net income (loss) attributable to noncontrolling interests[1]	9	(2)	7	(30)	19	(18)
Pre-tax income attributable to BlackRock, Inc.	1,131	4,462	4,595	4,425	3,954	3,488
Add: Fixed charges	65	253	261	254	258	261
Distributions of earnings from equity method investees	5	31	41	57	80	42
Less: (Losses) earnings from equity method investees	32	113	91	158	158	175
Pre-tax income before fixed charges	$ 1,169	$ 4,633	$ 4,806	$ 4,578	$ 4,134	$ 3,616
Fixed charges:						
Interest expense	$ 51	$ 205	$ 204	$ 232	$ 211	$ 215
Interest expense on uncertain tax positions[2]	3	3	12	(22)	3	3
Portion of rent representative of interest[3]	11	45	45	44	44	43
Total fixed charges	$ 65	$ 253	$ 261	$ 254	$ 258	$ 261
Ratio of earnings to fixed charges	18.0x	18.3x	18.4x	18.0x	16.0x	13.9x

(1) Amount includes redeemable and nonredeemable noncontrolling interests.
(2) Interest expense on uncertain tax positions has been recorded within income tax expense on the consolidated statements of income.
(3) The portion of rent representative of interest is calculated as one third of the total rent expense.

Exhibit 31.1

CEO CERTIFICATION

I, Laurence D. Fink, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, for the period ended March 31, 2017 of BlackRock, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)), for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2017

By: /s/ Laurence D. Fink
Laurence D. Fink
Chairman & Chief Executive Officer

Exhibit 31.2

CFO CERTIFICATION

I, Gary S. Shedlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, for the period ended March 31, 2017 of BlackRock, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)), for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2017

By: /s/ Gary S. Shedlin
Gary S. Shedlin
Senior Managing Director & Chief Financial Officer

Exhibit 32.1

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of BlackRock, Inc. (the “Company”) for the quarterly period ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Laurence D. Fink, as Chief Executive Officer of the Company, and Gary S. Shedlin, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Laurence D. Fink
Name: Laurence D. Fink
Title: Chairman & Chief Executive Officer
Date: May 9, 2017

/s/ Gary S. Shedlin
Name: Gary S. Shedlin
Title: Senior Managing Director & Chief Financial Officer
Date: May 9, 2017