

iShares Barclays MBS Bond Fund



All data as of December 31, 2009

Fund Description

The iShares Barclays MBS Bond Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the investment grade agency mortgage-backed securities sector of the United States as defined by the Barclays Capital U.S. MBS Index (the "Index").

Index Description

The Barclays Capital U.S. MBS index measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA") and Freddie Mac ("FHLMC"). The Fund uses a representative sampling strategy in seeking to track the Index.

The Barclays Capital U.S. MBS index includes securities issued by GNMA, FHLMC, and FNMA that have 30-, 20-, 15-year and balloon securities that have a remaining maturity of at least one year, are investment grade, and have more than \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed-rate and non-convertible. The Index is market capitalization weighted, and the securities in the Index are updated on the last calendar day of each month.

Fund Performance History as of December 31, 2009

	Quarter	1 Year	3 Year	5 Year	10 Years	Since Fund Inception
Fund	0.61%	5.29%	n/a	n/a	n/a	6.17%
Index	0.57%	5.89%	7.04%	5.78%	6.46%	6.91%
After Tax Held	n/a	3.99%	n/a	n/a	n/a	4.60%
After Tax Sold	n/a	3.43%	n/a	n/a	n/a	4.34%
Market Returns	n/a	4.85%	n/a	n/a	n/a	6.19%

The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling toll-free 1-800-iShares (1-800-474-2737) or by visiting www.iShares.com.

After Tax Held Returns represent return after taxes on distributions. Assumes shares have not been sold. After Tax Sold Returns represent the return after taxes on distributions and the sale of fund shares. Returns are average annualized total returns, except those for periods of less than one year, which are cumulative. Market returns are based upon the midpoint of the bid/ask spread at 4:00 PM Eastern time (when NAV is normally determined for most iShares Funds), and do not represent the returns you would receive if you traded shares at other times.

Performance information for the Index assumes reinvestment of all income and excludes management fees, transaction costs and expenses. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

Fund Details

Ticker	MBB
Inception Date	03/13/07
Management Fees	0.25%
Acquired Fund Fees & Expenses [†]	0.09%
Total Annual Fund Operating Expenses [*]	0.34%
IOPV Ticker	MBB.IV
CUSIP	464288588
Stock Exchange	NYSE Arca
Net Assets	\$1.76 Billion
Adjusted Duration	3.00 Years
Wt Avg Maturity	3.82 Years
# of Holdings	20

IOPV, or Indicative Optimized Portfolio Value, is a calculation disseminated by the stock exchange that approximates the Fund's NAV every fifteen seconds throughout the trading day.

[†] "Acquired Fund Fees and Expenses" reflect the Fund's pro rata share of the indirect fees and expenses incurred by investing in one or more acquired funds, such as mutual funds, business development companies, or other pooled investment vehicles. Acquired Fund Fees and Expenses are reflected in the prices of the acquired funds and thus included in the total returns of the Fund.

^{*} The total annual operating expenses of the iShares Barclays MBS Bond Fund include "acquired fund fees and expenses" which are related to the fund's investments in the BlackRock Cash Funds: Prime (the "money market fund"). "Acquired fund fees and expenses" represent the fund's pro rata share of the fees and expenses charged by the money market fund and may vary based on the fund's allocation of assets to the annualized net expenses of the money market fund. Annual operating expenses do not include the effect of interest earned by investments in the money market fund, which is expected to offset the money market fund's fees and expenses.

Index Characteristics

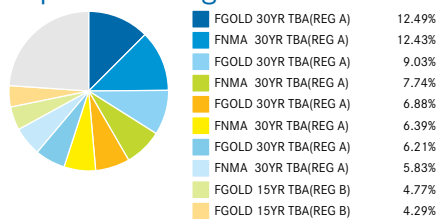
Adjusted Duration	3.47 Years
SP Avg Credit	AAA
Moodys Avg Credit	Aaa
Wt Avg Maturity	6.05 Years
Wt Avg Coupon	5.23%
Wt Avg Price	\$103.79
# of Holdings	1,492

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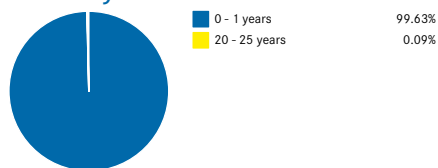
All data as of December 31, 2009

Top Ten Holdings

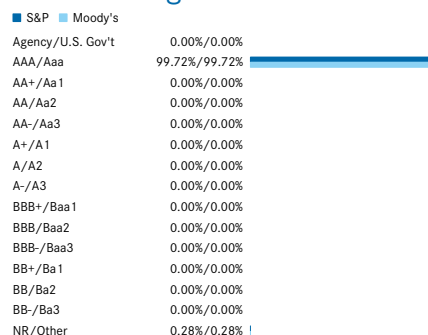


Holdings are subject to change.

Maturity Breakdown



Credit Ratings



The iShares Funds ("Funds") are distributed by SEI Investments Distribution Co. (SEI). BlackRock Fund Advisors ("BFA") serves as the investment advisor to the Funds. BFA is a subsidiary of BlackRock Institutional Trust Company, N.A., neither of which is affiliated with SEI.

Investing involves risk, including possible loss of principal.

Bonds and bond funds will decrease in value as interest rates rise. Mortgage-backed securities are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities.

Shares of iShares Funds are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

The iShares Funds are not sponsored, endorsed or issued by Barclays Capital. This company does not make any representation regarding the advisability of investing in the Funds. Neither SEI, nor BlackRock Institutional Trust Company, N.A., nor any of their affiliates, are affiliated with the companies listed above.

Carefully consider the iShares Funds' investment objectives, risk factors and charges and expenses before investing. This and other information can be found in the Funds' prospectuses, which may be obtained by calling 1-800-iShares (1-800-474-2737) or by visiting www.iShares.com. Read the prospectus carefully before investing.

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Not FDIC Insured • No bank guarantee • May lose value

