BLACKROCK

Text of letter sent by Larry Fink, BlackRock's Chairman and CEO, encouraging a focus on long-term growth strategies.

March 21, 2014

Dear Chairman or CEO,

As a fiduciary investor, one of BlackRock's primary objectives is to secure better financial futures for our clients and the people they serve. This responsibility requires that we be good stewards of their capital, addressing short-term challenges but always with a focus on the longer term.

To meet our clients' needs, we believe the companies we invest in should similarly be focused on achieving sustainable returns over the longer term. Good corporate governance is critical to that goal. That is why, two years ago, I wrote to the CEOs of the companies in which BlackRock held significant investments on behalf of our clients urging them to engage with us on issues of corporate governance. While important work remains to be done, good progress has been made on company-shareholder engagement. I write today re-iterating our call for engagement with a particular focus on companies' strategies to drive longer term growth.

Many commentators lament the short-term demands of the capital markets. We share those concerns, and believe it is part of our collective role as actors in the global capital markets to challenge that trend. Corporate leaders can play their part by persuasively communicating their company's long-term strategy for growth. They must set the stage to attract the patient capital they seek: explaining to investors what drives real value, how and when far-sighted investments will deliver returns, and, perhaps most importantly, what metrics shareholders should use to assess their management team's success over time.

It concerns us that, in the wake of the financial crisis, many companies have shied away from investing in the future growth of their companies. Too many companies have cut capital expenditure and even increased debt to boost dividends and increase share buybacks. We certainly believe that returning cash to shareholders should be part of a balanced capital strategy; however, when done for the wrong reasons and at the expense of capital investment, it can jeopardize a company's ability to generate sustainable long-term returns.

We do recognize the balance that must be achieved to drive near-term performance while simultaneously making those investments – in innovation and product enhancements, capital and plant equipment, employee development, and internal controls and technology – that will sustain growth.

BlackRock's mission is to earn the trust of our clients by helping them meet their long-term investment goals. We see this mission as indistinguishable from also aiming to be a trusted, responsible shareholder with a longer term horizon. Much progress has been made on company-shareholder engagement and we will continue to play our part as a provider of patient capital in ensuring robust dialogue. We ask that you help us, and other shareholders, to understand the investments you are making to deliver the sustainable, long-term returns on which our clients depend and in which we seek to support you.

Yours sincerely,

Laurence D. Fink