

# BlackRock, Inc. Reports Record Earnings of \$25.5 million For the First Quarter of 2001

## Diluted Earnings Per Share Rise 30% to \$0.39 Versus \$0.30 For the First Quarter of 2000

PRNewswire  
NEW YORK

BlackRock, Inc. (NYSE: BLK) today reported record net income of \$25.5 million for the first quarter ended March 31, 2001, a 33% increase compared with \$19.2 million earned in the first quarter of 2000 and a 4% increase compared with \$24.5 million earned in the fourth quarter of 2000. Diluted earnings per share for the first quarter were \$0.39 compared with \$0.30 and \$0.38 for the first and fourth quarters of 2000, respectively. Operating income of \$41.9 million increased 31% and 6% compared with \$32.1 million and \$39.7 million earned in the first and fourth quarters of 2000, respectively (See Table 1).

Assets under management at March 31, 2001 were \$201.6 billion, a 17% increase compared to \$172.6 billion at March 31, 2000 and a 1% decline from the \$203.8 billion reported at year-end 2000. New business and strong fixed income performance largely offset the adverse effect of the equity markets, which caused a \$3.5 billion decline in equity asset values and a \$4 billion decline in security lending assets, which are a low fee (2.5 basis point) product. Quarter-end assets under management were also affected by the timing of new business fundings, as nine new institutional separate accounts totaling \$5.3 billion funded on the first business day of the second quarter.

"Despite treacherous financial markets, BlackRock generated earnings growth for the first quarter that we expect will compare favorably with our industry," commented Laurence D. Fink, Chairman and CEO. "More importantly, the ongoing strength of our fixed income investment performance should enable us to continue to increase market share over the remainder of the year. As a result, I currently remain comfortable with 2001 consensus estimates for BlackRock's earnings for the second quarter and full year."

### First Quarter Highlights

\* Total revenue rose to \$133.7 million, an increase of 24% from the \$108.1 million reported for the first quarter 2000 and an increase of 4% compared with the fourth quarter 2000 total of \$128.5 million.

\* Our pipeline of potential new business remained strong, with 178 fixed income searches totaling \$25 billion and 110 equity searches totaling \$8 billion.

\* Diluted cash earnings per share for the first quarter of 2001 were \$0.43, a 26% increase versus \$0.34 for the comparable period in 2000.

BlackRock's operating margin for the first quarter 2001 was 35.8% compared with 35.9% for the fourth quarter of 2000.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the first quarter of 2001 was \$49.5 million, a 31% increase versus \$37.8 million for the comparable period in 2000.

Total investment advisory and administration fees for the quarter ended March 31, 2001 increased \$23.4 million or 23% to \$125.3 million compared with the first quarter of 2000 primarily due to a 65% increase in separate account revenue. The increase in separate account revenue was driven by an increase in separate account assets of \$27.4 billion or 26% and continued strong investment performance for alternative products which generated \$16.5 million in performance fees for the first quarter. The increases in separate account fees were partially offset by a decline in mutual fund revenue of \$4.2 million or 7.1% due to market depreciation in equity mutual fund assets. Other income increased \$2.2 million or 36% largely due to increased sales of BlackRock Solutions' products. Operating expenses for the first quarter 2001 rose \$15.8 million or 21% to \$91.8 million. The increase was primarily attributable to a \$14.8 million rise in compensation and benefits over half of which represented direct incentives on alternative product performance fees.

Compared with the fourth quarter of 2000, revenue increased \$5.2 million or 4% in the first quarter of 2001. Separate account fees increased \$4.4 million or 7% as a result of higher fixed income assets under

management and included \$2.0 million of performance fees on European equity institutional accounts. Other income increased \$2.1 million, or 33%, as a result of a discretionary performance fee associated with, and increased sales of, BlackRock Solutions' products. Mutual fund fees decreased \$1.3 million or 2% due to market depreciation in equity mutual fund assets.

About BlackRock. BlackRock is one of the largest publicly traded investment management firms in the United States with \$201.6 billion of assets under management as of March 31, 2001. BlackRock manages assets on behalf of more than 3,300 institutions and 200,000 individuals worldwide through a variety of equity, fixed income, liquidity and alternative investment separate accounts and mutual funds, including BlackRock's flagship fund families, BlackRock Funds and BlackRock Provident Institutional Funds. In addition, BlackRock provides risk management and investment system services to a growing number of institutional investors under the BlackRock Solutions name. Clients are served from the Company's headquarters in New York City, as well as offices in Philadelphia, PA, Wilmington, DE, Edinburgh, Scotland and Tokyo, Japan. BlackRock is a member of The PNC Financial Services Group, Inc. (NYSE: PNC), one of the largest diversified financial services organizations in the United States, and is majority-owned by PNC and by BlackRock employees.

Forward Looking Statements. The third paragraph of this press release is a forward-looking statement within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements with respect to the Company's future financial or business performance, conditions, strategies, expectations and goals may also be included in other portions of this press release and in other statements the Company makes. Forward-looking statements are typically identified by words or phrases such as "remain," "currently," "believe," "expect," "anticipate," "intend," "assume," "target," "estimate," "continue," "position," "prospects," "strategy," "outlook," "trend," and variations of such words and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions. BlackRock cautions that these 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 update forward-looking statements. Actual results could differ materially from those anticipated in these forward-looking statements and future results could differ materially from historical performance.

The following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: the introduction, withdrawal, success and timing of business initiatives and strategies; economic conditions; changes in interest rates and financial and capital markets; the investment performance of BlackRock's advised or sponsored investment products and separately managed accounts; competitive conditions; capital improvement projects; future acquisitions; and the impact, extent and timing of technological changes and legislative and regulatory actions and reforms.

Please refer to BlackRock's Annual Report on Form 10-K for the year ended December 31, 2000 and subsequent reports filed with the Securities and Exchange Commission for a more detailed discussion of these and other factors.

BlackRock, Inc.  
Financial Highlights  
(\$ in thousands, except share data)  
(unaudited)

	Three months ended		
	March 31, 2001	December 31, 2000	December 31, 2000
Total revenue	\$133,709	\$108,060	\$128,540
Total expense	\$91,789	\$75,942	\$88,868
Operating income	\$41,920	\$32,118	\$39,672
Net income	\$25,496	\$19,197	\$24,546
Diluted earnings per share	\$0.39	\$0.30	\$0.38
Diluted cash earnings per share (a)	\$0.43	\$0.34	\$0.42
Average diluted shares outstanding	64,897,486	64,342,592	64,727,763
EBITDA (b)	\$49,531	\$37,801	\$47,745
Operating margin (c)	35.8%	36.4%	35.9%

Assets under management  
(\$ in millions)                      \$201,636    \$172,573    \$203,769

(a) Net income plus amortization expense for the period divided by average diluted shares outstanding.

- (b) Earnings before interest, taxes, depreciation and amortization.  
(c) Operating income divided by total revenue less fund administration and servicing costs - affiliates.

BlackRock, Inc.  
Financial Highlights  
(\$ in thousands, except share data)  
(unaudited)

Variance vs.  
March 31, 2000    December 31, 2000  
Amount    %    Amount    %

Total revenue	\$25,649	24%	\$5,169	4%
Total expense	\$15,847	21%	\$2,921	3%
Operating income	\$9,802	31%	\$2,248	6%
Net income	\$6,299	33%	\$950	4%
Diluted earnings per share	\$0.09	30%	\$0.01	3%
Diluted cash earnings per share (a)	\$0.09	26%	\$0.01	2%
Average diluted shares outstanding	554,894	1%	169,723	0%
EBITDA (b)	\$11,730	31%	\$1,786	4%
Operating margin (c)				

Assets under management  
(\$ in millions)                      \$29,063    17%    (\$2,133)    -1%

- (a) Net income plus amortization expense for the period divided by average diluted shares outstanding.  
(b) Earnings before interest, taxes, depreciation and amortization.  
(c) Operating income divided by total revenue less fund administration and servicing costs - affiliates.

BlackRock, Inc.  
Condensed Consolidated Statements of Income  
(Dollar amounts in thousands, except share data)  
(unaudited)

Three months ended  
March 31,    March 31,    December 31,  
2001        2000        2000

Revenue				
Investment advisory and administration fees:				
Mutual funds	\$54,916	\$59,100	\$56,186	
Separate accounts	70,385	42,770	66,008	
Total investment advisory and administration fees	125,301	101,870	122,194	
Other income	8,408	6,190	6,346	
Total revenue	133,709	108,060	128,540	
Expense				
Employee compensation and benefits		55,430	40,670	53,062
Fund administration and servicing costs - affiliates	16,690	19,759	18,164	
General and administration	17,055	13,100	15,029	
Amortization of intangible assets	2,614	2,413	2,613	
Total expense	91,789	75,942	88,868	
Operating income	41,920	32,118	39,672	
Non-operating income (expense)				
Investment income	1,862	1,050	3,070	
Interest expense	(201)	(353)	(201)	
	1,661	697	2,869	
Income before income taxes	43,581	32,815	42,541	
Income taxes	18,085	13,618	17,995	
Net income	\$25,496	\$19,197	\$24,546	
Weighted-average shares outstanding				
Basic	64,159,248	63,864,382	63,930,387	

Diluted	64,897,486	64,342,592	64,727,763
Earnings per share			
Basic	\$0.40	\$0.30	\$0.38
Diluted	\$0.39	\$0.30	\$0.38

NM - Not meaningful

BlackRock, Inc.  
Condensed Consolidated Statements of Income  
(Dollar amounts in thousands, except share data)  
(unaudited)

	Variance vs.			
	March 31,	December 31,		
	2000	2000		
	Amount	Percent	Amount	Percent
Revenue				
Investment advisory and administration fees:				
Mutual funds	(\$4,184)	(7.1%)	(\$1,270)	(2.3%)
Separate accounts	27,615	64.6	4,377	6.6
Total investment advisory and administration fees	23,431	23.0	3,107	2.5
Other income	2,218	35.8	2,062	32.5
Total revenue	25,649	23.7	5,169	4.0
Expense				
Employee compensation and benefits	14,760	36.3	2,368	4.5
Fund administration and servicing costs - affiliates	(3,069)	(15.5)	(1,474)	(8.1)
General and administration	3,955	30.2	2,026	13.5
Amortization of intangible assets	201	8.3	1	0.0
Total expense	15,847	20.9	2,921	3.3
Operating income	9,802	30.5	2,248	5.7
Non-operating income (expense)				
Investment income	812	77.3	(1,208)	(39.3)
Interest expense	(152)	(43.1)	--	NM
	964	NM	(1,208)	(42.1)
Income before income taxes	10,766	32.8	1,040	2.4
Income taxes	4,467	32.8	90	0.5
Net income	\$6,299	32.8	\$950	3.9
Weighted-average shares outstanding				
Basic	294,866	0.5%	228,861	0.4%
Diluted	554,894	0.9%	169,723	0.3%
Earnings per share				
Basic	\$0.10	33.3%	\$0.02	5.3%
Diluted	\$0.09	30.0%	\$0.01	2.6%

NM - Not meaningful

BlackRock, Inc.  
Condensed Consolidated Statements of Financial Condition  
(Dollar amounts in thousands)  
(unaudited)

	March 31,	December 31,
	2001	2000
Assets		
Cash and cash equivalents	\$145,377	\$192,590
Accounts receivable	86,430	83,284
Investments	20,703	13,316
Property and equipment, net	50,658	45,598
Intangible assets, net	189,528	192,142
Other assets	7,747	10,073
Total assets	\$500,443	\$537,003
Liabilities and stockholders' equity		
Accrued compensation	\$52,556	\$130,101

Accounts payable and accrued liabilities	36,544	27,014
Acquired management contract obligation	8,040	8,040
Other liabilities	1,489	3,607
Total liabilities	98,629	168,762

Stockholders' equity	401,814	368,241
Total liabilities and stockholders' equity	\$500,443	\$537,003

BlackRock, Inc.  
Condensed Consolidated Statements of Cash Flows  
(Dollar amounts in thousands)  
(unaudited)

	Period ended March 31,	
	2001	2000
Cash flows from operating activities		
Net income	\$25,496	\$19,197
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	5,749	4,633
Stock-based compensation	2,098	149
Tax benefit from stock-based compensation	5,127	--
Changes in operating assets and liabilities:		
Increase in accounts receivable	(3,599)	(7,796)
Decrease in receivable from affiliate	453	1,165
Decrease (increase) in other assets	2,326	(1,738)
Decrease in accrued compensation	(71,521)	(51,550)
Increase in accounts payable and accrued liabilities	9,530	4,138
Decrease in accrued interest payable to affiliates	--	(705)
Decrease in other liabilities	(2,118)	(2,315)
Cash used in operating activities	(26,459)	(34,822)
Cash flows from investing activities		
Purchase of property and equipment	(8,195)	(5,630)
(Purchase)/sale of investments	(5,961)	41
Cash used in investing activities	(14,156)	(5,589)
Cash flows from financing activities		
Repayment of note and loan payable to affiliates	--	(28,200)
Issuance of class A common stock	203	162
Purchase of treasury stock	(6,472)	--
Reissuance of treasury stock	194	--
Cash used in financing activities	(6,075)	(28,038)
Effect of exchange rate changes on cash and cash equivalents	(523)	(10)
Net decrease in cash and cash equivalents	(47,213)	(68,459)
Cash and cash equivalents, beginning of period	192,590	157,129
Cash and cash equivalents, end of period	\$145,377	\$88,670

BlackRock, Inc.  
Assets Under Management  
(Dollar amounts in millions)  
(unaudited)

	March 31,		December 31,
	2001	2000	2000
Separate Accounts			
Fixed income	\$107,371	\$77,595	\$103,561
Liquidity	5,713	7,811	6,495
Liquidity-Securities lending	7,514	11,299	11,501
Equity	7,796	6,414	8,716
Alternative investment products	4,317	2,230	3,470
Subtotal	132,711	105,349	133,743

Mutual Funds			
Fixed income	13,600	13,923	13,317
Liquidity	44,252	36,862	43,190
Equity	11,073	16,439	13,519
Subtotal	68,925	67,224	70,026
Total	\$201,636	\$172,573	\$203,769

Component Changes in Assets Under Management

	Period ended March 31,	
	2001	2000
Separate Accounts		
Beginning assets under management	\$133,743	\$99,220
Net subscriptions (redemptions)	(2,974)	3,807
Market appreciation	1,942	2,322
Ending assets under management	132,711	105,349
Mutual Funds		
Beginning assets under management	70,026	65,297
Net subscriptions	876	760
Market appreciation (depreciation)	(1,977)	1,167
Ending assets under management	68,925	67,224
Total	\$201,636	\$172,573
Net subscriptions (redemptions)	(\$2,098)	\$4,567
% of Change in AUM from net subscriptions (redemptions)	98.4%	56.7%

BlackRock, Inc.  
Assets Under Management  
Quarterly Trend  
(Dollar amounts in millions)  
(unaudited)

	Quarter Ended				
	2000		2001		
	March 31	June 30	Sept. 30	Dec. 31	March 31
Separate Accounts					
Fixed Income					
Beginning assets under management	\$73,120	\$77,595	\$83,950	\$96,791	\$103,561
Net subscriptions	2,430	5,756	10,606	2,776	699
Market appreciation	2,045	599	2,235	3,994	3,111
Ending assets under management	77,595	83,950	96,791	103,561	107,371
Liquidity					
Beginning assets under management	7,902	7,811	7,052	5,147	6,495
Net subscriptions (redemptions)	(114)	(779)	(1,925)	1,321	(813)
Market appreciation	23	20	20	27	31
Ending assets under management	7,811	7,052	5,147	6,495	5,713
Liquidity-Securities lending					
Beginning assets under management	13,032	11,299	10,655	10,843	11,501
Net subscriptions (redemptions)	(1,733)	(644)	188	658	(3,987)
Market appreciation	--	--	--	--	--
Ending assets under management	11,299	10,655	10,843	11,501	7,514
Equity					
Beginning assets under management	3,080	6,414	7,621	7,500	8,716

Net subscriptions	3,113	1,387	442	1,282	445
Market appreciation (depreciation)	221	(180)	(563)	(66)	(1,365)
Ending assets under management	6,414	7,621	7,500	8,716	7,796

#### Alternative investment products

Beginning assets under management	2,086	2,230	2,394	2,818	3,470
Net subscriptions	111	95	336	584	682
Market appreciation	33	69	88	68	165
Ending assets under management	2,230	2,394	2,818	3,470	4,317

#### Total Separate Accounts

Beginning assets under management	99,220	105,349	111,672	123,099	133,743
Net subscriptions (redemptions)	3,807	5,815	9,647	6,621	(2,974)
Market appreciation	2,322	508	1,780	4,023	1,942
Ending assets under management	\$105,349	\$111,672	\$123,099	\$133,743	\$132,711

#### Mutual Funds

##### BlackRock Funds

Beginning assets under management	\$27,339	\$29,280	\$28,262	\$27,819	\$26,359
Net subscriptions (redemptions)	994	(168)	(455)	1,463	65
Market appreciation (depreciation)	947	(850)	12	(2,923)	(2,041)
Ending assets under management	29,280	28,262	27,819	26,359	24,383

##### BlackRock Global Series

Beginning assets under management	--	--	--	54	75
Net subscriptions	--	--	54	18	43
Market appreciation (depreciation)	--	--	--	3	(13)
Ending assets under management	--	--	54	75	105

##### BPIF\*

Beginning assets under management	25,554	25,755	25,615	27,580	36,338
Net subscriptions (redemptions)	201	(140)	1,965	4,662	709
Exchanges	--	--	--	4,096	--
Ending assets under management	25,755	25,615	27,580	36,338	37,047

##### Closed End

Beginning assets under management	7,340	7,560	7,583	7,634	6,764
Net redemptions	--	(30)	--	(954)	--
Market appreciation	220	53	51	84	77
Ending assets under management	7,560	7,583	7,634	6,764	6,841

##### Short Term Investment Funds (STIF)\*

Beginning assets under management	5,064	4,629	4,205	4,622	490
Net subscriptions (redemptions)	(435)	(424)	417	(36)	59
Exchanges	--	--	--	(4,096)	--
Ending assets under management	4,629	4,205	4,622	490	549

#### Total Mutual Funds

Beginning assets

under management	65,297	67,224	65,665	67,709	70,026
Net subscriptions					
(redemptions)	760	(762)	1,981	5,153	876
Market appreciation					
(depreciation)	1,167	(797)	63	(2,836)	(1,977)
Ending assets					
under management	\$67,224	\$65,665	\$67,709	\$70,026	\$68,925

\* During the fourth quarter of 2000, \$4.1 billion of STIF assets under management were exchanged into the BPIF product.

SOURCE: BlackRock, Inc.

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