

iSHARES® AUSTRALIAN TAX GUIDE

1. Introduction

- 1.1 The iShares Australian Tax Guide (“**Guide**”) provides a general summary of the main Australian income tax implications of an investment in the iShares funds by an Australian investor.
- 1.2 The information in this Guide is of a general nature only and does not address all of the taxation issues which may be relevant to a particular investor. Accordingly, this Guide does not constitute legal, financial or tax advice and may not be relied upon as such.
- 1.3 Australian taxation laws are complex and may change over time. Accordingly, it is recommended that each investor obtains their own independent professional taxation advice applicable to their own individual facts and circumstances.
- 1.4 The Guide also provides limited information in respect of estate and withholding tax obligations in the United States of America (“US”). This information is very general and does not constitute advice. Investors must seek their own advice.

2. Assumptions

- 2.1 The comments outlined in this Guide assume that the investor:
 - (a) is an Australian resident for income tax purposes with an income year ending on 30 June;
 - (b) is an individual taxpayer or a complying superannuation fund;
 - (c) does not carry on a business of either trading or dealing in shares or otherwise hold investments on revenue account – any subsequent disposal of the investment in an iShares fund will therefore be subject to the capital gains tax regime; and
 - (d) returns dividend distributions from holding iShares funds on a cash basis.

- 2.2 This Guide is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office generally accepted as at 30 June 2008. Taxation laws may change in the future without notice. Furthermore, legislation introduced to give effect to any announcements regarding tax may contain provisions which were not contemplated at the time of the announcements.
- 2.3 The government is currently reviewing the Australian taxation system, including a review of Australia’s anti-deferral rules. You should consult your tax adviser to understand how any of these future changes may affect your iShares investment.
- 2.4 This Guide includes the following appendices:
 - (a) Appendix A: Sample W-8BEN form as issued by Computershare
 - (b) Appendix B: Sample W-8BEN form instructions as issued by Computershare
 - (c) Appendix C: Information to assist you to complete your tax return

3. iShares – Background

- 3.1 Your investment consists of a class of shares (a “**fund**”) issued by iShares, Inc. or iShares Trust (“collectively **iShares**”) which are listed for quotation on the Australian Securities Exchange (“**ASX**”). Each iShares company is a managed investment company incorporated in the United States (“**US**”) and registered with the US Securities & Exchange Commission under the Investment Company Act of 1940.
- 3.2 In Australia, both iShares companies are registered foreign investment companies (iShares, Inc. ARBN 125 632 279, iShares Trust ARBN 125 632 411). For Australian tax purposes, your investment is a share in a foreign company, being iShares, Inc. or iShares Trust. The term iShares is used in this document to refer to either iShares entity.

3.3 The buying and selling of shares in an iShares fund on ASX are settled by way of Chess Depository Interests (“CDIs”).

3.4 Computershare Investor Services Pty Limited (“Computershare”) is the registrar of the iShares funds in Australia. Computershare is not responsible for any information contained in this Guide.

4. Distributions

4.1 Frequency and payment of dividend distributions

- (a) Distributions declared by the iShares funds are usually paid quarterly, semi-annually, or annually depending on the fund’s distributions calendar. You must be a registered CDI holder in an iShares fund to which a distribution is payable as of the fund’s record date to receive a distribution. Details of the distributions calendar for each fund are available on www.iShares.com.au (“Website”). There is no guarantee that any distributions will be declared in the future, or that if declared, the amount of any distributions will remain at current levels or increase at any time.
- (b) Distributions in Australia will typically be paid by Computershare, approximately 12 business days following the record date of the respective iShares fund. These payments will be made to entitled shareholders in Australian dollars.

4.2 Assessability of dividend distributions

- (a) As a shareholder, you will be assessed on all dividend distributions from each iShares fund in the financial year in which they are paid. For Australian tax purposes, the assessable amount should be the dividend distribution you receive gross of the US withholding tax deducted.
- (b) Since dividend distributions from an iShares fund represent foreign income, there are no franking credits attached.

4.3 Withholding tax

- (a) US withholding tax will generally be levied on dividend distributions paid to you as an Australian shareholder. The withholding tax rate is generally limited to 15% under the Australia/US Double Tax Agreement. In order to take advantage of this limited rate, you should complete a W-8BEN form (refer 4.4).
- (b) You should be entitled to a credit for the US withholding tax, up to the amount of any Australian tax payable on the dividend distribution. Please note that any tax deductions against this income will reduce the Australian tax payable against which the foreign tax credit is allowed. This may therefore result in unutilised foreign tax credits.
- (c) Your Dividend Payment Advice from Computershare will show the net amount in Australian dollars of any distribution. It will also show the rate of withholding tax, the withholding tax amount deducted from your dividend payment in US dollars (and the exchange rate applied to convert the net dividend distribution from US dollars to Australian dollars. This rate can also be used to convert the withholding tax amount from US dollars to Australian dollars.

4.4 Forms issued by the US tax authorities

(a) W-8BEN form

A sample W-8BEN form issued by Computershare is included in this Guide at Appendix A. Appendix B contains an instruction guide to assist you to complete the W-8BEN form. You can download these forms from the Computershare website.

Please note that the W-8BEN form sent by Computershare to new investors is pre-populated with certain Information for ease of completion. The W-8BEN form on this website is not pre-populated.

To access these forms, enter the following URL in your internet browser <http://www.computershare.com/XXXforms>, but replace the “XXX” with the ASX trading code of any iShares fund.

The US tax authorities require you to complete a W-8BEN form to determine how much withholding tax to deduct from your dividend distributions. Generally, if you do not complete this form, a higher withholding tax rate will apply to your distribution, typically 30%.

W-8BEN forms are valid for the year of lodgement and the following 3 years. Computershare will send you a new form to complete before the expiry of the current form. This will ensure that you can continue to receive the lowest possible withholding tax rate on your dividend payments.

(b) Other US form – Form 1042

The US tax authorities require Computershare to issue a statement called a Form 1042 each year to every Australian resident iShares investor, after the end of each calendar year. This contains information which is relevant for US tax obligations but it is not relevant for Australian tax obligations. You should consult your taxation adviser concerning tax obligations outside Australia.

4.5 Return of Capital

- (a) From time to time, some iShares funds may return capital to their investors. A return of capital is a return of part of the cost which you outlaid in making your original investment in the fund.
- (b) By 30 June each year, the Website will disclose the breakdown between “dividend” and “return of capital” for any distributions paid during the financial year. Until the actual breakdown is known, the Website will only show the cash amount you received without any breakdown.
- (c) Please note that the Dividend Payment Advice you will receive from Computershare will disclose each distribution payment only as a dividend. To check that none of this payment is a return of capital, please refer to the Website before you complete your annual income tax return. You should do this because dividends are treated differently to returns of capital, for Australian tax purposes.

4.6 Foreign exchange gains and losses

On the assumption that income is assessed to you on a cash basis, you will calculate your dividend or return of capital in Australian dollars, in accordance with the exchange rate shown on your Computershare Dividend Payment Advice. Accordingly, for Australian tax purposes, you should not disclose any foreign exchange gains or losses in relation to your distributions.

5. Capital Gains/Losses

5.1 General

- (a) The sale or other disposal of your shares (or CDIs) in an iShares fund will constitute a capital gains tax (“CGT”) event for Australian tax purposes. You will make a capital gain if the capital proceeds you receive as a result of the CGT event are greater than the cost base of the CDIs. Subject to the comments at 5.2 below, the cost base (or reduced cost base) of your CDIs is generally the amount that you paid for the investment and any incidental costs you incur on its acquisition and disposal (e.g. broker’s fees).
- (b) If you are eligible for the discount capital gains concession, you may reduce the realised nominal capital gain by 50% if you are an individual or by 33 1/3% if you are a complying superannuation fund. This concession will apply if you have held the CDIs for at least 12 months prior to the CGT event.
- (c) If the capital proceeds you receive on the disposal of your CDIs are less than their reduced cost base, the difference is treated as a capital loss. Such losses can be offset against capital gains arising in the current or future income years, but cannot be used to reduce the tax payable on your ordinary income (such as dividends).

5.2 Return of Capital

- (a) For the purposes of calculating a capital gain/loss, you should reduce the cost base of your CDIs by any amount you received which was a return of capital. You can obtain the return of capital component from the iShares website. Please note that this is not available from Computershare (refer 4.5 above). If you sell your CDIs many years after you receive a return of capital, you must ensure you keep appropriate records so you can reduce your cost base in the year you sold your CDIs.
- (b) Where the total returns of capital exceed the cost base of your CDIs - ie the cost base has been reduced to zero, the excess is assessable as a capital gain, even if you have not sold your CDIs.

6. Accruals Taxation – FIF and CFC Provisions

6.1 FIF Provisions

- (a) The Foreign Investment Fund (“**FIF**”) accrual provisions do not apply to your CDIs since iShares qualify as Regulated Investment Companies (“**RIC**”) under Subchapter M of the US Internal Revenue Code of 1986. It is expected that iShares will each continue to qualify as a RIC into the future.
- (b) In these circumstances, Australian resident investors should only be taxable on the dividend distributions paid to them during the financial year (refer 4.2 above) and not based on FIF accrual calculated amounts.

6.2 CFC Provisions

The Controlled Foreign Companies (“**CFC**”) rules are unlikely to apply to your CDIs on the basis that each iShares is a large US listed company and the requisite investor control tests should not be satisfied. However, if an investor has reason to believe that these provisions may be relevant, they should seek independent tax advice.

7 Pay As You Go (PAYG)

- 7.1 You may be required to pay tax instalments on your iShares dividend distribution under Australia’s PAYG system. If this applies, you should include your iShares dividend distribution in your personalised Business Activity Statement (BAS) or Instalment Activity Statement (IAS) which is lodged on a monthly, quarterly or annual basis (depending on your circumstances).

Your tax adviser can assist you with your PAYG obligations.

- 7.2 If you are liable to PAYG instalments, the Dividend Payment Advice sent with each distribution payment will show you the amount of your iShares distribution to include in your BAS or IAS.

8 Other item – US estate tax

- 8.1 An investor (who is not a US citizen and is not domiciled in the US) may be subject to US estate tax if at the time of their death, they beneficially own iShares.
- 8.2 The amount of the estate tax is determined by reference to the value of the iShares held at death. However the amount of any such tax may be reduced pursuant to an Australian/ US estate tax treaty. The reduction can include a credit such that the first USD\$60,000 of US situated assets (including iShares) is exempt.
- 8.3 In addition to the estate tax, an investor can also be subject to US generation-skipping transfer tax where they transfer iShares to a grandchild or a more remote descendant at death.
- 8.4 The estate and generation-skipping taxes are levied on a self assessment basis such that the estate is responsible for making the appropriate tax filings and paying the taxes. Investors must obtain their own advice about the impact of these taxes to their specific circumstances.

Appendix A

SAMPLE W-8BEN FORM AS PROVIDED BY COMPUTERSHARE



iShares MSCI South Korea
iShares, Inc. ARBN 125 632 279
iShares Trust ARBN 125 632 411



All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1-300-474-2737
(outside Australia) 61 3 9415 4695
Facsimile 61 2 8235 8209
web.queries@computershare.com.au
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details

000001
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SAM
MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 IND

Use a black pen.
Print in CAPITAL letters
inside the grey areas as
shown in this example.

A B C 1 2 3 X

Form W-8BEN Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

OMB No. 1545-1621
(Rev. Feb 2006) Dept. of U.S. Treasury

Part I. Identification of Beneficial Owner (Refer to Investor Guide for completing Form W-8BEN)

Please mark the box that indicates your status.

Individual Corporation Other
(If you marked the "Other" box please
indicate type of beneficial owner as
shown on Investor Guide)

Country of Incorporation

If you are a corporation, enter the country of incorporation. If you are another type of entity, enter the country under which laws you were created, organized, or governed.

Name of beneficial owner (if the beneficial owner is not the same as the registered holder as shown above, please write the beneficial owner details in the boxes below)

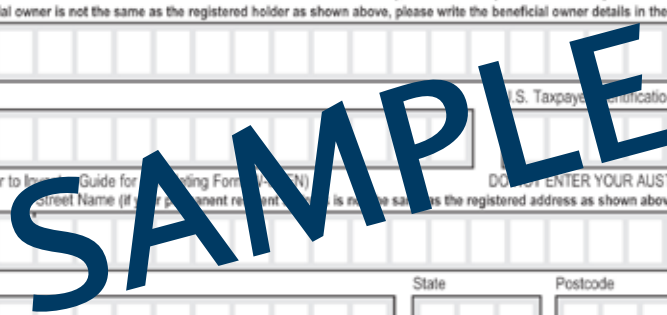
U.S. Taxpayer Identification Number (TIN), if any

Permanent Residence Address (Refer to Investor Guide for completing Form W-8BEN)

DO NOT ENTER YOUR AUSTRALIAN TAX FILE NUMBER (TFN)

Unit Street Number Street Name (if your permanent residence is not the same as the registered address as shown above, please write it in the boxes below)

City/Town/Suburb State Postcode Country Code



W 8 0 0 1

Part II. Claim of Tax Treaty Benefits, if eligible

Important! If eligible, Non-individuals must tick box 9a AND box 9c AND enter country of residence. Individuals must tick box 9a AND enter country of residence.

9a The beneficial owner is a resident within the meaning of the income tax treaty between the United States and the country identified to the right. Country

9c The beneficial owner is a non-individual, derives the income for which the treaty benefits are claimed and, if applicable, meets the limitation on benefits treaty provision requirements.

Part IV. Certification - Sign Here

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- 1. I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.
- 2. The beneficial owner is not a U.S. person.
- 3. The income to which this form relates is (a) not effectively connected with the conduct of a trade or business in the United States, (b) effectively connected but is not subject to tax under an income tax treaty, or (c) the partner's share of a partnership's effectively connected income, and
- 4. For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Signature of beneficial owner or authorized signatory

Capacity in which acting

Contact Details - Phone Number

Date (day/month/year)

Send form to Computershare DO NOT SEND TO THE IRS (see reverse for mailing instructions).

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Form W-8BEN Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

(Section references are to the Internal Revenue Code)

Do not use this form for:

- A U.S. citizen or other U.S. person, including a resident alien individual..... W-9
- A person claiming that income is effectively connected with the conduct of a trade or business in the United States..... W-8ECI
- A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession that received effectively connected income or that is claiming the applicability of section(s) 115(2), 501(c), 692, 895, or 1443(b)..... W-8EXP or W-8ECI
- A person acting as an intermediary/flow-through entity..... W-8IMY

Note: These entities should use Form W-8BEN if they are claiming treaty benefits or are providing the form only to claim they are foreign person exempt from backup withholding.

Name and Mailing Address

The information in this section reflects the name and mailing address of the registered holder of the securities.

Type of Beneficial Owner

Tick one box that applies to the beneficial owner.

If the beneficial owner is an Individual, tick the "Individual" box.

If the beneficial owner is a Corporation, tick the "Corporation" box.

If the beneficial owner is neither an Individual nor a Corporation select the "Other" box and choose from the following categories (See Notes on Trusts below):

- T - Complex Trust
- S - Simple Trust
- G - Grantor Trust
- P - Partnership
- D - Disregarded Entity
- E - Estate
- F - Private Foundation
- X - Tax Exempt Organisation as approved by the US Internal Revenue Service

Claim of Treaty Benefits

Eligible Individuals

If you indicated the type of beneficial owner is an Individual you must tick box 9a AND enter the country of permanent residence.

Eligible Non-Individuals

If you indicated the type of beneficial owner is not an Individual you must tick box 9a, enter the country of permanent residence and tick box 9c.

Signature

The signature of the beneficial owner or an authorized signatory of the beneficial owner must sign here.

Country of Incorporation

If you are a corporation, enter the Country of Incorporation. If you are another type of entity, enter the country under which laws you were created, organized or governed.

U.S. Taxpayer Identification Number (TIN)

If you have a U.S. Social Security Number or a U.S. Employer Identification Number, enter it here.

Do not enter your Australian Tax File Number.

Residence Address of beneficial owner/s

If your permanent residence address is not the same as the mailing address printed on the Form W-8BEN, you must write your permanent residence address here. Do not use a P.O. Box care-of address.

Generally, your Permanent Residence Address is the address in the country where you claim to be a resident for income tax purposes.

Contact Details & Date

Enter your phone number so we can phone you if required.

Enter the date the form was executed.

Joint Ownership

Each beneficial owner of a joint holding must complete and return a separate Form W-8BEN. Each form must be individually signed in order to be valid.

Notes on Trusts:

U.S. law may interpret trusts differently to that applying in an Australian or other jurisdiction. The descriptions below are provided as a general indication of the characteristics of the types of trusts referred to in the Form. You are advised to obtain your own independent professional advice.

Simple Trust: Governing documents requires distribution of all income to current beneficiaries and does not distribute or accumulate income or gains for charitable purposes and the trust does not, in fact, distribute any capital or accumulated income.

Grantor: (a) The power to revest title to the trust property absolutely in the grantor is exercisable either (i) solely by the grantor without the approval or consent of any other person, or (ii) with the consent of a related or subordinate party who is subservient to the grantor; or (b) during the lifetime of the grantor, trust distributions (whether income or corpus) may be made only to the grantor or grantor's spouse; or (c) trust distributions are taxable as compensation for services rendered.

Complex: Governing documents provide for the accumulation of income for future distributions or may accumulate income or gains for charitable purposes.

DO NOT FAX THIS FORM

Appendix B

INVESTOR'S GUIDE TO FORM W-8BEN

For many Australian investors completing the Form is quite simple!
Read instructions below to find answers to frequently asked questions.

This guide is of a general nature only and does not constitute legal, financial or tax advice. You must seek professional advice in respect of your specific situation.

For more general tax information related to iShares, please see the iShares Australian Tax Guide available at iShares.com.au.

Non-Australian Investors! This guide is intended for investors who are Australian tax residents eligible to claim a reduced rate of withholding tax under the United States (US) / Australian tax treaty. Residents in countries other than Australia for tax purposes should complete this form but may be taxable at different rates and should seek their own independent advice.

Why should I complete the Form W-8BEN?

If you are an Australian investor in an iShares fund, completing a Form W-8BEN ('the Form') may entitle you to **benefit from reduced withholding tax on your dividends paid by iShares funds**.

The standard withholding tax rate on dividends applied by the US Internal Revenue Service (IRS) on non-US residents is **30%**. By completing this form, Australian residents will be taxable at 15% of their dividends.

For more information on iShares dividends, please visit iShares.com.au.

Who should file a Form W-8BEN?

Every beneficial owner who is not a US resident for tax purposes. The beneficial owner is generally the person or entity who is liable to include the dividend income in their gross income on a tax return.

Is the registered holder the same as the beneficial owner?

If yes, go to the next question.

If no, the registered holder is considered an intermediary or flow-through entity. Please refer to instructions for intermediary/flow-through entity overleaf.

What happens if I don't complete the Form W-8BEN?

If you do not complete the Form, US withholding tax will be deducted at 30%.

Will the Form W-8BEN apply to all my iShares holdings?

No. The Form will apply to the iShares fund you hold under the HIN/SRN shown on the Form. You will need to complete a new Form W-8BEN each time you make an initial purchase in a different iShares fund in the future.

When should I complete the Form W-8BEN by? How long will it remain valid?

To ensure the applicable tax treaty rate is applied, please send your Form to Computershare prior to the record date of the first dividend after your purchase date.

A Form W-8BEN provided by an investor will remain in effect until 31 December, 3 years after it is signed i.e. a Form W-8BEN signed on 1 September 2008 will remain valid until 31 December 2011. If any of the details you provided on the Form W-8BEN change, you must lodge a new Form W-8BEN showing the new details.

How do I complete the Form?

Step 1. Identify your investor type and follow the instructions for completion of Part I, Part II and Part IV

Account type	Part I	Part II	Part IV
Individual	Tick box Individual Leave other fields in top row empty	If eligible, tick box 9a and enter country "Australia". Leave box 9c empty	Signature of the beneficial owner or their agent
Self-managed super fund (SMSF) (with individual, joint or company trustee)	Tick Other <ul style="list-style-type: none"> ■ Enter Type of Beneficial Owner ■ Enter the country under which laws the fund was created, organized or is governed. Note: Generally SMSFs are considered Complex Trusts, you should seek your own advice in this regard	If eligible, tick boxes 9a and 9c and enter country "Australia"	Only one Trustee/authorized representative needs to sign the Form Complete box Capacity in which acting, e.g. "Trustee"
Other trust or entity Note: US law may interpret entities differently to that applying in Australia	Tick Other <ul style="list-style-type: none"> ■ Enter Type of Beneficial Owner (select from list below) ■ Enter the country under which laws the entity was created, organized or is governed 	If eligible, tick boxes 9a and 9c and enter country "Australia"	<ul style="list-style-type: none"> ■ Only one Trustee/authorized representative needs to sign the Form ■ Complete box Capacity in which acting, e.g. "Trustee"
	S – Simple Trusts P – Partnership F – Private Foundation		
Corporations	Tick box Corporation Enter country of Incorporation	Tick boxes 9a and 9c and enter country "Australia"	<ul style="list-style-type: none"> ■ Only one authorized representative/officer of the Corporation needs to sign the Form. ■ Complete box Capacity in which acting, e.g. "Director"
Joint Holders, Partnerships	If the registration details reflect the names of all beneficial owners, each beneficial owner must lodge a separate Form as Individual. If the registration details do not include ALL of the beneficial owners, then the registered holder is considered an intermediary or flow-through entity. Please refer to the instructions for intermediary/flow-through entity below.		
Intermediary/flow-through entity	DO NOT use Form W-8BEN. Persons acting as intermediary/flow-through entity should complete a Form W-8IMY available for download from Computershare's website www.computershare.com.au or by calling 1300 iShares (1300 474 2737)		
Agent with a Power of Attorney	If the Form is being completed on behalf of an individual by an acting agent under duly authorized Power of Attorney, this Form must be accompanied by the Power of Attorney document (if not already noted by the Registry).		

Step 2. Provide personal information

Part I: Permanent residence address

If the address in the box on the top of the Form is **not** the permanent residence of the beneficial owner, enter the permanent residence address. Otherwise, leave the Address fields in Part I **empty**.

This will NOT update your registered address as it is possible your registered address and permanent residence address may be different. To change your registered address you will need to send a separate instruction requesting your registered address be changed on the register.

Do NOT use a Post Office or care-of address (e.g. C / -). A street address or physical location is required.

Generally, your permanent residence address is the address in the country where you claim to be a resident for income tax purposes. If you are an individual who does not have a tax residence in any country, your permanent residence is where you normally reside. If you are not an individual and do not have a tax residence in any country, the permanent residence address is where you maintain your principal office.

Part I: US Taxpayer Identification Number (TIN)

Please DO NOT enter your Australian Tax File Number. If you have a US Taxpayer Identification Number, please enter it in the space provided. If you do not have one, leave this box blank.

Appendix C

INFORMATION TO ASSIST YOU TO COMPLETE YOUR 2008 INCOME TAX RETURN

The information in this appendix will assist an Australian resident individual or an Australian resident complying superannuation fund which has invested in iShares funds, to complete their Australian tax return for the financial year ending 30 June 2008. All references to the TaxPack Supplement form and the Form F tax return are to the 2008 paper version of each form.

It assumes that the shares (or CDIs) in the iShares funds are held on capital account and subject to the capital gains tax regime when they are sold. If the CDIs are held on revenue account or as trading stock, please consult your tax adviser.

It also assumes that the investor returns dividend distributions from holding the CDIs in the iShares funds on a cash basis.

The information in this appendix should be read in conjunction with the general information which comprises the “iShares Australian Tax Guide”.

The information in this appendix is of a general nature only and does not address all of the taxation issues which may be relevant to a particular investor. Accordingly, it does not constitute legal, financial or tax advice and may not be relied upon as such. Australian taxation laws are complex and may change over time.

It is recommended that each investor obtains their own independent professional taxation advice applicable to their own individual facts and circumstances.

DIVIDENDS

You should show dividends paid by iShares in your tax return at:

for individuals

- question 20, label E of the TaxPack Supplement

for superannuation funds

- question 10, labels D1 and D of the form F tax return
- question 16, label D of the form F tax return as “Y” or “No”. This question is not relevant for SMSF investors.

FOREIGN TAX CREDIT

You should disclose the withholding tax you can claim as an offset in your tax return at:

for individuals

- question 20, label O of the TaxPack Supplement

for superannuation funds

- question 12, label F2 of the form F tax return. This question is not relevant for SMSF investors.

CAPITAL GAINS TAX

Capital gains from disposing of your iShares are disclosed at:

for individuals

- question 18 in the TaxPack Supplement

for superannuation funds

- question 10, labels G, Z and A of the form F tax return

You may also have to complete a Capital Gains Tax Schedule.

RETURN OF CAPITAL

A return of capital is not disclosed in your income tax return, however if you dispose of your CDIs, it is included as part of your capital gains calculation, via a cost base reduction. If the return of capital exceeds your cost base (or reduced cost base), you should calculate a capital gain even if you have not sold your CDIs.

FOREIGN INVESTMENT FUND (FIF)

You will have to disclose your iShares investments as a FIF interest in your tax return at:

for individuals

- question 19, label I of the TaxPack Supplement – “No”
- question 19, label J of the TaxPack Supplement – “Yes”

for superannuation funds

- question 16, label C of the form F tax return – “Yes”.
This question is not included in the Self Managed Superannuation Fund annual return.

If you are a trustee of a superannuation fund (except a self managed superannuation fund) or trust, a company or a partnership, you will also need to attach a Schedule 25A to your tax return disclosing FIF interests and exemptions which may apply.

The FIF exemption code for a complying superannuation fund investor is code 12.

For investors other than complying superannuation funds the FIF exemption which applies is represented by code 10 - That is on the basis that each iShares fund continues to qualify as a US Regulated Investment Company. If you are an individual investor or the trustee of a self managed superannuation fund, you do not need to complete a Schedule 25A.

SUMMARY OF USEFUL AUSTRALIAN TAX OFFICE (ATO) BOOKLETS

The following booklets may be useful to you and are available at www.ato.gov.au.

The versions available at the time of printing this Guide are in respect of the 30 June 2008 year.

- Foreign income return form guide
- How to claim a foreign tax credit
- You and your shares
- Foreign Investment Funds Guide
- Introduction to Pay As You Go income tax instalments



For more information

Contact your investment adviser or stockbroker

Visit our website at iShares.com.au

Call 1300 iShares (1300 474 2737)

Important Information

Before investing in an iShares fund, you should carefully consider the appropriateness of such products to your circumstances, read the applicable Australian prospectus and consult an investment adviser.

This information is general in nature and has been prepared without taking into account your objectives, financial situation or needs.

Prepared by BlackRock Asset Management Australia Limited ABN 33 001 804 566, AFSL 225 398. BlackRock Asset Management Australia Limited is the local agent and intermediary for iShares (iShares, Inc. ARBN 125 632 279 formed in Maryland, USA; iShares Trust ARBN 125 632 411 organised in Delaware, USA. The liability of shareholders is limited).

BlackRock Fund Advisors serves as an adviser to the iShares funds that are registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940. BlackRock Fund Advisors is a subsidiary of BlackRock Institutional Trust Company, N.A. BlackRock Asset Management Australia Limited and BlackRock Institutional Trust Company, N.A. are wholly-owned subsidiaries of BlackRock, Inc.

There is no guarantee that any distributions will be declared in the future, or that if declared, the amount of any distribution will remain constant or increase at any time.

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