Information Circular: iShares Trust

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

From: William Slattery, Director, NASDAQ Listing Qualifications Department

DATE: June 15, 2007

Exchange-Traded Fund Symbol CUSIP #
iShares Dow Jones EPAC Select Dividend Index Fund IDV 464288448

Background Information on the Fund

The iShares Trust (the “Trust”) is an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”). The Trust consists of over 100 separate investment portfolios. This circular relates to the iShares Dow Jones EPAC Select Dividend Index Fund (the “Fund”). The shares of the Fund are referred to herein as “Shares.” The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Dow Jones EPAC Select Dividend Index (the “Underlying Index”). Barclays Global Fund Advisors (the “Adviser”) is the investment advisor for the Fund.

The Underlying Index measures the performance of a selected group of equity securities issued by companies that have provided relatively high dividend yields on a consistent basis over time. The Underlying Index is comprised of one hundred of the highest dividend-yielding securities (excluding REITs) in the Dow Jones World Developed-Ex. U.S. Index, a broad-based index representative of the Europe, Pacific, Asia and Canada (“EPAC”) regions, which covers developed markets, excluding the United States. To be included in the Underlying Index, the securities (i) must have paid dividends in each of the previous three years; (ii) must have a previous year’s dividend per-share which is greater than or equal to its three year average dividend payout ratio; (iii) must have a five year average dividend per-share which is less than or equal to 1.5 times the five year average dividend payout ratio of the corresponding Dow Jones country index; and (iv) must have a minimum three-month average daily trading volume of $3,000,000 a day. “Dividend payout ratio” reflects the percentage of a company’s earnings paid out as dividends. A ratio of 60% would mean that a company paid out approximately 60% of its earnings as dividends. A company with a lower dividend payout ratio has more earnings to support dividends, and adjustments or changes in the level of earnings are therefore less likely to significantly affect the level of dividends paid. Positive dividend growth rate is a measure of dividend consistency, since it provides some indication of a company’s ability to continue to pay dividends. The Underlying Index is reviewed annually. As of the close of business on May 1, 2007, the Underlying Index had a total market capitalization of approximately $1.9 trillion.
The Adviser uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued. Indexing eliminates the chance that the Fund may substantially outperform its Underlying Index, but also may reduce some of the risks of active management, such as poor security selection. Indexing seeks to achieve lower costs and better after-tax performance by keeping portfolio turnover low in comparison to actively managed investment companies.

The Fund generally will invest at least 90% of its assets in component securities and in depositary receipts representing such securities. The Fund may invest up to 10% of its assets in certain futures, options, and swap contracts, cash/cash equivalents, including money market mutual funds advised by the Adviser, other exchange traded funds, including other iShares funds and stocks not included in the Underlying Index but which the Adviser believes will help the Fund track its Underlying Index. For example, the Fund may invest in securities not included in the Underlying Index in order to reflect prospective changes in the Underlying Index such as future corporate actions and index reconstitutions, additions and deletions.

The Adviser uses a representative sampling indexing strategy for the Fund. Representative sampling is a strategy that involves investing in a representative sample of the securities included in the Underlying Index that collectively has an investment profile similar to the Underlying Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability, earnings valuation and yield) and liquidity measures similar to those of the Underlying Index. The Fund may or may not hold all of the securities that are included in the Underlying Index.

As described more fully in the prospectus and the Statement of Additional Information (“SAI”) for the Fund, the Fund issues and redeems Shares at their net asset value (“NAV”) only in blocks of 50,000 shares or multiples thereof (“Creation Units”). Only certain large institutional investors (“Authorized Participants”) may purchase or redeem Creation Units directly with the Fund at NAV. These transactions are usually in exchange for a basket of securities similar to the Fund’s portfolio and an amount of cash. Except when aggregated in Creation Units, shares of the Fund are not redeemable securities. Shareholders who are not Authorized Participants may not redeem shares directly from the Fund at NAV.

The NAV for the Fund will generally be determined once daily Monday through Friday generally as of the regularly scheduled close of business of the NYSE (normally 4:00 p.m., Eastern Time) on each day that the NYSE is open for trading. The Fund’s NAV will be published in a number of places, including www.ishares.com and on the Consolidated Tape.

Shares of the Fund are held in book-entry form, which means that no stock certificates are issued. The Depository Trust Company, or its nominee, is the record owner of all outstanding shares of the Fund and is recognized as the owner of all shares for all purposes.
Dividends from net investment income, if any, are declared and paid at least annually by the Fund. The Fund generally distributes its net capital gains, if any, to shareholders annually.

Investors Bank & Trust Company is the administrator, custodian and transfer agent for the Fund.

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

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

**Purchases and Redemptions in Creation Unit Size**

NASDAQ members 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 the Fund of the principal risks of an investment in the Fund. These include tracking error risk (factors causing the 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, sector risk, investment approach risk, concentration risk, non-diversification risk, issuer-specific risk, management risk, lack of market liquidity, foreign securities risk, reliance on exports risk, Asian economic risk, European economic risk, currency risk and geographic concentration risk.

**Exchange Rules Applicable to Trading in the Shares**

Trading in the Shares on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules.

**Trading Hours**

The values of the Index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on NASDAQ between 9:30 a.m. and 4:15 p.m., Eastern Time (ET), unless otherwise indicated.

**Suitability**

Trading in the Shares on NASDAQ will be subject to the provisions of NASDAQ Rule 2310. Members recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the “know your customer” obligation that is embedded in the NASDAQ Conduct Rules.
Members also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members 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**

NASDAQ will halt trading in the Shares of the Fund in accordance with NASDAQ Rule 4120. The grounds for a halt under NASDAQ Rule 4120 include a halt by the primary market because the intraday indicative value of the Fund and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, NASDAQ will also stop trading the Shares of the Fund if the primary market de-lists the Fund.

**Delivery of a Prospectus**

NASDAQ members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Fund.

Prospectuses may be obtained through the Fund’s website. The prospectus for the Fund does not contain all of the information set forth in the Fund’s 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 Fund, please refer to the registration statement.

In the event that the Fund relies 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, NASDAQ Rule 4420(j)(2) requires that NASDAQ members 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 Fund, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, NASDAQ members 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 NASDAQ member 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 NASDAQ member 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 NASDAQ member under this rule.

Upon request of a customer, NASDAQ members 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 Fund.

**Short Sale Rules**

Transactions in ETFs will not be subject to "tick" requirements of the SEC short sale
rule (SEC Rule 10a-1) or the "bid" requirements of the NASDAQ short sale rule
(NASDAQ Rule 3350). Short orders must be marked SHORT or SHORT EXEMPT. (See
paragraph below regarding Rule 200(g) of Regulation SHO.)

**Rule 200(g) of Regulation SHO**

The SEC Division of Market Regulation has stated that the Division will not
recommend enforcement action under Rule 200(g) of Regulation SHO if a broker-
dealer marks "short" rather than "short exempt" a short sale effected in the Fund,
subject to specified conditions, including that a broker-dealer executing exempt short
sales will mark such sales as "short" and in no event will such sales be marked
"long". (See letter from James A. Brigagliano, Assistant Director, Division of Market
Regulation, SEC, to Ira Hammerman, Senior Vice President and General Counsel,
Securities Industry Association, dated January 3, 2005.)

**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 Fund 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 Fund (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 Fund for redemption does not constitute a bid for or
purchase of any of the Fund’s 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 Fund (1) to 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 Fund 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 Fund 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 Fund, 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. NASDAQ members should consult the Fund’s prospectus and/or the Fund’s website for relevant information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Director, NASDAQ Listing Qualifications, at 301.978.8088
- NASDAQ Market Sales at 800.846.0477