

iSHARES® SILVER TRUST

FREQUENTLY ASKED QUESTIONS

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Silver Asset Class

Q. Why invest in silver?

A. Silver may be a component of a diversified investment portfolio, because silver has a low correlation to many asset classes (see Index and Currency Correlations table).

Q. Prior to the iShares Silver Trust, how could investors gain exposure to silver?

A. Institutional investors have been able to gain exposure to silver through futures contracts, provided they were not restricted from using derivatives. Retail investors have been more restricted, able to purchase individual mining stocks and also precious metals mutual funds, which hold mostly gold mining stocks and few silver mining stocks. Other available alternatives for exposure to silver—bullion, jewelry, coins, silver certificates—are not as liquid as holding a security, and may be impractical or costly to store and/or buy.

¹ With short sales, you risk paying more for a security than you received from its sale.

INDEX AND CURRENCY CORRELATIONS

London Silver Fix	1.00
S&P 500 Index	0.10
Lehman Aggregate Index	-0.11
MSCI EAFE Index	0.24
DJ-AIG Commodity Index Total Return SM	0.27
Goldman Sachs Commodity Index	0.12
Gold Spot Price	0.66
Euro	0.14
Pound Sterling	0.19
Japanese Yen	-0.17

Source: AIG, BGI, Bloomberg, Goldman Sachs, Lehman Brothers, MSCI, S&P. Data Range 3/30/01-3/31/06 based on monthly returns.

Correlation measures the relationship between two investments and ranges between -1 and +1. Asset classes with a correlation of +1 have behaved and reacted exactly alike, and those with a correlation of -1 have behaved inversely or oppositely from each other. A correlation of 0 implies that there is no relationship.

Q. Why invest in the iShares Silver Trust?

A. The iShares Silver Trust provides simple and cost-effective means of making an investment similar to an investment in silver. The objective of the Trust is for the value of the iShares to reflect, at any given time, the price of silver owned by the Trust at that time, less the Trust's expenses and liabilities. Investors who previously had difficulty purchasing, storing or insuring silver, or who may have been prohibited from holding physical commodities or derivatives may now invest in shares that track the price of silver. Although the Trust is not the exact equivalent of an investment in silver, it provides investors with an alternative that allows a level of participation in the silver market through the securities market. Shares of the Trust may be traded, borrowed and shorted,¹ and settle into or be transferred between any brokerage account.

This information must be accompanied by a current iShares® Silver Trust prospectus. Please read the prospectus carefully before investing. The iShares® Silver Trust is not an investment company registered under the Investment Company Act of 1940 or a commodity pool for purposes of the Commodity Exchange Act.

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Silver Market Trading

Q. How does silver trade on futures exchanges?

A. The most significant silver futures exchanges are the COMEX, operated by Commodities Exchange, Inc., a subsidiary of New York Mercantile Exchange, Inc.; and the Tokyo Commodity Exchange. Futures exchanges seek to provide a neutral, regulated market-place for the trading of derivatives contracts for commodities. Futures contracts are defined by the exchange for each commodity. For each commodity traded, this contract specifies the precise quality and quantity standards, as well as the location and timing of physical delivery. An exchange does not buy or sell those contracts, but seeks to offer a transparent forum where members can trade the contracts in a safe, efficient and orderly manner. During regular trading hours at COMEX, the commodity contracts are traded through open outcry—a verbal auction in which all bids, offers and trades must be publicly announced to all members. Electronic trading is offered by the exchange after regular market hours. Except for brief breaks to switch between open outcry and electronic trading in the evening and the morning, silver futures trade almost 24 hours a day, five business days a week.

Q. How does the over-the-counter silver market work?

A. The OTC silver market includes spot, forward and option, and other derivative transactions conducted on a principal-to-principal basis. While this is a global, 24-hour-per-day market, its main centers are London (the largest venue), New York and Zurich. Nearly all OTC market trades are cleared through London. In addition to coordinating market activities, the London Bullion Market Association (LBMA) acts as the principal point of contact between the market and its regulators. Members of the London bullion market typically trade with each other and with their clients on a principal-to-principal basis. All risks, including those of credit, are between the two parties to a transaction. This is known as an OTC market, as opposed to an exchange-traded environment. Formal participation in the London Fix is traditionally limited to three members, each of which is a bullion dealer and a member of the LBMA. (See Appendix on page 6 for a more detailed description of the Fixing Process.)

² With short sales, you risk paying more for a security than you received from its sale.

iShares Silver Trust Trading: Administration/Legal Structure

Q. What are the relevant ticker symbols of the Trust?

A. Trading symbol: SLV
Underlying Trading Value symbol: SBV
NAV symbol: SBV.NV.

Q. What is the Trust's primary exchange?

A. AMEX.

Q. Will the Trust's shares have the same flexibility as those of other exchange-traded products?

A. Yes, shares of the Trust will be listed on the AMEX and will trade like traditional equities, allowing investors to place market, limit or stop-loss orders for Trust shares. Trust shares will settle into and can be transferred between any brokerage account. Additionally, the Trust's shares may be shorted,² even on a downtick.

Q. Does the Trust have a specialist?

A. The iShares Silver Trust has several liquidity providers. First, the Trust will have an exchange specialist, whose primary function is to maintain an orderly and continuous market for Trust shares. The Trust will also have Authorized Participants and multiple market makers to help provide additional liquidity. The Authorized Participants at launch are Barclays Capital Inc., Citigroup and UBS.

Q. What is the sponsor's fee of the Trust?

A. The sponsor's fee accrues daily and is paid monthly in arrears at an annualized rate equal to 0.50% of the adjusted net asset value (NAV) of the Trust.

Q. What does the Trust seek to track?

A. The objective of the Trust is for the value of the iShares to reflect, at any given time, the price of silver owned by the

Trust at that time, less the Trust's expenses and liabilities. The Trust's silver is valued on each business day, as soon as practicable after 4:00 pm (New York time), on the basis of that day's announced London Fix. The London Fix is the price per ounce of silver set by three market-making members of the London Bullion Market Association at approximately 12:00 noon (London time) on each working day.

Q. Is there an index?

A. No.

Q. Is there a portfolio manager?

A. No. The assets of the Trust consist primarily of silver held by the custodian on behalf of the Trust. However, there may be situations where the Trust will unexpectedly hold cash. The Fund will not be actively managed, and the trustee and the custodian will oversee deposits of silver.

Q. What is the legal structure of the iShares Silver Trust?

A. The legal structure of the iShares Silver Trust is a grantor trust. The Trust will issue shares representing fractional undivided beneficial interests in its net assets.

Q. Is the iShares Silver Trust a derivative?

A. No. It is a grantor trust, registered under the Securities Act of 1933. The Trust holds physical silver bullion and issues shares off its assets. Trust shareholders are owners of fractional undivided interests in the net assets of the Trust.

Q. Is the iShares Silver Trust registered under the Investment Company Act of 1940?

A. No. It is registered under the Securities Act of 1933.

Q. What are the important differences between the 1933 Act and the 1940 Act that impact the Trust?

A. The Trust is regulated and will file periodic financial reports in a manner similar to operating companies (such as MSFT).

There are some specific protections in the 1940 Act, such as prohibitions on dealing with affiliates, the requirement of an independent board of directors, requirements for diversification and other matters that will not apply to the Trust.

Q. Is the iShares Silver Trust a unit investment trust?

A. No. The iShares Silver Trust is structured as a grantor trust.

Q. Who is the sponsor, the custodian and the trustee of the Trust?

A. The sponsor of the iShares Silver Trust is Barclays Global Investors International ("BGII"), the trustee is The Bank of New York and the custodian is JP Morgan Chase Bank N.A., London branch.

Q. Is the Trust a commodity pool for purposes of the Commodity Exchange Act?

A. No.

(For registered representatives only)

Q. Do I need a special license to sell the iShares Silver Trust?

A. A Series 7 license is required for representatives of broker/dealer firms for the solicitation, purchase and/or sale of shares of the Trust.

Q. Am I required to send a Trust prospectus before a client may purchase Trust shares?

A. Yes. Continuously offered securities registered under the 1933 Act may only be offered by means of a prospectus. Generally speaking, prospectus delivery must precede or accompany the time of offer or sale of the iShares Silver Trust since they are continuously offered under the Securities Act of 1933. Registered representatives are encouraged to consult their firm's legal and compliance departments for a complete understanding of relevant prospectus delivery responsibilities involving a 1933 Act offering.

Q. Is there a maximum percentage of outstanding Trust shares that can be held by any one entity?

A. No. There is no express maximum ownership limit stated in the Trust documents. Because the Trust is not registered under the Securities Act of 1940 (“’40 Act”), ’40 Act-affiliated transaction rules will not apply.

iShares Silver Trust Assets

Q. What does the Trust hold?

A. The assets of the Trust consist primarily of silver held by the custodian on behalf of the Trust. However, there may be situations where the Trust will unexpectedly hold cash.

Q. What are the silver bar standards for the Trust?

A. The Trust will accept silver that meets the London Good Delivery Standards. The specifications for weight, dimensions, fineness (or purity), identifying marks and appearance of silver bars is set forth in “The Good Delivery Rules for Gold and Silver Bars” published by the LBMA. A London Good Delivery Bar must contain between 750 ounces and 1100 ounces of silver with a minimum fineness of 999.0 parts per 1000. A London Good Delivery Bar must also bear the stamp of one of the refiners who is on the LBMA-approved list.

Q. Will the Trust hold allocated silver or unallocated silver?

A. The Trust will hold both allocated and unallocated silver. However, the custodian must take reasonable action to minimize the amount of bullion in the Trust’s account that is on an unallocated basis, and the custodian must allocate silver bars to the account of the Trust so that no more than 1100 ounces of silver are held for the Trust’s account on an unallocated basis at the end of each business day of the custodian.

Q. Will the Trust hold any cash?

A. Typically the only cash in the Trust will be proceeds from the sale of silver to pay expenses of the Trust, which will be

paid out each day. If the sponsor and trustee determine that there is more cash being held in the Trust than is needed to pay the Trust’s expenses for the next month, the trustee will distribute that cash to shareholders’ brokerage accounts via DTC.

Q. Will the Trust calculate NAV?

A. On each business day, as soon as practicable after 4:00 pm ET, the trustee evaluates the silver held by the Trust and determines the NAV of the Trust.

Once the value of the silver has been determined, the trustee subtracts all accrued fees (other than the fees to be computed by reference to the value of the Trust or its assets), expenses and other liabilities of the Trust from the total value of the silver and all other assets of the Trust. The resulting figure is the adjusted NAV of the Trust, which is used to compute all fees (including the trustee’s and the sponsor’s fees) which are calculated from the value of the Trust’s assets.

To determine the net asset value of the Trust, the trustee subtracts from the adjusted NAV of the Trust the amount of accrued fees computed from the value of the Trust’s assets. The trustee also determines the NAV by dividing the net asset value of the Trust by the number of the iShares outstanding at the time the computation is made.

Q. How will the Trust be priced during the trading day?

A. Each day the iShares trade on the exchange, an Underlying Trading Value (nearly identical to the IOPV for a 1940 Act exchange traded fund) will be disseminated every 15 seconds. The Indicative Trust Value is calculated and published by the AMEX, and is meant to provide investors, professionals and those wishing to create and redeem an objective fair value of the Trust during the trading hours of the exchange from 9:30 am–4:15 pm ET. The Indicative Trust Value will be calculated based on the amount of silver required for creations and redemptions in the Trust at the London Silver Fix Price.

During trading hours the exchange will publish national best bid and best offer for shares of the Trust (“iShares”). These prices indicate the level of supply and demand for the iShares

traded on the exchange by the specialist and market makers in the product. The exchange will also disseminate on the consolidated tape trades that are executed. We expect the exchange price to be in line with the Indicative Trust Value.

Q. How do the primary market transactions (creation/redemption) work?

A. The Trust will issue and redeem Baskets of iShares on a continuous basis (a Basket equals 50,000 iShares). Baskets of iShares will only be issued or redeemed in exchange for an amount of silver equal to the aggregate NAV of the number of iShares in the Baskets being created or redeemed. No iShares will be issued unless the custodian has allocated the corresponding amount of silver to the Trust's account (except for an unallocated amount of silver not in excess of 1100 ounces). Baskets may be created or redeemed only by Authorized Participants, who will pay the trustee a transaction fee for each order to create or redeem Baskets.

Q. Will the Trust lend or have the ability to lend silver from the portfolio?

A. No. The custodial agreement does not allow lending, and the Trust does not intend to lend silver from the portfolio.

require knowing the number of shares held and their adjusted cost basis on each allocation date (each time the Trust sold assets to raise cash for expenses). Investors should consult their tax professional with regard to their specific situation.

Q. Will shareholders receive a 1099?

A. No. A grantor trust letter/statement will be passed to the shareholder through their broker/dealer. It will have the information a shareholder will need to calculate their pro rata share of proceeds/expenses.

Q. Where can I get tax information?

A. Tax information can be found in the prospectus under "United States Income Tax Consequences." See iShares.com for more detailed information on proceeds and expenses of the Trust.

Neither Barclays Global Investors, N.A., Barclays Global Investors International, Inc., nor their affiliates provide tax advice. Please note that (i) any discussion of U.S. tax matters contained in this communication cannot be used by you for the purpose of avoiding tax penalties; (ii) this communication was written to support the promotion or marketing of the matters addressed herein; and (iii) you should seek advice based on your particular circumstances from an independent tax advisor.

iShares Silver Trust Tax

Q. Will the tax treatment for the Trust be any different than '40 Act exchange traded funds?

A. Yes, the iShares Silver Trust is a grantor trust for U.S. income tax purposes. Owners of shares of the Trust will be treated for U.S. Federal income tax purposes as if they owned a corresponding share of the assets of the Trust. Tax treatment will be consistent with the ownership of a collectible rather than a traditional financial security. Under current law, gains from the sale of collectibles held over one year are taxed at a maximum rate of 28%. Tax rates for capital gains on sales of collectibles held less than one year are generally the same rates as those for ordinary income. Additionally, shareholders are required to include their pro rata share of Trust income and expenses on their Federal income tax return. This will

Appendix: Silver Definitions

Allocated vs. Unallocated. *Allocated account:* An account in which the client's metal is physically identified as his or hers; he or she becomes a secured creditor of the holding bank.

Unallocated account: Silver is held in unallocated form at a custodian when the person in whose name silver is held is entitled to receive delivery of silver, but that person has no ownership interest in any particular silver that the custodian maintaining the account owns or holds.

Fine Ounce. An ounce of 100% pure Silver. The number of fine ounces in a Silver bar may be calculated by multiplying the gross weight in ounces by the fineness, expressed as a fraction of the fine metal content in parts per 1000.

LBMA (The London Bullion Market Association). The coordinator for activities conducted on behalf of its members and other participants in the London Bullion Market; it is the principal point of contact between the market and its regulators. The LBMA sets—or fixes—the spot price of silver once a day.

London Fixing Process. Clients place orders either with one of the three fixing members or with another bullion dealer who will then be in contact with a fixing member during the fixing. The fixing members net-off all orders when communicating their net interest at the fixing. The fix begins with the fixing chairman suggesting a “trying price,” reflecting the market price prevailing at the opening of the fix. This is relayed by the fixing members to their dealing rooms, which have direct communication with all interested parties. Any market participant may enter the fixing process at any time, or adjust or withdraw his order. The silver price is adjusted up or down until all the buy and sell orders are matched, at which time the price is declared fixed. All fixing orders are transacted on the basis of this fixed price, which is instantly relayed to the market through various media.

London Good Delivery Bar. A good delivery bar for London should weigh between 750 ounces and 1100 ounces (silver content), of minimum purity 99.9% (three nines).

London Good Delivery Standards. The specifications for weight, dimensions, fineness (or purity), identifying marks and appearance of silver bars as set forth in “The Good Delivery Rules for Silver and Silver Bars” published by the LBMA.

Ounce. A troy ounce is equal to 1.0971428 ounces avoirdupois. “Avoirdupois” is the system of weights used in the United States and Great Britain for goods other than precious metals, gems and drugs. In that system, a pound has 16 ounces and an ounce has 16 drams.

Silver. Silver bars tendered for delivery can be cast in the form of either one bar or three 1-kilogram bars. In either form, the gross weight of the bar or bars tendered for each contract must be within a 5% tolerance. The bars must assay at not less than 999 fineness (i.e., 99.9% pure silver). The weight, fineness, bar number and identifying stamp of the refiner must be clearly incised on each bar by the approved refiner.

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Barclays Global Investors International, Inc. (BGII) is the sponsor of the iShares Silver Trust. Barclays Global Investors Services (BGIS) assists in the marketing of the Silver Trust. BGII and BGIS are subsidiaries of Barclays Global Investors, N.A., which is an affiliate of Barclays Bank PLC.

There are risks involved with investing, including possible loss of principal. The iShares Silver Trust is not an investment company registered under the Investment Company Act of 1940 or a commodity pool for purposes of the Commodity Exchange Act. Because shares of the iShares Silver Trust are expected to reflect the price of the silver held by the Trust, the market price of the shares will be as unpredictable as the price of silver has historically been.

The price received upon the sale of shares of the Silver Trust, which trade at market price, may be more or less than the value of the silver represented by them. If an investor sells the shares at a time when no active market for them exists, such lack of an active market will most likely adversely affect the price received for the shares. For a more complete discussion of risk factors relative to the Silver Trust, carefully read the prospectus.

Following an investment in iShares, several factors may have the effect of causing a decline in the prices of silver and a corresponding decline in the price of iShares. Among them are: (i) A change in economic conditions, such as a recession, can adversely affect the price of silver. Silver is used in a wide range of industrial applications, and an economic downturn could have a negative impact on its demand and, consequently, its price and the price of the iShares. (ii) A significant change in the attitude of speculators and investors towards silver. Should the speculative community take a negative view towards silver, a decline in world silver prices could occur, negatively impacting the price of the iShares. (iii) A significant increase in silver price hedging activity by silver producers. Traditionally, silver producers have not hedged to the same extent as other producers of precious metals (gold, for example) do. Should there be an increase in the level of hedge activity of silver producing companies, it could cause a decline in world silver prices, adversely affecting the price of the iShares.

Shares of the iShares Silver Trust are bought and sold at market price (not NAV). Brokerage commissions will reduce returns. Although shares of the iShares Silver Trust may be bought or sold on the exchange through any brokerage account, shares are not redeemable except in large aggregated units called Baskets.

When comparing commodities and the iShares Silver Trust, it should be remembered that management fees associated with the Trust are not borne by investors in individual commodities. Buying and selling shares of the iShares Silver Trust will result in brokerage commissions. Because the expenses involved in an investment in physical silver will be dispersed among all holders of shares of the Silver Trust, an investment in the Silver Trust may represent a cost-efficient alternative to investments in silver for investors not otherwise able to participate directly in the market for physical silver.

The amount of silver represented by shares of the iShares Silver Trust will decrease over the life of the trust due to sales necessary to pay the sponsor's fee and trust expenses. Without increase in the price of silver sufficient to compensate for that decrease, the price of the shares will also decline, and investors will lose money on their investment.

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