

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: December 21, 2007

Re: **iShares MSCI Brazil Index Fund (EWZ) - Special Cash Distribution**

iShares MSCI Brazil Index Fund (EWZ) has declared a capital gains distribution of \$0.428797 payable to share holders of record on Thursday, December 27, 2007. Distribution date for the special cash dividend will be Friday, January 4, 2008. **Ex-distribution date for the special cash dividend will be Monday, December 24, 2007.**

EFFECTIVE DATE: Monday, December 24, 2007
SYMBOL(s): EWZ/ZYL/WKB become AJZ/ZWM/WWB, respectively
POSITION LIMITS: No Change
STRIKE PRICE: No Change
NEW DELIVERABLE: 1) 100 iShares MSCI Brazil Index Fund Shares (EWZ)
 2) \$42.88 cash (\$0.428797 x 100)

GOOD-TILL-CANCELLED (GTC) ORDERS:

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution or effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

The resulting list of adjusted strike prices and symbols is as follows:

iShares MSCI Brazil Index Fund (EWZ) (Before 12/24/2007) (100 shrs EWZ)					iShares MSCI Brazil Index Fund (AJZ) (Beginning 12/24/2007) (See new deliverable above)				
			Calls	Puts			Calls	Puts	
EWZ	JAN	30	AF	MF	AJZ	JAN	30	AF	MF
EWZ	JAN	35	AG	MG	AJZ	JAN	35	AG	MG
EWZ	JAN	40	AH	MH	AJZ	JAN	40	AH	MH
EWZ	JAN	45	AI	MI	AJZ	JAN	45	AI	MI
EWZ	JAN	50	AJ	MJ	AJZ	JAN	50	AJ	MJ
EWZ	JAN	55	AK	MK	AJZ	JAN	55	AK	MK
EWZ	JAN	60	AL	ML	AJZ	JAN	60	AL	ML
EWZ	JAN	65	AM	MM	AJZ	JAN	65	AM	MM
EWZ	JAN	70	AN	MN	AJZ	JAN	70	AN	MN
EWZ	JAN	75	AO	MO	AJZ	JAN	75	AO	MO
EWZ	JAN	80	AP	MP	AJZ	JAN	80	AP	MP
EWZ	JAN	85	AQ	MQ	AJZ	JAN	85	AQ	MQ
EWZ	JAN	90	AR	MR	AJZ	JAN	90	AR	MR
EWZ	JAN	95	AS	MS	AJZ	JAN	95	AS	MS
EWZ	JAN	100	AT	MT	AJZ	JAN	100	AT	MT
EWZ	JAN	105	AA	MA	AJZ	JAN	105	AA	MA
EWZ	JAN	110	AB	MB	AJZ	JAN	110	AB	MB
EWZ	MAR	35	CG	OG	AJZ	MAR	35	CG	OG
EWZ	MAR	40	CH	OH	AJZ	MAR	40	CH	OH
EWZ	MAR	45	CI	OI	AJZ	MAR	45	CI	OI
EWZ	MAR	50	CJ	OJ	AJZ	MAR	50	CJ	OJ
EWZ	MAR	55	CK	OK	AJZ	MAR	55	CK	OK
EWZ	MAR	60	CL	OL	AJZ	MAR	60	CL	OL
EWZ	MAR	65	CM	OM	AJZ	MAR	65	CM	OM
EWZ	MAR	70	CN	ON	AJZ	MAR	70	CN	ON

EWZ	MAR	75	CO	OO	AJZ	MAR	75	CO	OO
EWZ	MAR	80	CP	OP	AJZ	MAR	80	CP	OP
EWZ	MAR	85	CQ	OQ	AJZ	MAR	85	CQ	OQ
EWZ	MAR	90	CR	OR	AJZ	MAR	90	CR	OR
EWZ	MAR	95	CS	OS	AJZ	MAR	95	CS	OS
EWZ	MAR	100	CT	OT	AJZ	MAR	100	CT	OT
EWZ	MAR	105	CA	OA	AJZ	MAR	105	CA	OA
EWZ	MAR	110	CB	OB	AJZ	MAR	110	CB	OB
EWZ	MAR	115	CC	OC	AJZ	MAR	115	CC	OC

EWZ	JUN	45	FI	RI	AJZ	JUN	45	FI	RI
EWZ	JUN	50	FJ	RJ	AJZ	JUN	50	FJ	RJ
EWZ	JUN	55	FK	RK	AJZ	JUN	55	FK	RK
EWZ	JUN	60	FL	RL	AJZ	JUN	60	FL	RL
EWZ	JUN	65	FM	RM	AJZ	JUN	65	FM	RM
EWZ	JUN	70	FN	RN	AJZ	JUN	70	FN	RN
EWZ	JUN	75	FO	RO	AJZ	JUN	75	FO	RO
EWZ	JUN	80	FP	RP	AJZ	JUN	80	FP	RP
EWZ	JUN	85	FQ	RQ	AJZ	JUN	85	FQ	RQ
EWZ	JUN	90	FR	RR	AJZ	JUN	90	FR	RR
EWZ	JUN	95	FS	RS	AJZ	JUN	95	FS	RS
EWZ	JUN	100	FT	RT	AJZ	JUN	100	FT	RT
EWZ	JUN	105	FA	RA	AJZ	JUN	105	FA	RA
EWZ	JUN	110	FB	RB	AJZ	JUN	110	FB	RB
EWZ	JUN	115	FC	RC	AJZ	JUN	115	FC	RC
EWZ	JUN	120	FD	RD	AJZ	JUN	120	FD	RD
EWZ	JUN	125	FE	RE	AJZ	JUN	125	FE	RE

iShares MSCI Brazil Index Fund - 2009 Leap (ZYL)
(Before 12/24/2007)
(100 shrs EWZ)

			Calls	Put
ZYL	JAN	50	AJ	MJ
ZYL	JAN	55	AK	MK
ZYL	JAN	60	AL	ML
ZYL	JAN	65	AM	MM
ZYL	JAN	70	AN	MN
ZYL	JAN	75	AO	MO
ZYL	JAN	80	AP	MP
ZYL	JAN	85	AQ	MQ
ZYL	JAN	90	AR	MR
ZYL	JAN	95	AS	MS
ZYL	JAN	100	AT	MT
ZYL	JAN	105	AA	MA
ZYL	JAN	110	AB	MB
ZYL	JAN	115	AC	MC
ZYL	JAN	120	AD	MD
ZYL	JAN	125	AE	ME
ZYL	JAN	130	AF	MF
ZYL	JAN	135	AG	MG
ZYL	JAN	140	AH	MH

iShares MSCI Brazil Index Fund - 2009 Leap (ZWM)
(Beginning 12/24/2007)
(See new deliverable above)

			Calls	Put
ZWM	JAN	50	AJ	MJ
ZWM	JAN	55	AK	MK
ZWM	JAN	60	AL	ML
ZWM	JAN	65	AM	MM
ZWM	JAN	70	AN	MN
ZWM	JAN	75	AO	MO
ZWM	JAN	80	AP	MP
ZWM	JAN	85	AQ	MQ
ZWM	JAN	90	AR	MR
ZWM	JAN	95	AS	MS
ZWM	JAN	100	AT	MT
ZWM	JAN	105	AA	MA
ZWM	JAN	110	AB	MB
ZWM	JAN	115	AC	MC
ZWM	JAN	120	AD	MD
ZWM	JAN	125	AE	ME
ZWM	JAN	130	AF	MF
ZWM	JAN	135	AG	MG
ZWM	JAN	140	AH	MH

iShares MSCI Brazil Index Fund - 2010 Leap (WKB)
(Before 12/24/2007)
(100 shrs EWZ)

			Calls	Put
WKB	JAN	50	AJ	MJ
WKB	JAN	60	AL	ML
WKB	JAN	70	AN	MN
WKB	JAN	75	AO	MO
WKB	JAN	80	AP	MP

iShares MSCI Brazil Index Fund - 2010 Leap (WWB)
(Beginning 12/24/2007)
(See new deliverable above)

			Calls	Put
WWB	JAN	50	AJ	MJ
WWB	JAN	60	AL	ML
WWB	JAN	70	AN	MN
WWB	JAN	75	AO	MO
WWB	JAN	80	AP	MP

WKB	JAN	85	AQ	MQ	WWB	JAN	85	AQ	MQ
WKB	JAN	90	AR	MR	WWB	JAN	90	AR	MR
WKB	JAN	100	AT	MT	WWB	JAN	100	AT	MT
WKB	JAN	110	AB	MB	WWB	JAN	110	AB	MB
WKB	JAN	120	AD	MD	WWB	JAN	120	AD	MD
WKB	JAN	130	AF	MF	WWB	JAN	130	AF	MF
WKB	JAN	140	AH	MH	WWB	JAN	140	AH	MH
WKB	JAN	150	AU	MU	WWB	JAN	150	AU	MU

The new EWZ/ZYL/WKB option contracts representing 100 shares of EWZ, will be admitted to trading on Wednesday, December 26, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.