BLACKROCK®

August 2, 2011

Mr. Russell G. Golden Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

Re: Insurance Company Separate Accounts

Dear Mr. Golden,

BlackRock, Inc. is submitting this letter in regards to the current accounting treatment under both U.S. GAAP and IFRS for life insurance company separate accounts held by asset managers where there is little or no life insurance exposure. We understand that the FASB and the IASB are currently in deliberations on a joint project regarding the accounting for insurance contracts. We hope that you will consider our comments in your deliberations.

BlackRock is a global investment manager, overseeing \$3.66 trillion of assets under management at June 30, 2011. BlackRock and its subsidiaries manage approximately 3,400 investment vehicles, including registered investment companies, hedge funds, private equity funds, exchange-traded funds and collective investment trusts, in addition to separate accounts.

Insurance Company Separate Accounts

BlackRock has two wholly-owned registered life insurance entities (the "Insurance Companies") in the U.K. which were established under the Insurance Companies Act of 1982 to manage commercial pension accounts in the United Kingdom. The Insurance Companies' principal activities are to provide investment management services for occupational pension schemes and pension administration services. As with many similar U.K. life insurance entities that provide investment management services to commercial pension plans, the Insurance Companies were established as registered life insurance companies to allow investors the flexibility to alter their investment portfolios while avoiding certain tax costs charged to investors not participating in pension plans managed by life insurance companies. The Insurance Companies do not market life insurance policies.

The Insurance Companies maintain ownership in investment funds as part of the pension fund business. Each investment fund is divided into units of equal value. The unit-holders are entitled to the value of the units linked to their policy contracts. The underlying assets of the investment funds are owned by the Insurance Companies; however, by law, these assets may be used only to pay out unit-holder liabilities and are invested based upon the direction of the unit-holders. These assets are not available to be distributed to general creditors of the Insurance Companies. Contractually, the Insurance Companies do not bear any investment risk in the investment funds as they are acting as agents and are entitled solely to contractual management fees from the investment funds in accordance with the investment fund management agreements.

U.S. GAAP Accounting for Insurance Company Separate Accounts

Under U.S. GAAP, the Insurance Companies qualify as life insurance entities because they are registered and regulated as life insurance entities, regardless of the fact they do not market or sell life insurance contracts.

Accounting Standards Codification ("ASC") 944-80-25, Financial Services - Insurance, establishes guidance for accounting for insurance company separate accounts. A life insurance entity should measure its separate account assets at fair value and present the separate account assets in the balance sheet as a summary total, with an equivalent summary total for the corresponding separate account liabilities if all of the following criteria are met:

- The separate account is legally recognized;
- The separate account assets supporting the contract liabilities are legally insulated from the general account liabilities of the insurance enterprise;
- The insurer must, as a result of contractual, statutory or regulatory requirements, invest the contract holders' funds within separate accounts as directed by the contract holder or in accordance with specific investment objectives or policies;
- All investment performance, net of contract fees and assessments, must, as a result of contractual, statutory, or regulatory requirements, be passed through to the individual contract holder.

In addition, ASC 944-80-25 and 944-80-55 prescribe that, for separate accounts meeting those criteria, the Insurance Companies should also present the related investment performance (i.e., revenues) and the corresponding amounts credited to the unit-holder (i.e., expenses) net in the Insurance Companies' statement of income. For BlackRock's Insurance Companies, this results in no net impact to the income statement (i.e., the investment performance and amount credited to contract holders are not presented in the statement of income).

Under U.S. GAAP, ASC 810-25-15 states that a consolidated subsidiary which applies specialized industry accounting guidance will retain that specialized accounting when consolidated by its parent, regardless of whether the parent company utilizes the same specialized accounting practices. As a result of this guidance, BlackRock is required to reflect the separate accounts assets and separate account liabilities on its consolidated balance sheet upon consolidation of the Insurance Companies. As of December 31, 2010, the consolidated insurance separate account assets and liabilities totaled \$121.1 billion and represented approximately 68% and 80% of BlackRock's consolidated assets and liabilities, respectively.

IFRS Accounting for Insurance Company Separate Account Assets

IFRS does not have specific accounting treatment for life insurance companies. However, similar to the accounting under U.S. GAAP, under IAS 39, *Financial Instruments: Recognition and Measurement*, insurance company separate account assets are recorded on the balance sheet since the Insurance Companies have title to the assets, and a corresponding liability is recorded since the Insurance Companies have a liability to the unit-holders. On the Insurance Companies' income statement, however, also under IAS 39, gains and losses on investment transactions, and dividends and interest on investments, would be recorded as revenues and expenses, respectively, regardless of the fact that the Insurance Companies have no interest in such gains, losses, dividends or interest.

Issues with Current Accounting Treatment

Specialized industry accounting for insurance company separate accounts creates several issues for the consolidated financial statements of investment managers under U.S. GAAP.

The resulting gross-up on the balance sheet creates a distorted picture of the parent's (i.e., the investment manager's) true assets and liabilities. While the Insurance Companies do have legal ownership of the assets, they neither control those assets as unit-holders nor direct the investments. The assets are legally unavailable for use by the Insurance Companies or by BlackRock, or to the general creditors of either entity, in the event of a bankruptcy. As a result of the gross-up, certain financial analysis metrics need to be adjusted in order to present a meaningful picture of BlackRock's true consolidated financial position. See Attachment I for BlackRock's adjusted balance sheet as presented in our December 31, 2010 Form 10-K.

In addition, U.S. GAAP has significant fair value disclosure requirements, including tabular disclosures of Level 1, Level 2 and Level 3 assets (based upon the level of judgment involved in their valuation assumptions). Since the separate account assets of the Insurance Companies are recorded at fair value, these investments fall within those disclosure rules. However, since neither the Insurance Companies nor the parent entity have economic risk to these separate account assets, including them within the parent entity's fair value disclosures with assets where the parent entity does bear economic risk, may serve to confuse readers or obfuscate the parent entity's true economic exposure. See Attachment II for BlackRock's disclosures on insurance company separate accounts included in its Form 10-K as of December 31, 2010.

Similar to U.S. GAAP, we believe the balance sheet gross-up currently required under IFRS and the additional IFRS income statement gross-up for investment gains and losses and dividend and interest income on unit-holder investments for which BlackRock has no exposure, further obfuscates BlackRock's true economic position.

The FASB and IASB (collectively, the "Boards") are currently conducting a joint project on Insurance Entities and our understanding is that they have different approaches to the accounting for such entities.

Current FASB deliberations related to insurance accounting indicate that the FASB is considering:

- Maintaining its current specialized accounting guidance; and
- Maintaining its current requirement that subsidiaries applying specialized accounting guidance should maintain that treatment when consolidated into the parent company (i.e., thereby requiring BlackRock to continue to include insurance company separate accounts on its consolidated balance sheet).

Current IASB deliberations indicate:

 That the IASB is considering not providing specialized industry accounting guidance for life insurance companies (consistent with current IFRS guidance) and is not deliberating changes to existing IFRS guidance (i.e. IAS 39) that requires the existing income statement and balance sheet gross-ups for life insurance separate accounts. As a result, we assume that existing IFRS requirements will remain unchanged; and

• Similar to U.S. GAAP, IFRS requires fair value disclosures for Level 1, 2 and 3 assets. However, in addition, IFRS requires sensitivity analysis of significant inputs to the fair value calculations for Level 3 assets held at fair value. The IASB intends to retain these fair value sensitivity analysis disclosures for Level 3 assets; as a result, these disclosures on insurance company separate account assets would be required by a parent entity and would further obfuscate the parent entity's true economic exposure.

We believe that since the Insurance Companies neither control the separate account assets nor retain an interest in the assets (as they are legally segregated for the benefit of the unit-holders), these assets and the related liabilities should not be recorded on their balance sheets (as required by both U.S. GAAP and IFRS). We also believe that since the Insurance Companies have no net economic interest in the assets, investment gains or losses and interest and dividend income generated from those assets should not be recorded on their income statements (as currently required by IFRS). Further, we do not believe disclosure of Level 1, Level 2 and Level 3 fair valuation information should be required for assets where the entity retains no net economic risk as we fail to see how such disclosures provide meaningful information to investors. One way to address such matters would be for the Boards to consider, as part of their deliberations on the Accounting for Insurance Contracts, permitting an entity, under certain circumstances (see below), to effectively net balance sheet and income statement amounts (and avoid related fair value disclosures) through the use of equal and offsetting balance sheet and income statement contra-accounts. We believe that Accounting Standards Codification ("ASC") paragraph 810-10-25-58 may be analogous to our proposed treatment. ASC 810-10-25-58 specifically requires segregation of a specified asset of a variable interest entity ("VIE") and a related liability secured only by that specified asset from the host entity in performing a consolidation analysis if essentially none of the returns on those assets can be used by the host entity and none of the related liabilities are payable from the assets of the host entity. Circumstances where this treatment may be appropriate would be those where all of the following conditions are met: a) the assets are participant-directed (and not directed by the life insurance entity or its affiliates), b) neither the life insurance entity nor its affiliates have any insurance-based or other economic net exposure to changes in the fair value of the assets (i.e., the entity effectively is an agent of the investor and the value of the underlying assets is "passed through" to the unit-holder), c) the assets are legally isolated from general creditors of the life insurance entity and its affiliates and d) the unit-holders are not related parties of the life insurance entity. We believe that this accounting treatment, in combination with appropriate disclosures in the footnotes, would result in a more appropriate presentation on an entity's balance sheet and income statement and less confusion for investors.

* * * * *

We appreciate the opportunity to express our views on this matter and hope that the Boards will consider this issue in their deliberations. Please do not hesitate to contact me at (212) 810-8386 with any questions you may have regarding our comments.

Sincerely,

/s/Ann Marie Petach

Ann Marie Petach Chief Financial Officer BlackRock, Inc.

cc:

Jennifer Weiner - Senior Practice Fellow

Shayne Kuhaneck - Project Manager

Attachment I

Balance Sheet Overview

The following table presents a reconcultation of the Company's condensed consolidated statement of financial condition presented on a GAAP basis to the Company's consolidated statement of financial condition, excluding the impact of consolidated VIEs, consolidated sponsored investment funds, separate account assets and collateral held under securities lending agreements and separate account habilities and collateral habilities under securities lending agreements:

		December 31, 2010						
(Da	llar amounts in millions)	GAAP Basis	Separate Account Assets/ Collateral	Consolidated VIEs	Consolidated Sponsored Investment Funds	As Adjusted		
As	sets			7 4 6 1	1 4241	Aujustea		
	Cash and cash equivalents	\$ 3,367	s —	s _	S 65	\$ 3,302		
	Accounts receivable	2.095	_			2.095		
	Investments	1,540	_		137	1,403		
\/	Assets of consolidated variable interest entities	1,405		1,405				
Χ	Separate account assets and collateral held under securities lending agreements	138,775	138,775			********		
_	Other assets(1)	960			3	957		
	Sub-total	148,142	138,775	1,405	205	7,757		
	Goodwill and intangible assets, net	30,317				30,317		
	Total assets	\$178,459	\$ 138,775	\$ 1,405	\$ 205			
Liz	bilities							
	Accrued compensation and benefits	\$ 1,520	s —	\$ _	s <u> </u>	\$ 1,520		
	Accounts payable and accrued liabilities	1,068				1.068		
	Borrowings(2)	3,359	_	_		3,359		
1	Liabilities of consolidated variable interest entities	1,285	_	1,285				
X	Separate account liabilities and collateral liability under securities lending	·		-,				
	agreements	138,775	138,775		_	**********		
	Deferred income tax liabilities	5,477			_	5,477		
	Other liabilities ⁽³⁾	641		_	10	631		
	Total liabilities	152,125	138,775	1,285	10	12.055		
Eq	nity	'	***************************************					
_	Total stockholders' equity	26,094		75	_	26,019		
	Non-controlling interests	240		45	195			
	Total equity	26,334		120	195	26,019		
	Total liabilities and equity	\$178,459	§ 138,775	\$ 1,405	\$ 205	\$38,074		

⁽i) Includes due from related parties, deferred sales commissions, property and equipment and other assets.

⁽²⁾ Includes short-term borrowings, convertible debentures and long-term borrowings.

⁽³⁾ Includes due to related parties and other liabilities.

Attachment II

BlackRock 10-K Disclosure Excerpts

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

Liquidity and Capital Resources (continued)

Contractual Obligations, Commitments and Contingencies (continued)

Separate Account Liabilities

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The Company's two wholly-owned registered life insurance companies in the United Kingdom maintain separate account assets representing segregated funds held for purposes of funding individual and group pension contracts. The net investment income and net realized and unrealized gains and losses attributable to these separate account assets accrue to the contract owners and, as such, an offsetting separate account liability is recorded. At December 31, 2010, the Company had \$121.1 billion of assets and offsetting liabilities on the consolidated statement of financial condition. The payment of these contractual obligations is inherently uncertain and varies by customer. As such, these liabilities have been excluded from the contractual obligations table above.

2. Significant Accounting Policies (continued)

Separate Account Assets and Liabilities



Two wholly-owned subsidiaries of the Company in the United Kingdom are registered life insurance companies that maintain separate accounts representing segregated funds held for purposes of funding individual and group pension contracts, and equal and offsetting separate account non-financial liabilities. The separate account assets are not subject to general claims of the creditors of BlackRock. These accounts and the related liabilities are recorded as separate account assets and separate account liabilities on the Company's consolidated statements of financial condition in accordance with the ASC 944-80, Financial Services – Separate Accounts.

The net investment income and net realized and unrealized gains and losses attributable to separate account assets supporting individual and group pension contracts accrue directly to the contract owner and are not reported as revenue or non-operating income (expense) on the consolidated statements of income. Policy administration and management fees associated with separate account products are included in investment advisory, administration fees and securities lending revenue on the consolidated statements of income.

BlackRock, Inc.

Notes to the Consolidated Financial Statements

7. Fair Value Disclosures

Fair Value Hierarchy

Total assets measured at fair value on a recurring basis of \$140,460 million at December 31, 2010 were as follows:

	As	ssets measured at i				
(Dolla: amounts in millions) Assets:	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Other Assets Not Held at Fair Value (1)	December 31. 2010	
Investments						
Available-for-sale:						
Equity securities (funds and CDOs)	\$ 36	s —	\$ 2	\$ —	\$ 38	
Debt securities					7	
Total available-for-sale	36	7	2		45	
Held-to-maturity:						
Debt securities				100	100	
Total held-to-maturity Trading:			*****	100	100	
Deferred compensation plan mutual funds investments	49				49	
Equity securities	36	9	_		45	
Debt securities		37			37	
Total trading	85	46	_	******	131	
Other investments: Consolidated sponsored investment funds:						
Hedge funds / Funds of funds		1	19		20	
Private / public equity	18		299		317	
Total consolidated sponsored investment funds Equity method:	18	1	318	_	337	
Hedge funds / Funds of hedge funds		44	226	34	304	
Private equity investments	_		68	20	88	
Real estate funds		8	36	10	54	
Fixed income mutual funds Equity / Multi-asset class mutual funds	103 7	-	_		103 7	
Total equity method	110	52	330	64	556	
Deferred compensation plan hedge fund equity method investments	******	27		_	27	
Carried interest	_		_	13	13	
Cost method investments				331	331	
Total investments	249	133	650	508	1,540	
Separate account assets:						
Equity securities	79,727	3	4		79,734	
Debt securities Derivatives		36,415 1.598	170		36,585 1,599	
Money market funds	2,549	1.598			2,549	
Other	2,547			670	670	
Total separate account assets	82,277	38,016	174	670	121,137	
Collateral held under securities lending agreements Equity securities	15 327				15 227	
Debt securities	15.237	2,401		-	15,237 2,401	
Total collateral held under securities lending agreements	15,237	2,401				
	15,231				17,638	
Other assets(2)		11	#.#****	_	11	
Assets of consolidated VIEs: Bank loans		1.130	32		1.165	
Bank teans Bonds	_	1,130	32	_	1,162 113	
Private / public equity	4	3	30		37	
Total assets of consolidated VIEs	4	1,246	62		1.312	
Total	\$ 97,767	\$ 41,807	\$ 886	<u>\$ 1,178</u>	\$ 141,638	

Omprised of investments held at cost, amortized cost, carried interest and equity method investments, which include investment companies, and other assets which in accordance with GAAP 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 financial liabilities under fair value measures, therefore, the Company's investment in such equity method investees may not represent fair value.

Includes company-owned and split-dollar life insurance policies.

BlackRock, Inc.

Notes to the Consolidated Financial Statements

7. Fair Value Disclosures (continued)

Fair Value Hierarchy (continued)

Liabilities measured at fair value on a recurring basis at December 31, 2010 were as follows:

	Q۱	ıoted						
	Pri	ces in						
	Active							
	Markets for Identical Assets		Significant Other					
					Sign	ificant		
			Obsi)bservable		Unobservable		
			In	pus	Inputs		Dece	mber 31,
(Dollar amounts in millions)	(Level 1)		C	Level 2)	(Level 3)			2010
Liabilities:								
Borrowings of consolidated VIEs	\$	_	\$	_	\$	1.278	S	1,278
Collateral liability under securities lending agreements		15,237		2.401				17,638
Other liabilities(1)				3				3
Total liabilities measured at fair value	\$	15,237	\$	2,404	\$	1,278	\$	18,919

⁽i) Includes credit default swap (Pillars) recorded within other liabilities on the consolidated statement of financial condition.

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7. Fair Value Disclosures (continued)

Fair Value Hierarchy (continued)

Total assets and liabilities measured at fair value on a recurring basis of \$139,226 million and \$19,335 million, respectively, at December 31, 2009 were as follows:

		Assets and	l liabili	ties measured	l at fair v	alne				
(Dollar amounts in millions) Assets:	Pi Mai Id	onoted rices in Active rkets for entical Assets (Level 1)	Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Other Assets Not Held at Fair Value ⁽¹⁾		December 31, 2009	
Investments:										
Available-for-sale	\$	53	\$	20	s		S	_	S	73
Held-to-maturity		_	-		•	_	•	29	•	29
Trading		118		49						167
Other investments:										
Consolidated sponsored investment funds		22		_		338				360
Equity method				1		330		41		372
Deferred compensation plan hedge fund equity method										
investments				14		15				29
Carried interest								4		4
Cost method investments								15		15
Total investments		193		84		683		89		1,049
Separate account assets		99,983		17,599		1,292		755		119,629
Collateral held under securities lending agreements		11.580		7.755						19,335
Other assets ⁽²⁾				11		46				57
Total	\$	111,756	\$	25,449	\$	2.021	\$	844	5	140,070
Liabilities:	*******		OCCUPANTS.		***************************************	THE CONTRACT OF THE CONTRACT O		T		A STATE OF S
Collateral liability under securities lending agreements	\$	11,580	\$	7,755	\$		5		<u>\$</u>	19.335

⁽¹⁾ Comprised of investments held at cost, amortized cost, carried interest and equity method investments, which include investment companies, and other assets which in accordance with GAAP 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 financial liabilities under fair value measures, therefore, the Company's investment in such equity method investees may not represent fair value.

⁽²⁾ Includes disposal group assets and company-owned and split-dollar life insurance policies.

7. Fair Value Disclosures (continued)

Separate Account Assets



BlackRock Pensions Limited and BlackRock Asset Management Pensions Limited, both wholly-owned subsidiaries of the Company, are registered life insurance companies that maintain separate account assets, representing segregated funds held for purposes of funding individual and group pension contracts, and equal and offsetting separate account non-financial liabilities. The net investment income and net gains and losses attributable to separate account assets accrue directly to the contract owners and are not reported on the Company's consolidated statements of income.

Money Market Funds within Cash and Cash Equivalents

At December 31, 2010 and 2009, approximately \$87 million and \$1.4 billion, respectively, of money market funds were recorded within cash and cash equivalents on the Company's consolidated statements of financial condition. Money market funds are valued through the use of quoted market prices (a Level 1 input), or \$1.00, which generally is the net asset value of the fund.

Level 3 Assets

Level 3 assets recorded within investments, which include equity method investments and consolidated investments of real estate funds, private equity funds and funds of private equity funds, are valued based upon valuations, including capital accounts, received from internal as well as third party fund managers. Fair valuations of the underlying funds are based on a combination of methods, which may include third-party independent appraisals and discounted cash flow techniques. Direct investments in private equity companies held by funds of private equity funds are 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 and market indices, among other factors.

Level 3 assets recorded within separate account assets include single broker non-binding quotes for fixed income securities and equity securities which have unobservable inputs due to certain corporate actions.

Level 3 assets of consolidated VIEs include bank loans valued based on single broker non-binding quotes and direct private equity investments and private equity funds valued based upon valuations received from internal as well as third party fund managers, which may be adjusted by using the returns of certain market indices.

Level 3 Liabilities

Level 3 liabilities recorded as borrowings of consolidated VIEs include CLO borrowings valued based upon single broker non-binding quotes.

7. Fair Value Disclosures (continued)

Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis for the Year Ended December 31, 2010

Assets: Investments:	Total net gains (losses) included in earnings ⁽¹⁾
Available-for-sale: Equity securities (funds and CDOs) \$ — \$ 1 (\$ 1) \$ 2 \$ 2 \$ Consolidated sponsored investment funds: Hedge funds / Funds of funds 26 1 (8) — 19 Private equity 312 44 (54) (3) 299 Equity method: Hedge funds / Funds of hedge funds 247 36 (26) (31) 226 Private equity investments 47 8 13 — 68 Real estate funds 36 17 (17) — 36	
Equity securities (funds and CDOs) \$ — \$ 1 (\$ 1) \$ 2 \$ 2 \$ \$ 2 \$ \$ Consolidated sponsored investment funds: Hedge funds / Funds of funds	
Consolidated sponsored investment funds: Hedge funds / Funds of funds 26 1 (8) — 19 Private equity 312 44 (54) (3) 299 Equity method: Hedge funds / Funds of hedge funds 247 36 (26) (31) 226 Private equity investments 47 8 13 — 68 Real estate funds 36 17 (17) — 36	
Hedge funds / Funds of funds 26 1 (8) — 19	
Private equity 312 44 (54) (3) 299 Equity method: Hedge funds / Funds of hedge funds 247 36 (26) (31) 226 Private equity investments 47 8 13 — 68 Real estate funds 36 17 (17) — 36	1
Equity method: 247 36 (26) (31) 226 Private equity investments 47 8 13 — 68 Real estate funds 36 17 (17) — 36	1 44
Private equity investments 47 8 13 — 68 Real estate funds 36 17 (17) — 36	44
Private equity investments 47 8 13 — 68 Real estate funds 36 17 (17) — 36	34
Real estate funds 36 17 (17) — 36	6
	10
Total Level 3 investments 683 107 (93) (47) 650	95
Separate account assets:	,,,
Equity securities 5 29 (93) 63 4	
Debt securities 1,287 60 284 (1,461) 170	
Total Level 3 separate account assets 1,292 89 191 (1.398) 174	n/a ⁽²⁾
Other assets 46 (8) (38)	ша,
Assets of consolidated VIEs:	
Bank loans 32	
Private equity 3 27 30	
Total Level 3 assets of consolidated VIEs 3 27 32 62	n/a ⁽³⁾
Total Level 3 assets \$ 2.021 \$ 191 \$ 87 (\$ 1,413) \$ 886	II a ···
Liabilities:	
Borrowings of consolidated VIEs \$ — (\$ 121) \$ 1,157 \$ — \$ 1,278	$n/a^{(3)}$

n a – not applicable

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

The net investment income and net gains and losses attributable to separate account assets accrue directly to the contract owners and are not reported on the Company's consolidated statements of income.

The net gain (loss) on consolidated VIEs is solely attributable to non-controlling interests on the Company's consolidated statements of income.

7. Fair Value Disclosures (continued)

Changes in Level 3 Assets Measured at Fair Value on a Recurring Basis for the Year Ended December 31, 2009

(Dollar amo:	unts in millions)	Decem	ber 31. 2008	un:	and ealized ains / osses).	52 58	urchases, les, other ttlements issuances, net		Net causfers in ind/or out of Level 3	De	ceinber 31. 2009	Total net gains (losses) icluded in earnings(1)
Investment		\$	813	\$	45	(\$	153)	(\$	22)	\$	683	\$ 92
Other asset	ts		64		(20)		2		_		46	(20)
Separate ac	ccount assets		4		8		1,276		4		1,292	$n/a^{(2)}$
✓ \ Total	Level 3 assets	\$	881	\$	33	\$	1,125	(\$	18)	S	2,021	\$ 72



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

(2) The net investment income and net gains and losses attributable to separate account assets accrue directly to the contract owners and are not reported on the Company's consolidated statements of income.

Realized and Unrealized Gains (Losses) for Level 3 Assets and Liabilities

Realized and unrealized gams / (losses) recorded for Level 3 assets and liabilities are reported in non-operating income (expense) on the Company's consolidated statements of income. A portion of net income (loss) for consolidated investments and all of the net income (loss) for consolidated VIEs is allocated to non-controlling interests to reflect net income (loss) not attributable to the Company.

Significant Transfers in and/or out of Levels

Transfers in and/or out of Levels are reflected as of the beginning of the period when significant inputs, including market inputs or performance attributes, used for the fair value measurement become observable / unobservable, or when the Company determines it has the ability, or no longer has the ability, to redeem in the near term certain investments that the Company values using a NAV (or a capital account), or when the book value of certain equity method investments no longer represents fair value as determined under fair value methodologies.

Separate Account Assets



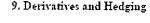
In the year ended December 31, 2010 there were \$1.5 billion of net transfers out of Level 3 to Level 2 related to debt securities held within separate account assets. The net transfers in Levels were primarily due to availability of observable market inputs, including additional inputs from pricing vendors and brokers.

In the year ended December 31, 2010 there were \$63 million of net transfers of equity securities held within separate account assets into Level 3 from Level 1 and Level 2. The net transfers into Level 3 were primarily due to market inputs no longer being considered observable.

Significant Other Settlements in 2010

As of January 1, 2010, upon the adoption of ASU 2009-17 there was a \$35 million reclassification of assets from Level 3 private equity investments to Level 3 private equity assets of consolidated VIEs as well as the consolidation of \$1.157 million of borrowings within the consolidated CLOs.







On behalf of clients of the Company's registered life insurance companies that maintain separate accounts representing segregated funds held for the purpose of funding individual and group pension contracts, the Company invests in various derivative instruments, which may include futures and forward foreign currency exchange contracts and interest rate and inflation rate swaps.