



Information Circular: iShares® Exchange Traded Funds

To: Head Traders, Technical Contacts, Compliance Officers, Head of ETF Trading, Structured Products Traders

From: PHLX Listing Qualifications Department

Background Information on the Funds

See Appendix A for a listing of select iShares exchange traded funds ("Funds") that will commence trading on BX on a UTP basis on January 16, 2009. Barclays Global Fund Advisors (the "Advisor") is the investment advisor for the Funds and is registered under the Investment Advisers Act of 1940. The Advisor is a wholly owned subsidiary of Barclays Global Investors, N.A., which is in turn a wholly owned indirect subsidiary of Barclays Bank PLC of the United Kingdom. SEI Investments Distribution Co. (the "Distributor"), a Pennsylvania corporation and broker-dealer registered under the Securities Exchange Act of 1934, is the principal underwriter and distributor of Creation Unit Aggregations (as defined below) of iShares Funds. Investors Bank Trust Company ("IBT") is the administrator, custodian and transfer agent for each Fund.

The investment objective of the Funds is to provide investment results that correspond generally to the price and yield performance of a specified underlying index. The Funds use a "representative sampling" strategy to track the applicable underlying index. A Fund utilizing a representative sampling strategy generally will hold a basket of the component securities of its underlying index, but it may not hold all of the component securities of its underlying index.

As described more fully in the prospectus and the Statement of Additional Information ("SAI") for a Fund, the Funds offer and issue shares ("Shares") at their net asset value ("NAV") only in large blocks of 40,000 to 600,000 Shares. These "groups" of shares are called "Creation Unit Aggregations."

All orders to purchase Shares in Creation Unit Aggregations must be placed through an Authorized Participant. An Authorized Participant must be either a "Participating Party", *i.e.*, a broker-dealer or other participant in the clearing process through the National Securities Clearing Corporation Continuous Net Settlement System (the "Clearing Process"), a clearing agency that is registered with the SEC, or a Depository Trust Company participant, and in each case, must enter into a Participant Agreement. As detailed in the prospectus for each Fund, the Funds impose a transaction fee in connection with the issuance and redemption of Shares to offset transfer and other transaction costs.

The NAV for the Funds will be calculated and disseminated daily. The Funds' NAV will be calculated by IB. IBT will disseminate the information to BGI, SEI and others,

including the NYSE. The Funds' NAV will be published in a number of places, including, www.ishares.com and on the Consolidated Tape.

The registration statement for a Fund describes the various fees and expenses for the Fund's shares.

For a more complete description of the Funds and the underlying indexes, visit www.ishares.com.

Purchases and Redemptions in Creation Unit Size

PHLX members and member organizations are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the Trust's prospectus and SAI, and that Shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

Principal Risks

Interested persons are referred to the discussion in the prospectus for a Fund of the principal risks of an investment in that Fund. These include tracking error risk (factors causing a Fund's performance to not match the performance of the underlying index), market trading risk (for example, trading halts, trading above or below net asset value), stock market risk, investment style risk, interest rate risk, investment approach risk, concentration risk, non-diversification risk, issuer-specific risk, management risk, lack of market liquidity, lack of governmental insurance or guarantee, and fiscal policy risk.

Exchange Rules Applicable to Trading in the Shares

Trading of the Shares on PHLX's PSX system is on a UTP basis and is subject to PHLX rules.

Trading Hours

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on PSX between 9:00 a.m. and 5:00 p.m. ET. For trading during PSX's Pre-Market and Post-Market Sessions, market participants should note that additional risks may exist with respect to trading the Funds during these sessions, when the underlying index's values, intraday indicative value, or similar value may not be disseminated or calculated.

Suitability

Members and member organizations recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

PHLX members and member organizations also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds broker-dealers of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended

transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

Trading Halts

PHLX will halt trading in the Shares of a Fund in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the intraday indicative value of the Fund, the value of its underlying index, or a similar value are not being disseminated as required, or a halt for other regulatory reasons. In addition, PHLX will also stop trading the Shares of a Fund if the primary market de-lists the Fund.

Delivery of a Prospectus

PHLX members and member organizations should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Funds.

Prospectuses may be obtained through the Funds' website. The prospectus for the Funds does not contain all of the information set forth in the Funds' registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). For further information about the Funds, please refer to the registration statement.

In the event that the Funds rely upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the 1940 Act and in the future make available a written product description, PHLX Rule 803(o) requires that PHLX members and member organizations provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust for the Funds, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, PHLX members and member organizations shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by a PHLX member or member organization to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of the Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

A PHLX member or member organization carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to PHLX members and member organizations under this rule.

Upon request of a customer, PHLX members and member organizations also shall provide a copy of the prospectus.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the "ACT") regarding trading in the above mentioned exchange-traded funds.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Funds to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of shares of the above-mentioned Funds (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and to (ii) tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Funds for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of shares.

Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing Creation Unit Aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust for the Fund to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on

that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- (1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- (2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- (3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to 10b-10(a).

SEC Rule 14e-5

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of the Funds to (1) redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase Fund Shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- (1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- (2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- (3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not Authorized Participants (and, therefore, do not create Creation Unit Aggregations) that

engage in both proprietary and customer transactions in Shares of the Funds in the secondary market, and for broker-dealer Authorized Participants that engage in creations of Creation Unit Aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Shares of the Funds to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(I)(5)(A), (B) or (C). (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.) The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Shares of the Funds, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

SEC Rule 15c1-5 and 15c1-6

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund Shares and secondary market transactions therein. (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

This Information Circular is not a statutory prospectus. PHLX members and member organizations should consult the iShares prospectuses and the Funds' website at www.ishares.com for relevant information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, PHLX Listing Qualifications, at 301.978.8088
- PSX Market Sales at 800.846.0477

Appendix A

Exchange-Traded Fund	Symbol	Cusip Number
iShares MSCI Brazil	EWZ	464286 40 0
iShares MSCI South Africa	EZA	464286 78 0
iShares MSCI South Korea	EWY	464286 77 2
iShares MSCI Taiwan	EWT	464286 73 1
iShares S&P Europe 350 Index Fund	IEV	464287 86 1
iShares S&P Global Energy Sector Index Fund	IXC	464287 34 1
iShares S&P Global Financials Sector Index Fund	IXG	464287 33 3
iShares S&P Global Health Care Sector Index Fund	IXJ	464287 32 5
iShares S&P Global Telecommunications Sector Index Fund	IXP	464287 27 5
iShares S&P Global Technology Sector Index Fund	IXN	464287 29 1
iShares S&P/TOPIX 150 Index Fund	ITF	464287 38 2
iShares S&P Latin America 40 Index Fund	ILF	464287 39 0
iShares MSCI EAFE Index Fund	EFA	464287 46 5
iShares MSCI Emerging Markets Index Fund	EEM	464287 23 4
iShares MSCI Pacific Free Ex Japan Index Fund	EPP	464286 66 5
iShares MSCI Belgium	EWK	464286 30 1
iShares MSCI France	EWQ	464286 70 7
iShares MSCI Hong Kong	EWH	464286 87 1
iShares MSCI Italy	EWI	464286 85 5
iShares MSCI Japan	EWJ	464286 84 8
iShares MSCI Malaysia	EWM	464286 83 0
iShares MSCI Netherlands	EWN	464286 81 4
iShares MSCI Singapore	EWS	464286 67 3
iShares MSCI Spain	EWP	464286 76 4
iShares MSCI Sweden	EWD	464286 75 6
iShares MSCI Switzerland	EWL	464286 74 9
iShares MSCI United Kingdom	EWU	464286 69 9
S&P Global 100 Index Fund	IOO	464287 57 2
iShares Russell Midcap [®] Index Fund	IWR	464287 49 9
iShares Russell Midcap [®] Growth Index Fund	IWP	464287 48 1
iShares Russell Midcap [®] Value Index Fund	IWS	464287 47 3
iShares Cohen & Steers Realty Majors Index Fund	ICF	464287 56 4
iShares Russell 1000 Index Fund	IWB	464287 62 2
iShares Russell 1000 Growth Index Fund	IWF	464287 61 4
iShares Russell 1000 Value Index Fund	IWD	464287 59 8
iShares Russell 2000 Index Fund	IWM	464287 65 5

iShares Russell 2000 Growth Index Fund	IWO	464287 64 8
iShares Russell 2000 Value Index Fund	IWN	464287 63 0
iShares Russell 3000 Index Fund	IWV	464287 68 9
iShares Russell 3000 Growth Index Fund	IWZ	464287 67 1
iShares Russell 3000 Value Index Fund	IWW	464287 66 3
iShares MSCI Australia Index Fund	EWA	464286 10 3
iShares MSCI Austria Index Fund	EWO	464286 20 2
iShares MSCI Canada Index Fund	EWC	464286 50 9
iShares MSCI EMU Index Fund	EZU	464286 60 8
iShares MSCI Germany Index Fund	EWG	464286 80 6
iShares MSCI Mexico Index Fund	EWW	464286 82 2
iShares [®] KLD 400 Social Index Fund	DSI	464288 57 0
iShares S&P Global Consumer Discretionary Sector Index Fund	RXI	464288 74 5
iShares S&P Global Consumer Staples Sector Index Fund	KXI	464288 73 7
iShares S&P Global Industrials Sector Index Fund	EXI	464288 72 9
iShares S&P Global Utilities Sector Index Fund	JXI	464288 71 1
iShares S&P Global Materials Sector Index Fund	MXI	464288 69 5
iShares Dow Jones U.S. Oil & Gas Exploration & Production Index Fund	IEO	464288 85 1
iShares Dow Jones U.S. Oil Equipment & Services Index Fund	IEZ	464288 84 4
iShares Dow Jones U.S. Pharmaceuticals Index Fund	IHE	464288 83 6
iShares Dow Jones U.S. Health Care Providers Index Fund	IHF	464288 82 8
iShares Dow Jones U.S. Medical Devices Index Fund	IHI	464288 81 0
iShares Dow Jones U.S. Broker-Dealers Index Fund	IAI	464288 79 4
iShares Dow Jones U.S. Insurance Index Fund	IAK	464288 78 6
iShares Dow Jones U.S. Regional Banks Index Fund	IAT	464288 77 8
iShares Dow Jones U.S. Aerospace & Defense Index Fund	ITA	464288 76 0
iShares Dow Jones U.S. Home Construction Index Fund	ITB	464288 75 2
iShares Russell Micrcap Index Fund	IWC	464288 86 9
iShares FTSE/Xinhua China 25 Index Fund	FXI	