

2008 SEMI-ANNUAL REPORT TO SHAREHOLDERS
iSHARES® S&P SERIES
SEPTEMBER 30, 2008

» *Would you prefer to receive materials like this electronically?
See inside cover for details.*

iShares S&P 500 Index Fund
iShares S&P 500 Growth Index Fund
iShares S&P 500 Value Index Fund





Dear iShares Shareholder:

Electronic delivery is the easiest, most convenient way to receive reporting on your iShares holdings. In addition, it's a way we can all care for our environment. To that end, we are pleased to offer shareholder reports and prospectuses online.

To sign up for electronic delivery, please follow these simple steps:

1. Go to www.icsdelivery.com.
2. From the main page, select the first letter of your brokerage firm's name.
3. Select your brokerage institution from the list that follows. If your brokerage firm is not listed, electronic delivery may not be available. Please contact your brokerage firm or financial adviser.
4. Fill out the appropriate information and provide the e-mail address where you would like your information sent.

Your information and email address will be kept confidential and only used to deliver documents to you. If at any time you are not satisfied, you can cancel electronic delivery at www.icsdelivery.com and once again receive physical delivery of your materials. If you have any questions, please contact your brokerage firm or financial adviser.

Once you have enrolled, you will no longer receive prospectuses and shareholder reports in the mail. Instead, you will receive e-mail notifications announcing that the shareholder report or prospectus has been posted on the iShares website at www.iShares.com.

Table of Contents

Fund Performance Overview	1
Shareholder Expenses	4
Summary Schedules of Investments	5
iShares S&P 500 Index Fund	5
iShares S&P 500 Growth Index Fund	9
iShares S&P 500 Value Index Fund	13
Financial Statements	17
Financial Highlights	21
Notes to Financial Statements	24
Board Review and Approval of Investment Advisory Contract	30
iShares Family of Funds	33

THIS PAGE INTENTIONALLY LEFT BLANK.

Fund Performance Overview

iSHARES® S&P 500 INDEX FUNDS

Performance as of September 30, 2008

iSHARES INDEX FUND	Average Annual Total Returns								
	Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
	NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
S&P 500	(21.98)%	(21.85)%	(21.98)%	5.09%	5.12%	5.17%	(0.96)%	(0.94)%	(0.89)%
S&P 500 Growth*	(19.52)%	(19.54)%	(19.44)%	3.52%	3.49%	3.70%	(3.28)%	(3.28)%	(3.11)%
S&P 500 Value*	(24.55)%	(24.23)%	(24.50)%	6.46%	6.52%	6.62%	1.88%	1.93%	2.04%

iSHARES INDEX FUND	Cumulative Total Returns								
	Year Ended 9/30/08			Five Years Ended 9/30/08			Inception to 9/30/08		
	NAV	MARKET	INDEX	NAV	MARKET	INDEX	NAV	MARKET	INDEX
S&P 500	(21.98)%	(21.85)%	(21.98)%	28.21%	28.38%	28.66%	(7.77)%	(7.59)%	(7.25)%
S&P 500 Growth*	(19.52)%	(19.54)%	(19.44)%	18.91%	18.72%	19.94%	(24.34)%	(24.37)%	(23.23)%
S&P 500 Value*	(24.55)%	(24.23)%	(24.50)%	36.76%	37.17%	37.76%	16.88%	17.29%	18.39%

Total returns for the periods since inception are calculated from the inception date of each Fund (5/15/00, 5/22/00 and 5/22/00, respectively). "Average Annual Total Returns" represent the average annual change in value of an investment over the period(s) indicated. "Cumulative Total Returns" represent the total change in value of an investment over the period(s) indicated.

*Index performance reflects the S&P/BARRA methodology through December 16, 2005 and the S&P/Citigroup methodology thereafter.

Each Fund's per share net asset value or "NAV" is the value of one share of such Fund as calculated in accordance with the standard formula for valuing mutual fund shares. The NAV return is based on the NAV of each Fund and the market return is based on the market price per share of each Fund. The price used to calculate market return ("Market Price") is determined by using the midpoint between the highest bid and the lowest offer on the primary stock exchange on which the shares of the Funds are listed for trading, as of the time that each Fund's NAV is calculated. Since shares of each Fund did not trade in the secondary market until several days after each Fund's inception, for the period from inception to the first day of secondary market trading in shares of each Fund (5/19/00, 5/26/00 and 5/26/00, respectively), the NAV of each Fund is used as a proxy for the Market Price to calculate market returns. Market and NAV returns assume that dividends and capital gain distributions have been reinvested in each Fund at Market Price and NAV, respectively.

An index is a statistical composite that tracks a specified financial market or sector. Unlike each Fund, an index does not actually hold a portfolio of securities and therefore does not incur the expenses incurred by each Fund. These expenses negatively impact the performance of each Fund. Also, market returns do not include brokerage commissions that may be payable on secondary market transactions. If brokerage commissions were included, market returns would be lower. The returns shown in the table(s) above do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption or sale of fund shares. The investment return and principal value of shares of each Fund will vary with changes in market conditions. Shares of each Fund may be worth more or less than their original cost when they are redeemed or sold in the market. Each Fund's past performance is no guarantee of future results.

The **iShares S&P 500 Index Fund** (the "Fund") seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500® (the "Index"). The Index measures the performance of the large-capitalization sector of the U.S. equity market. The Fund invests in a representative sample of securities included in the Index that collectively has an investment profile similar to the Index. Due to the use of representative sampling, the Fund may or may not hold all of the securities that are included in the Index. For the six-month period ended September 30, 2008, the total return for both the Fund and the Index was (10.87)%.

Fund Performance Overview (Continued)

iSHARES® S&P 500 INDEX FUNDS

iShares S&P 500 Index Fund (Continued)

PORTFOLIO ALLOCATION As of 9/30/08		TEN LARGEST FUND HOLDINGS As of 9/30/08	
<i>Sector</i>	<i>Percentage of Net Assets</i>	<i>Security</i>	<i>Percentage of Net Assets</i>
Consumer Non-Cyclical	23.61%	Exxon Mobil Corp.	3.96%
Financial	15.69	General Electric Co.	2.49
Energy	13.41	Procter & Gamble Co. (The)	2.08
Industrial	11.43	Microsoft Corp.	2.06
Technology	11.23	Johnson & Johnson	1.90
Communications	10.21	JPMorgan Chase & Co.	1.69
Consumer Cyclical	7.87	Chevron Corp.	1.66
Utilities	3.48	AT&T Inc.	1.61
Basic Materials	2.84	Bank of America Corp.	1.56
Diversified	0.08	International Business Machines Corp.	1.55
Short-Term and Other Net Assets	0.15		
TOTAL	<u>100.00%</u>	TOTAL	<u>20.56%</u>

The iShares S&P 500 Growth Index Fund (the "Growth Fund") seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500/Citigroup Growth Index™ (the "Growth Index"). The Growth Index measures the performance of the large-capitalization growth sector of the U.S. equity market. The Growth Index is a subset of the S&P 500 Index and consists of those stocks in the S&P 500 Index exhibiting the strongest growth characteristics. The Growth Fund invests in a representative sample of securities included in the Growth Index that collectively has an investment profile similar to the Growth Index. Due to the use of representative sampling, the Growth Fund may or may not hold all of the securities that are included in the Growth Index. For the six-month period ended September 30, 2008, the total return for the Growth Fund was (9.47)%, while the total return for the Growth Index was (9.42)%.

PORTFOLIO ALLOCATION As of 9/30/08		TEN LARGEST FUND HOLDINGS As of 9/30/08	
<i>Sector</i>	<i>Percentage of Net Assets</i>	<i>Security</i>	<i>Percentage of Net Assets</i>
Consumer Non-Cyclical	27.64%	Exxon Mobil Corp.	7.51%
Energy	21.46	Microsoft Corp.	3.90
Technology	16.29	Johnson & Johnson	3.60
Communications	9.51	Procter & Gamble Co. (The)	2.67
Industrial	8.79	Cisco Systems Inc.	2.48
Consumer Cyclical	8.74	International Business Machines Corp.	2.09
Financial	4.93	PepsiCo Inc.	2.08
Basic Materials	2.11	ConocoPhillips	2.07
Utilities	0.26	Apple Inc.	1.87
Diversified	0.15	Chevron Corp.	1.80
Short-Term and Other Net Assets	0.12		
TOTAL	<u>100.00%</u>	TOTAL	<u>30.07%</u>

Fund Performance Overview (Continued)

iSHARES® S&P 500 INDEX FUNDS

The iShares S&P 500 Value Index Fund (the “Value Fund”) seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the S&P 500/Citigroup Value Index™ (the “Value Index”). The Value Index measures the performance of the large-capitalization value sector of the U.S. equity market. The Value Index is a subset of the S&P 500 Index and consists of those stocks in the S&P 500 Index exhibiting the strongest value characteristics. The Value Fund invests in a representative sample of securities included in the Value Index that collectively has an investment profile similar to the Value Index. Due to the use of representative sampling, the Value Fund may or may not hold all of the securities that are included in the Value Index. For the six-month period ended September 30, 2008, the total return for the Value Fund was (12.39)%, while the total return for the Value Index was (12.38)%.

PORTFOLIO ALLOCATION As of 9/30/08

<i>Sector</i>	<i>Percentage of Net Assets</i>
Financial	27.65%
Consumer Non-Cyclical	19.09
Industrial	14.38
Communications	10.97
Utilities	7.07
Consumer Cyclical	6.90
Technology	5.58
Energy	4.45
Basic Materials	3.65
Short-Term and Other Net Assets	0.26
TOTAL	<u>100.00%</u>

TEN LARGEST FUND HOLDINGS As of 9/30/08

<i>Security</i>	<i>Percentage of Net Assets</i>
General Electric Co.	5.26%
JPMorgan Chase & Co.	3.57
AT&T Inc.	3.41
Bank of America Corp.	3.31
Pfizer Inc.	2.58
Wells Fargo & Co.	2.57
Citigroup Inc.	2.31
Verizon Communications Inc.	1.89
Chevron Corp.	1.51
Procter & Gamble Co. (The)	1.40
TOTAL	<u>27.81%</u>

Shareholder Expenses (Unaudited)

iSHARES® TRUST

As a shareholder of a Fund, you incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of fund shares and (2) ongoing costs, including management fees and other fund expenses. The following Example is intended to help you understand your ongoing costs (in dollars and cents) of investing in a Fund and to compare these costs with the ongoing costs of investing in other funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2008 to September 30, 2008.

ACTUAL EXPENSES

The first line under each Fund in the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line for your Fund under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second line under each Fund in the table below provides information about hypothetical account values and hypothetical expenses based on each Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in your Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as brokerage commissions paid on purchases and sales of fund shares. Therefore, the second line under each Fund in the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	<i>Beginning Account Value (4/1/08)</i>	<i>Ending Account Value (9/30/08)</i>	<i>Annualized Expense Ratio</i>	<i>Expenses Paid During Period^a (4/1/08 to 9/30/08)</i>
<i>iShares Index Fund</i>				
<i>S&P 500</i>				
Actual	\$1,000.00	\$ 891.30	0.09%	\$0.45
Hypothetical (5% return before expenses)	1,000.00	1,024.60	0.09	0.48
<i>S&P 500 Growth</i>				
Actual	1,000.00	905.30	0.18	0.86
Hypothetical (5% return before expenses)	1,000.00	1,024.20	0.18	0.91
<i>S&P 500 Value</i>				
Actual	1,000.00	876.10	0.18	0.85
Hypothetical (5% return before expenses)	1,000.00	1,024.20	0.18	0.91

^a Expenses are calculated using each Fund’s annualized expense ratio (as disclosed in the table), multiplied by the average account value for the period, multiplied by the number of days in the period (183 days) and divided by the number of days in the year (365 days).

Summary Schedule of Investments (Unaudited)

iSHARES® S&P 500 INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
COMMON STOCKS			
ADVERTISING			
Other securities ^a		\$ 26,233,705	0.16%
		<u>26,233,705</u>	<u>0.16</u>
AEROSPACE & DEFENSE			
Boeing Co. (The)	1,216,904	69,789,444	0.41
United Technologies Corp.	1,585,309	95,213,659	0.57
Other securities ^a		<u>219,151,214</u>	<u>1.31</u>
		<u>384,154,317</u>	<u>2.29</u>
AGRICULTURE			
Monsanto Co.	904,150	89,492,767	0.53
Philip Morris International Inc.	3,388,385	162,981,318	0.97
Other securities ^a		<u>140,429,494</u>	<u>0.84</u>
		<u>392,903,579</u>	<u>2.34</u>
AIRLINES			
Other securities ^a		<u>17,530,010</u>	<u>0.10</u>
		<u>17,530,010</u>	<u>0.10</u>
APPAREL			
Other securities ^a		<u>79,459,607</u>	<u>0.47</u>
		<u>79,459,607</u>	<u>0.47</u>
AUTO MANUFACTURERS			
Other securities ^a		<u>50,972,696</u>	<u>0.30</u>
		<u>50,972,696</u>	<u>0.30</u>
AUTO PARTS & EQUIPMENT			
Other securities ^a		<u>35,662,101</u>	<u>0.21</u>
		<u>35,662,101</u>	<u>0.21</u>
BANKS			
Bank of America Corp.	7,496,244	262,368,540	1.56
U.S. Bancorp	2,863,745	103,152,095	0.62
Wells Fargo & Co.	5,439,530	204,145,561	1.22
Other securities ^a		<u>331,568,483</u>	<u>1.98</u>
		<u>901,234,679</u>	<u>5.38</u>
BEVERAGES			
Anheuser-Busch Companies Inc.	1,182,050	76,691,404	0.46
Coca-Cola Co. (The)	3,267,856	172,804,225	1.03

Security	Shares	Value	% of Net Assets
PepsiCo Inc.	2,573,524	\$ 183,415,055	1.09%
Other securities ^a		<u>42,970,425</u>	<u>0.26</u>
		<u>475,881,109</u>	<u>2.84</u>
BIOTECHNOLOGY			
Amgen Inc. ^b	1,739,309	103,088,844	0.62
Other securities ^a		<u>113,268,792</u>	<u>0.67</u>
		<u>216,357,636</u>	<u>1.29</u>
BUILDING MATERIALS			
Other securities ^a		<u>10,617,610</u>	<u>0.06</u>
		<u>10,617,610</u>	<u>0.06</u>
CHEMICALS			
Other securities ^a		<u>259,924,747</u>	<u>1.55</u>
		<u>259,924,747</u>	<u>1.55</u>
COAL			
Other securities ^a		<u>38,877,154</u>	<u>0.23</u>
		<u>38,877,154</u>	<u>0.23</u>
COMMERCIAL SERVICES			
Other securities ^a		<u>115,763,157</u>	<u>0.69</u>
		<u>115,763,157</u>	<u>0.69</u>
COMPUTERS			
Apple Inc. ^b	1,456,274	165,520,103	0.99
Hewlett-Packard Co.	4,026,030	186,163,627	1.11
International Business Machines Corp.	2,227,166	260,489,335	1.55
Other securities ^a		<u>155,506,958</u>	<u>0.93</u>
		<u>767,680,023</u>	<u>4.58</u>
COSMETICS & PERSONAL CARE			
Procter & Gamble Co. (The)	4,988,023	347,615,323	2.08
Other securities ^a		<u>101,154,545</u>	<u>0.60</u>
		<u>448,769,868</u>	<u>2.68</u>
DISTRIBUTION & WHOLESALE			
Other securities ^a		<u>30,461,539</u>	<u>0.18</u>
		<u>30,461,539</u>	<u>0.18</u>
DIVERSIFIED FINANCIAL SERVICES			
Citigroup Inc.	8,951,574	183,596,783	1.10
Goldman Sachs Group Inc. (The)	714,210	91,418,880	0.55

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
JPMorgan			
Chase & Co.	6,054,464	\$ 282,743,469	1.69%
Other securities ^a		419,060,371	2.49
		976,819,503	5.83
ELECTRIC			
Other securities ^a		553,732,874	3.30
		553,732,874	3.30
ELECTRICAL COMPONENTS & EQUIPMENT			
Other securities ^a		57,263,283	0.34
		57,263,283	0.34
ELECTRONICS			
Other securities ^a		115,544,055	0.69
		115,544,055	0.69
ENGINEERING & CONSTRUCTION			
Other securities ^a		27,315,321	0.16
		27,315,321	0.16
ENTERTAINMENT			
Other securities ^a		8,724,090	0.05
		8,724,090	0.05
ENVIRONMENTAL CONTROL			
Other securities ^a		31,585,250	0.19
		31,585,250	0.19
FOOD			
Kraft Foods Inc. ^c	2,495,632	81,731,948	0.49
Other securities ^a		277,314,796	1.65
		359,046,744	2.14
FOREST PRODUCTS & PAPER			
Other securities ^a		60,013,056	0.36
		60,013,056	0.36
GAS			
Other securities ^a		30,379,720	0.18
		30,379,720	0.18
HAND & MACHINE TOOLS			
Other securities ^a		16,384,249	0.10
		16,384,249	0.10
HEALTH CARE – PRODUCTS			
Johnson & Johnson	4,593,803	318,258,672	1.90
Medtronic Inc.	1,854,801	92,925,530	0.56
Other securities ^a		295,349,727	1.76
		706,533,929	4.22

Security	Shares	Value	% of Net Assets
HEALTH CARE – SERVICES			
Other securities ^a		\$ 177,157,704	1.06%
		177,157,704	1.06
HOLDING COMPANIES – DIVERSIFIED			
Other securities ^a		13,219,996	0.08
		13,219,996	0.08
HOME BUILDERS			
Other securities ^a		20,054,781	0.12
		20,054,781	0.12
HOME FURNISHINGS			
Other securities ^a		12,969,275	0.08
		12,969,275	0.08
HOUSEHOLD PRODUCTS & WARES			
Other securities ^a		80,454,164	0.48
		80,454,164	0.48
HOUSEWARES			
Other securities ^a		7,841,218	0.05
		7,841,218	0.05
INSURANCE			
Other securities ^a		515,952,484	3.08
		515,952,484	3.08
INTERNET			
Google Inc. Class A ^b	392,861	157,348,688	0.94
Other securities ^a		163,171,470	0.97
		320,520,158	1.91
INVESTMENT COMPANIES			
Other securities ^a		8,686,078	0.05
		8,686,078	0.05
IRON & STEEL			
Other securities ^a		45,189,805	0.27
		45,189,805	0.27
LEISURE TIME			
Other securities ^a		39,839,781	0.24
		39,839,781	0.24
LODGING			
Other securities ^a		25,893,700	0.15
		25,893,700	0.15
MACHINERY			
Other securities ^a		126,142,934	0.75
		126,142,934	0.75

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
MANUFACTURING			
General Electric Co.	16,353,240	\$ 417,007,620	2.49%
3M Co.	1,149,064	78,492,562	0.47
Other securities ^a		255,071,541	1.52
		<u>750,571,723</u>	<u>4.48</u>
MEDIA			
Comcast Corp.			
Class A	4,797,162	94,168,290	0.56
Time Warner Inc.	5,889,814	77,215,462	0.46
Walt Disney Co. (The)	3,084,642	94,667,663	0.56
Other securities ^a		149,833,374	0.90
		<u>415,884,789</u>	<u>2.48</u>
METAL FABRICATE & HARDWARE			
Other securities ^a		18,030,457	0.11
		<u>18,030,457</u>	<u>0.11</u>
MINING			
Other securities ^a		110,231,025	0.66
		<u>110,231,025</u>	<u>0.66</u>
OFFICE & BUSINESS EQUIPMENT			
Other securities ^a		27,857,191	0.17
		<u>27,857,191</u>	<u>0.17</u>
OIL & GAS			
Chevron Corp.	3,377,286	278,558,549	1.66
ConocoPhillips	2,498,378	183,006,189	1.09
Exxon Mobil Corp.	8,538,238	663,079,561	3.96
Occidental Petroleum Corp.	1,343,198	94,628,299	0.56
Other securities ^a		579,594,357	3.46
		<u>1,798,866,955</u>	<u>10.73</u>
OIL & GAS SERVICES			
Schlumberger Ltd.	1,972,002	153,993,636	0.92
Other securities ^a		183,775,755	1.10
		<u>337,769,391</u>	<u>2.02</u>
PACKAGING & CONTAINERS			
Other securities ^a		21,634,905	0.13
		<u>21,634,905</u>	<u>0.13</u>
PHARMACEUTICALS			
Abbott Laboratories	2,534,109	145,913,996	0.87
Eli Lilly and Co.	1,644,761	72,418,827	0.43
Gilead Sciences Inc. ^b	1,512,270	68,929,267	0.41

Security	Shares	Value	% of Net Assets
Merck & Co. Inc.	3,521,986	\$ 111,153,878	0.66%
Pfizer Inc.	11,081,342	204,339,946	1.22
Wyeth	2,192,023	80,973,330	0.48
Other securities ^a		299,904,186	1.80
		<u>983,633,430</u>	<u>5.87</u>
PIPELINES			
Other securities ^a		72,822,191	0.43
		<u>72,822,191</u>	<u>0.43</u>
REAL ESTATE			
Other securities ^a		3,787,908	0.02
		<u>3,787,908</u>	<u>0.02</u>
REAL ESTATE INVESTMENT TRUSTS			
Other securities ^a		203,882,148	1.22
		<u>203,882,148</u>	<u>1.22</u>
RETAIL			
CVS Caremark Corp.	2,359,284	79,413,499	0.47
Home Depot Inc.	2,792,114	72,287,831	0.43
McDonald's Corp.	1,848,851	114,074,107	0.68
Wal-Mart Stores Inc.	3,686,157	220,763,943	1.32
Other securities ^a		480,796,709	2.87
		<u>967,336,089</u>	<u>5.77</u>
SAVINGS & LOANS			
Other securities ^a		19,301,940	0.11
		<u>19,301,940</u>	<u>0.11</u>
SEMICONDUCTORS			
Intel Corp.	9,241,891	173,100,618	1.03
Other securities ^a		206,396,365	1.23
		<u>379,496,983</u>	<u>2.26</u>
SOFTWARE			
Microsoft Corp.	12,907,737	344,507,501	2.06
Oracle Corp. ^b	6,441,471	130,826,276	0.78
Other securities ^a		231,305,207	1.38
		<u>706,638,984</u>	<u>4.22</u>
TELECOMMUNICATIONS			
AT&T Inc.	9,687,327	270,470,170	1.61
Cisco Systems Inc. ^b	9,710,590	219,070,910	1.31
QUALCOMM Inc.	2,697,546	115,913,552	0.69
Verizon Communications Inc.	4,681,341	150,224,233	0.90
Other securities ^a		192,549,889	1.15
		<u>948,228,754</u>	<u>5.66</u>

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
TEXTILES			
Other securities ^a		\$ 6,243,190	0.04%
		<u>6,243,190</u>	<u>0.04</u>
TOYS, GAMES & HOBBIES			
Other securities ^a		17,877,033	0.11
		<u>17,877,033</u>	<u>0.11</u>
TRANSPORTATION			
United Parcel Service			
Inc. Class B	1,657,314	104,228,477	0.62
Other securities ^a		252,576,977	1.51
		<u>356,805,454</u>	<u>2.13</u>
TOTAL COMMON STOCKS			
(Cost: \$21,713,423,813)		16,736,648,229	99.85
SHORT-TERM INVESTMENTS			
MONEY MARKET FUNDS			
Barclays Global			
Investors Funds			
Treasury Money			
Market Fund,			
Institutional Shares			
0.47% ^{d,e}	11,018,494	11,018,494	0.07
BGI Cash Premier			
Fund LLC			
2.67% ^{d,e,f}	257,164,367	257,164,367	1.53
		<u>268,182,861</u>	<u>1.60</u>
TOTAL SHORT-TERM INVESTMENTS			
(Cost: \$268,182,861)		268,182,861	1.60
TOTAL INVESTMENTS IN SECURITIES			
(Cost: \$21,981,606,674)		17,004,831,090	101.45
Other Assets, Less Liabilities		<u>(243,498,770)</u>	<u>(1.45)</u>
NET ASSETS		<u>\$16,761,332,320</u>	<u>100.00%</u>

^a Other securities are those securities, which individually, are not one of the 50 largest unaffiliated issuers and which represent less than one percent of the net assets of the Fund as of September 30, 2008.

^b Non-income earning security.

^c All or a portion of this security represents a security on loan. See Note 5.

^d Affiliated issuer. See Note 2.

^e The rate quoted is the annualized seven-day yield of the fund at period end.

^f This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

Summary Schedule of Investments (Unaudited)

iSHARES® S&P 500 GROWTH INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
COMMON STOCKS			
ADVERTISING			
Other securities ^a		\$ 12,551,820	0.23%
		12,551,820	0.23
AEROSPACE & DEFENSE			
General			
Dynamics Corp.	405,579	29,858,726	0.55
Lockheed Martin Corp.	339,901	37,276,943	0.68
United			
Technologies Corp.	639,944	38,435,037	0.70
Other securities ^a		42,382,677	0.77
		147,953,383	2.70
AGRICULTURE			
Monsanto Co.	291,991	28,901,269	0.53
Philip Morris			
International Inc.	757,559	36,438,588	0.67
Other securities ^a		20,756,201	0.37
		86,096,058	1.57
APPAREL			
Nike Inc. Class B	400,550	26,796,795	0.49
Other securities ^a		12,487,115	0.23
		39,283,910	0.72
AUTO MANUFACTURERS			
Other securities ^a		8,917,098	0.16
		8,917,098	0.16
AUTO PARTS & EQUIPMENT			
Other securities ^a		12,779,245	0.23
		12,779,245	0.23
BANKS			
Other securities ^a		23,843,100	0.43
		23,843,100	0.43
BEVERAGES			
Anheuser-Busch			
Companies Inc.	734,075	47,626,786	0.87
Coca-Cola Co. (The)	1,177,064	62,243,144	1.13
PepsiCo Inc.	1,598,196	113,903,429	2.08
Other securities ^a		9,690,719	0.18
		233,464,078	4.26

Security	Shares	Value	% of Net Assets
BIOTECHNOLOGY			
Amgen Inc. ^b	1,080,139	\$ 64,019,839	1.17%
Celgene Corp. ^b	464,409	29,387,801	0.54
Other securities ^a		39,475,641	0.71
		132,883,281	2.42
CHEMICALS			
Other securities ^a		51,976,100	0.95
		51,976,100	0.95
COAL			
Other securities ^a		14,970,677	0.27
		14,970,677	0.27
COMMERCIAL SERVICES			
Other securities ^a		46,233,534	0.84
		46,233,534	0.84
COMPUTERS			
Apple Inc. ^b	904,365	102,790,126	1.87
Dell Inc. ^b	1,779,435	29,325,089	0.54
Hewlett-Packard Co.	1,175,134	54,338,196	0.99
International Business			
Machines Corp.	982,012	114,856,123	2.09
Other securities ^a		37,263,422	0.68
		338,572,956	6.17
COSMETICS & PERSONAL CARE			
Colgate-Palmolive Co.	516,311	38,904,034	0.71
Procter & Gamble			
Co. (The)	2,106,385	146,793,971	2.67
Other securities ^a		23,920,714	0.44
		209,618,719	3.82
DISTRIBUTION & WHOLESALE			
Other securities ^a		8,972,412	0.16
		8,972,412	0.16
DIVERSIFIED FINANCIAL SERVICES			
American Express Co.	1,183,623	41,935,763	0.77
CME Group Inc.	68,503	25,449,550	0.46
Goldman Sachs			
Group Inc. (The)	288,305	36,903,040	0.67
Other securities ^a		64,050,794	1.17
		168,339,147	3.07

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 GROWTH INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
ELECTRIC			
Other securities ^a		\$ 14,280,358	0.26%
		14,280,358	0.26
ELECTRICAL COMPONENTS & EQUIPMENT			
Other securities ^a		15,511,744	0.28
		15,511,744	0.28
ELECTRONICS			
Other securities ^a		32,079,243	0.58
		32,079,243	0.58
ENGINEERING & CONSTRUCTION			
Other securities ^a		12,078,827	0.22
		12,078,827	0.22
ENTERTAINMENT			
Other securities ^a		5,439,205	0.10
		5,439,205	0.10
FOOD			
Other securities ^a		73,672,862	1.34
		73,672,862	1.34
FOREST PRODUCTS & PAPER			
Other securities ^a		3,746,131	0.07
		3,746,131	0.07
HAND & MACHINE TOOLS			
Other securities ^a		3,686,128	0.07
		3,686,128	0.07
HEALTH CARE – PRODUCTS			
Johnson & Johnson	2,852,793	197,641,499	3.60
Medtronic Inc.	1,151,871	57,708,737	1.05
Other securities ^a		131,330,720	2.40
		386,680,956	7.05
HEALTH CARE – SERVICES			
UnitedHealth Group Inc.	1,243,140	31,563,325	0.58
Other securities ^a		53,281,186	0.97
		84,844,511	1.55
HOLDING COMPANIES – DIVERSIFIED			
Other securities ^a		8,199,875	0.15
		8,199,875	0.15
HOME BUILDERS			
Other securities ^a		1,619,095	0.03
		1,619,095	0.03

Security	Shares	Value	% of Net Assets
HOME FURNISHINGS			
Other securities ^a		\$ 2,038,953	0.04%
		2,038,953	0.04
HOUSEHOLD PRODUCTS & WARES			
Other securities ^a		25,249,256	0.46
		25,249,256	0.46
INSURANCE			
Other securities ^a		66,904,909	1.22
		66,904,909	1.22
INTERNET			
Google Inc. Class A ^b	243,967	97,713,663	1.78
Other securities ^a		98,556,469	1.80
		196,270,132	3.58
IRON & STEEL			
Other securities ^a		24,012,235	0.44
		24,012,235	0.44
LEISURE TIME			
Other securities ^a		8,958,639	0.16
		8,958,639	0.16
LODGING			
Other securities ^a		7,318,711	0.13
		7,318,711	0.13
MACHINERY			
Caterpillar Inc.	621,449	37,038,360	0.67
Other securities ^a		32,804,520	0.60
		69,842,880	1.27
MANUFACTURING			
3M Co.	506,669	34,610,559	0.63
Other securities ^a		70,493,943	1.29
		105,104,502	1.92
MEDIA			
Walt Disney Co. (The)	823,769	25,281,471	0.46
Other securities ^a		39,638,523	0.72
		64,919,994	1.18
METAL FABRICATE & HARDWARE			
Other securities ^a		6,942,094	0.13
		6,942,094	0.13
MINING			
Other securities ^a		35,418,982	0.65
		35,418,982	0.65

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 GROWTH INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
OFFICE & BUSINESS EQUIPMENT			
Other securities ^a		\$ 14,041,557	0.26%
		14,041,557	0.26
OIL & GAS			
Apache Corp.	341,448	35,606,197	0.65
Chevron Corp.	1,195,492	98,604,180	1.80
ConocoPhillips	1,551,525	113,649,206	2.07
Devon Energy Corp.	451,040	41,134,848	0.75
Exxon Mobil Corp.	5,302,318	411,778,016	7.51
Occidental Petroleum Corp.	492,164	34,672,954	0.63
Transocean Inc. ^b	325,702	35,775,108	0.65
XTO Energy Inc.	560,831	26,089,858	0.48
Other securities ^a		162,286,897	2.95
		959,597,264	17.49
OIL & GAS SERVICES			
Halliburton Co.	895,238	28,996,759	0.53
Schlumberger Ltd.	1,224,636	95,631,825	1.74
Other securities ^a		71,015,936	1.30
		195,644,520	3.57
PACKAGING & CONTAINERS			
Other securities ^a		7,222,444	0.13
		7,222,444	0.13
PHARMACEUTICALS			
Abbott Laboratories	786,889	45,309,069	0.83
Gilead Sciences Inc. ^b	939,148	42,806,366	0.78
Wyeth	939,319	34,698,444	0.63
Other securities ^a		115,011,572	2.09
		237,825,451	4.33
PIPELINES			
Other securities ^a		7,237,561	0.13
		7,237,561	0.13
REAL ESTATE			
Other securities ^a		2,356,289	0.04
		2,356,289	0.04
REAL ESTATE INVESTMENT TRUSTS			
Other securities ^a		4,202,029	0.08
		4,202,029	0.08

Security	Shares	Value	% of Net Assets
RETAIL			
CVS Caremark Corp.	923,096	\$ 31,071,411	0.57%
Lowe's Companies Inc.	1,496,348	35,448,484	0.65
McDonald's Corp.	562,624	34,713,901	0.63
Wal-Mart Stores Inc.	1,304,840	78,146,868	1.42
Other securities ^a		203,136,861	3.70
		382,517,525	6.97
SAVINGS & LOANS			
Other securities ^a		5,194,542	0.09
		5,194,542	0.09
SEMICONDUCTORS			
Intel Corp.	3,271,488	61,274,970	1.12
Other securities ^a		64,329,290	1.17
		125,604,260	2.29
SOFTWARE			
Microsoft Corp.	8,015,843	213,942,850	3.90
Oracle Corp. ^b	4,000,262	81,245,321	1.48
Other securities ^a		120,102,894	2.19
		415,291,065	7.57
TELECOMMUNICATIONS			
Cisco Systems Inc. ^b	6,030,398	136,045,779	2.48
QUALCOMM Inc.	1,675,231	71,984,676	1.31
Other securities ^a		40,198,863	0.73
		248,229,318	4.52
TEXTILES			
Other securities ^a		2,089,514	0.04
		2,089,514	0.04
TRANSPORTATION			
United Parcel Service Inc. Class B	596,969	37,543,380	0.68
Other securities ^a		44,022,409	0.81
		81,565,789	1.49
TOTAL COMMON STOCKS			
		(Cost: \$6,271,731,367)	99.88
		5,479,894,868	

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 GROWTH INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
SHORT-TERM INVESTMENTS			
MONEY MARKET FUNDS			
Barclays Global Investors Funds Treasury Money Market Fund, Institutional Shares			
0.47% ^{c,d}	3,520,713	\$ 3,520,713	0.07%
BGI Cash Premier Fund LLC			
2.67% ^{c,d,e}	33,021,703	33,021,703	0.60
		<u>36,542,416</u>	<u>0.67</u>
TOTAL SHORT-TERM INVESTMENTS			
(Cost: \$36,542,416)		<u>36,542,416</u>	<u>0.67</u>
TOTAL INVESTMENTS IN SECURITIES			
(Cost: \$6,308,273,783)		5,516,437,284	100.55
Other Assets, Less Liabilities		<u>(30,141,633)</u>	<u>(0.55)</u>
NET ASSETS		<u>\$5,486,295,651</u>	<u>100.00%</u>

^a Other securities are those securities, which individually, are not one of the 50 largest unaffiliated issuers and which represent less than one percent of the net assets of the Fund as of September 30, 2008.

^b Non-income earning security.

^c Affiliated issuer. See Note 2.

^d The rate quoted is the annualized seven-day yield of the fund at period end.

^e This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

Summary Schedule of Investments (Unaudited)

iSHARES® S&P 500 VALUE INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
COMMON STOCKS			
ADVERTISING			
Other securities ^a		\$ 2,630,071	0.08%
		<u>2,630,071</u>	<u>0.08</u>
AEROSPACE & DEFENSE			
Boeing Co. (The)	280,281	16,074,115	0.47
Raytheon Co.	297,844	15,937,632	0.46
Other securities ^a		<u>31,390,526</u>	<u>0.91</u>
		<u>63,402,273</u>	<u>1.84</u>
AGRICULTURE			
Altria Group Inc.	1,472,657	29,217,515	0.85
Monsanto Co.	188,612	18,668,816	0.54
Philip Morris International Inc.	942,892	45,353,105	1.32
Other securities ^a		<u>17,329,549</u>	<u>0.50</u>
		<u>110,568,985</u>	<u>3.21</u>
AIRLINES			
Other securities ^a		<u>7,602,776</u>	<u>0.22</u>
		<u>7,602,776</u>	<u>0.22</u>
APPAREL			
Other securities ^a		<u>7,042,751</u>	<u>0.20</u>
		<u>7,042,751</u>	<u>0.20</u>
AUTO MANUFACTURERS			
Other securities ^a		<u>15,898,114</u>	<u>0.46</u>
		<u>15,898,114</u>	<u>0.46</u>
AUTO PARTS & EQUIPMENT			
Other securities ^a		<u>6,553,737</u>	<u>0.19</u>
		<u>6,553,737</u>	<u>0.19</u>
BANKS			
Bank of America Corp.	3,259,051	114,066,785	3.31
Bank of New York Mellon Corp. (The)	819,443	26,697,453	0.77
PNC Financial Services Group Inc. (The)	247,534	18,490,790	0.54
U.S. Bancorp	1,245,200	44,852,104	1.30
Wells Fargo & Co.	2,364,864	88,753,346	2.57
Other securities ^a		<u>82,241,032</u>	<u>2.38</u>
		<u>375,101,510</u>	<u>10.87</u>

Security	Shares	Value	% of Net Assets
BEVERAGES			
Coca-Cola Co. (The)	596,936	\$ 31,565,976	0.92%
Other securities ^a		<u>11,913,928</u>	<u>0.34</u>
		<u>43,479,904</u>	<u>1.26</u>
BIOTECHNOLOGY			
Other securities ^a		<u>1,044,178</u>	<u>0.03</u>
		<u>1,044,178</u>	<u>0.03</u>
BUILDING MATERIALS			
Other securities ^a		<u>4,623,515</u>	<u>0.13</u>
		<u>4,623,515</u>	<u>0.13</u>
CHEMICALS			
Dow Chemical Co. (The)	660,796	21,000,097	0.61
E.I. du Pont de Nemours and Co.	644,508	25,973,672	0.75
Other securities ^a		<u>29,678,632</u>	<u>0.86</u>
		<u>76,652,401</u>	<u>2.22</u>
COAL			
Other securities ^a		<u>6,440,150</u>	<u>0.19</u>
		<u>6,440,150</u>	<u>0.19</u>
COMMERCIAL SERVICES			
Other securities ^a		<u>17,921,433</u>	<u>0.52</u>
		<u>17,921,433</u>	<u>0.52</u>
COMPUTERS			
Hewlett-Packard Co.	927,815	42,902,166	1.24
International Business Machines Corp.	280,905	32,854,649	0.95
Other securities ^a		<u>20,994,559</u>	<u>0.61</u>
		<u>96,751,374</u>	<u>2.80</u>
COSMETICS & PERSONAL CARE			
Procter & Gamble Co. (The)	694,024	48,366,533	1.40
		<u>48,366,533</u>	<u>1.40</u>
DISTRIBUTION & WHOLESALE			
Other securities ^a		<u>6,959,549</u>	<u>0.20</u>
		<u>6,959,549</u>	<u>0.20</u>
DIVERSIFIED FINANCIAL SERVICES			
Citigroup Inc.	3,891,722	79,819,218	2.31
JPMorgan Chase & Co.	2,632,878	122,955,403	3.57
Merrill Lynch & Co. Inc.	1,094,987	27,703,171	0.80

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 VALUE INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
Morgan Stanley	792,278	\$ 18,222,394	0.53%
Other securities ^a		58,188,923	1.69
		<u>306,889,109</u>	8.90
ELECTRIC			
Dominion Resources Inc.	414,315	17,724,396	0.51
Duke Energy Corp.	903,659	15,750,776	0.46
Exelon Corp.	469,970	29,429,521	0.85
Southern Co. (The)	550,224	20,737,943	0.60
Other securities ^a		147,021,306	4.27
		<u>230,663,942</u>	6.69
ELECTRICAL COMPONENTS & EQUIPMENT			
Other securities ^a		14,059,259	0.41
		<u>14,059,259</u>	0.41
ELECTRONICS			
Other securities ^a		27,799,361	0.81
		<u>27,799,361</u>	0.81
ENGINEERING & CONSTRUCTION			
Other securities ^a		3,418,365	0.10
		<u>3,418,365</u>	0.10
ENVIRONMENTAL CONTROL			
Other securities ^a		13,719,242	0.40
		<u>13,719,242</u>	0.40
FOOD			
Kraft Foods Inc.	1,085,286	35,543,116	1.03
Other securities ^a		68,976,623	2.00
		<u>104,519,739</u>	3.03
FOREST PRODUCTS & PAPER			
Other securities ^a		23,469,218	0.68
		<u>23,469,218</u>	0.68
GAS			
Other securities ^a		13,207,595	0.38
		<u>13,207,595</u>	0.38
HAND & MACHINE TOOLS			
Other securities ^a		4,513,376	0.13
		<u>4,513,376</u>	0.13
HEALTH CARE – PRODUCTS			
Covidien Ltd.	358,488	19,272,315	0.56
Other securities ^a		17,179,668	0.50
		<u>36,451,983</u>	1.06

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
HEALTH CARE – SERVICES			
Other securities ^a		\$ 17,670,907	0.51%
		<u>17,670,907</u>	0.51
HOME BUILDERS			
Other securities ^a		7,592,598	0.22
		<u>7,592,598</u>	0.22
HOME FURNISHINGS			
Other securities ^a		4,227,822	0.12
		<u>4,227,822</u>	0.12
HOUSEHOLD PRODUCTS & WARES			
Other securities ^a		17,307,047	0.50
		<u>17,307,047</u>	0.50
HOUSEWARES			
Other securities ^a		3,425,368	0.10
		<u>3,425,368</u>	0.10
INSURANCE			
Allstate Corp. (The)	386,870	17,842,444	0.52
MetLife Inc.	490,570	27,471,920	0.80
Travelers Companies Inc. (The)	422,072	19,077,654	0.55
Other securities ^a		113,117,979	3.28
		<u>177,509,997</u>	5.15
INTERNET			
Other securities ^a		1,933,728	0.06
		<u>1,933,728</u>	0.06
INVESTMENT COMPANIES			
Other securities ^a		3,775,403	0.11
		<u>3,775,403</u>	0.11
IRON & STEEL			
Other securities ^a		2,850,213	0.08
		<u>2,850,213</u>	0.08
LEISURE TIME			
Other securities ^a		11,034,962	0.32
		<u>11,034,962</u>	0.32
LODGING			
Other securities ^a		6,119,416	0.18
		<u>6,119,416</u>	0.18
MACHINERY			
Other securities ^a		5,962,785	0.17
		<u>5,962,785</u>	0.17

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 VALUE INDEX FUND

September 30, 2008

Security	Shares	Value	% of Net Assets
MANUFACTURING			
General Electric Co.	7,109,755	\$ 181,298,752	5.26%
Other securities ^a		<u>71,461,728</u>	<u>2.07</u>
		252,760,480	7.33
MEDIA			
Comcast Corp. Class A	2,085,919	40,946,590	1.19
Time Warner Inc.	2,561,303	33,578,682	0.97
Walt Disney Co. (The)	764,103	23,450,321	0.68
Other securities ^a		<u>37,325,607</u>	<u>1.08</u>
		135,301,200	3.92
METAL FABRICATE & HARDWARE			
Other securities ^a		<u>2,974,103</u>	<u>0.09</u>
		2,974,103	0.09
MINING			
Other securities ^a		<u>23,120,093</u>	<u>0.67</u>
		23,120,093	0.67
OFFICE & BUSINESS EQUIPMENT			
Other securities ^a		<u>2,305,366</u>	<u>0.07</u>
		2,305,366	0.07
OIL & GAS			
Chevron Corp.	631,396	52,077,542	1.51
Occidental Petroleum Corp.	239,336	16,861,221	0.49
Other securities ^a		<u>41,319,616</u>	<u>1.20</u>
		110,258,379	3.20
OIL & GAS SERVICES			
Other securities ^a		<u>9,907,545</u>	<u>0.29</u>
		9,907,545	0.29
PACKAGING & CONTAINERS			
Other securities ^a		<u>4,347,529</u>	<u>0.13</u>
		4,347,529	0.13
PHARMACEUTICALS			
Abbott Laboratories	551,057	31,729,862	0.92
Bristol-Myers Squibb Co.	1,415,417	29,511,444	0.85
Eli Lilly and Co.	457,460	20,141,964	0.58
Merck & Co. Inc.	1,010,960	31,905,898	0.92
Pfizer Inc.	4,817,675	88,837,927	2.58
Other securities ^a		<u>59,039,920</u>	<u>1.72</u>
		261,167,015	7.57

Security	Shares	Value	% of Net Assets
PIPELINES			
Other securities ^a		<u>\$ 26,576,221</u>	<u>0.77%</u>
		26,576,221	0.77
REAL ESTATE INVESTMENT TRUSTS			
Simon Property Group Inc.	160,782	15,595,854	0.45
Other securities ^a		<u>70,060,266</u>	<u>2.03</u>
		85,656,120	2.48
RETAIL			
McDonald's Corp.	409,773	25,282,994	0.73
Wal-Mart Stores Inc.	689,241	41,278,644	1.20
Other securities ^a		<u>86,319,661</u>	<u>2.50</u>
		152,881,299	4.43
SAVINGS & LOANS			
Other securities ^a		<u>4,755,348</u>	<u>0.14</u>
		4,755,348	0.14
SEMICONDUCTORS			
Intel Corp.	1,728,314	32,371,321	0.94
Other securities ^a		<u>44,625,218</u>	<u>1.29</u>
		76,996,539	2.23
SOFTWARE			
Other securities ^a		<u>16,470,580</u>	<u>0.48</u>
		16,470,580	0.48
TELECOMMUNICATIONS			
AT&T Inc.	4,211,649	117,589,240	3.41
Verizon Communications Inc.	2,035,210	65,309,889	1.89
Other securities ^a		<u>55,619,455</u>	<u>1.61</u>
		238,518,584	6.91
TEXTILES			
Other securities ^a		<u>1,248,684</u>	<u>0.04</u>
		1,248,684	0.04
TOYS, GAMES & HOBBIES			
Other securities ^a		<u>7,780,438</u>	<u>0.22</u>
		7,780,438	0.22
TRANSPORTATION			
CSX Corp.	291,231	15,892,476	0.46
Norfolk Southern Corp.	268,052	17,747,723	0.52
Union Pacific Corp.	363,756	25,884,877	0.75

Summary Schedule of Investments (Unaudited) (Continued)

iSHARES® S&P 500 VALUE INDEX FUND

September 30, 2008

<i>Security</i>	<i>Shares</i>	<i>Value</i>	<i>% of Net Assets</i>
United Parcel Service Inc. Class B	302,505	\$ 19,024,539	0.55%
Other securities ^a		19,399,660	0.56
		<u>97,949,275</u>	<u>2.84</u>
TOTAL COMMON STOCKS (Cost: \$4,236,965,278)		3,440,135,487	99.74
SHORT-TERM INVESTMENTS			
MONEY MARKET FUNDS			
Barclays Global Investors Funds Treasury Money Market Fund, Institutional Shares			
0.47% ^{b,c}	2,309,503	2,309,503	0.07
BGI Cash Premier Fund LLC			
2.67% ^{b,c,d}	39,628,949	39,628,949	1.15
		<u>41,938,452</u>	<u>1.22</u>
TOTAL SHORT-TERM INVESTMENTS (Cost: \$41,938,452)		41,938,452	1.22
TOTAL INVESTMENTS IN SECURITIES (Cost: \$4,278,903,730)		3,482,073,939	100.96
Other Assets, Less Liabilities		<u>(32,972,801)</u>	<u>(0.96)</u>
NET ASSETS		<u>\$3,449,101,138</u>	<u>100.00%</u>

^a Other securities are those securities, which individually, are not one of the 50 largest unaffiliated issuers and which represent less than one percent of the net assets of the Fund as of September 30, 2008.

^b Affiliated issuer. See Note 2.

^c The rate quoted is the annualized seven-day yield of the fund at period end.

^d This security represents an investment of securities lending collateral. See Note 5.

See notes to financial statements.

Statements of Assets and Liabilities (Unaudited)

iSHARES® TRUST

September 30, 2008

	<i>iShares S&P</i>		
	500 Index Fund	500 Growth Index Fund	500 Value Index Fund
ASSETS			
Investments, at cost:			
Unaffiliated issuers	\$21,713,423,813	\$6,271,731,367	\$4,236,965,278
Affiliated issuers (Note 2)	268,182,861	36,542,416	41,938,452
Total cost of investments	<u>\$21,981,606,674</u>	<u>\$6,308,273,783</u>	<u>\$4,278,903,730</u>
Investments in securities, at fair value (including securities on loan ^a) (Note 1):			
Unaffiliated issuers	\$16,736,648,229	\$5,479,894,868	\$3,440,135,487
Affiliated issuers (Note 2)	268,182,861	36,542,416	41,938,452
Total fair value of investments	17,004,831,090	5,516,437,284	3,482,073,939
Receivables:			
Investment securities sold	20,083,270	7,073,880	8,776,710
Dividends and interest	24,793,969	3,960,429	8,136,015
Capital shares sold	731,408	24,049	79,577
Total Assets	<u>17,050,439,737</u>	<u>5,527,495,642</u>	<u>3,499,066,241</u>
LIABILITIES			
Payables:			
Investment securities purchased	30,378,834	7,278,984	9,668,307
Collateral for securities on loan (Note 5)	257,164,367	33,021,703	39,628,949
Capital shares redeemed	227,739	46,491	138,580
Investment advisory fees (Note 2)	1,336,477	852,813	529,267
Total Liabilities	<u>289,107,417</u>	<u>41,199,991</u>	<u>49,965,103</u>
NET ASSETS	<u>\$16,761,332,320</u>	<u>\$5,486,295,651</u>	<u>\$3,449,101,138</u>
Net assets consist of:			
Paid-in capital	\$22,099,948,718	\$6,418,789,995	\$4,436,522,804
Undistributed net investment income	5,116,190	568,946	1,637,612
Accumulated net realized loss	(366,957,004)	(141,226,791)	(192,229,487)
Net unrealized depreciation	(4,976,775,584)	(791,836,499)	(796,829,791)
NET ASSETS	<u>\$16,761,332,320</u>	<u>\$5,486,295,651</u>	<u>\$3,449,101,138</u>
Shares outstanding ^b	<u>143,600,000</u>	<u>97,100,000</u>	<u>57,700,000</u>
Net asset value per share	<u>\$ 116.72</u>	<u>\$ 56.50</u>	<u>\$ 59.78</u>

^a Securities on loan with market values of \$245,599,082, \$32,187,962 and \$36,105,789, respectively. See Note 5.

^b No par value, unlimited number of shares authorized.

See notes to financial statements.

Statements of Operations (Unaudited)

iSHARES® TRUST

Six months ended September 30, 2008

	<i>iShares S&P</i>		
	500 Index Fund	500 Growth Index Fund	500 Value Index Fund
NET INVESTMENT INCOME			
Dividends from unaffiliated issuers	\$ 187,324,044	\$ 40,697,983	\$ 56,709,836
Interest from affiliated issuers (Note 2)	190,266	50,945	51,585
Securities lending income from affiliated issuers (Note 2)	1,800,011	226,411	518,312
Total investment income	<u>189,314,321</u>	<u>40,975,339</u>	<u>57,279,733</u>
EXPENSES			
Investment advisory fees (Note 2)	8,185,341	5,430,883	3,333,096
Total expenses	<u>8,185,341</u>	<u>5,430,883</u>	<u>3,333,096</u>
Net investment income	<u>181,128,980</u>	<u>35,544,456</u>	<u>53,946,637</u>
NET REALIZED AND UNREALIZED GAIN (LOSS)			
Net realized gain (loss) from:			
Investments in unaffiliated issuers	(506,073,171)	(59,690,452)	(138,312,431)
In-kind redemptions	489,939,636	123,782,099	57,062,408
Net realized gain (loss)	<u>(16,133,535)</u>	<u>64,091,647</u>	<u>(81,250,023)</u>
Net change in unrealized appreciation (depreciation)	<u>(2,043,096,739)</u>	<u>(694,242,349)</u>	<u>(453,907,903)</u>
Net realized and unrealized loss	<u>(2,059,230,274)</u>	<u>(630,150,702)</u>	<u>(535,157,926)</u>
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	<u><u>\$(1,878,101,294)</u></u>	<u><u>\$(594,606,246)</u></u>	<u><u>\$(481,211,289)</u></u>

See notes to financial statements.

Statements of Changes in Net Assets

iSHARES® TRUST

	<i>iShares S&P 500 Index Fund</i>		<i>iShares S&P 500 Growth Index Fund</i>	
	Six months ended September 30, 2008 (Unaudited)	Year ended March 31, 2008	Six months ended September 30, 2008 (Unaudited)	Year ended March 31, 2008
INCREASE (DECREASE) IN NET ASSETS				
OPERATIONS:				
Net investment income	\$ 181,128,980	\$ 353,739,245	\$ 35,544,456	\$ 65,855,472
Net realized gain (loss)	(16,133,535)	3,382,082,699	64,091,647	100,837,129
Net change in unrealized appreciation (depreciation)	(2,043,096,739)	(4,650,112,864)	(694,242,349)	(404,975,186)
Net decrease in net assets resulting from operations	(1,878,101,294)	(914,290,920)	(594,606,246)	(238,282,585)
DISTRIBUTIONS TO SHAREHOLDERS:				
From net investment income	(176,521,202)	(354,510,558)	(35,048,230)	(66,102,111)
Total distributions to shareholders	(176,521,202)	(354,510,558)	(35,048,230)	(66,102,111)
CAPITAL SHARE TRANSACTIONS:				
Proceeds from shares sold	9,144,642,563	19,091,665,615	1,064,167,865	2,460,837,443
Cost of shares redeemed	(6,763,702,639)	(20,005,350,295)	(633,384,821)	(940,718,890)
Net increase (decrease) in net assets from capital share transactions	2,380,939,924	(913,684,680)	430,783,044	1,520,118,553
INCREASE (DECREASE) IN NET ASSETS	326,317,428	(2,182,486,158)	(198,871,432)	1,215,733,857
NET ASSETS				
Beginning of period	16,435,014,892	18,617,501,050	5,685,167,083	4,469,433,226
End of period	\$16,761,332,320	\$ 16,435,014,892	\$5,486,295,651	\$5,685,167,083
Undistributed net investment income included in net assets at end of period	\$ 5,116,190	\$ 508,412	\$ 568,946	\$ 72,720
SHARES ISSUED AND REDEEMED				
Shares sold	69,400,000	133,800,000	16,700,000	35,850,000
Shares redeemed	(50,000,000)	(140,550,000)	(10,150,000)	(14,450,000)
Net increase (decrease) in shares outstanding	19,400,000	(6,750,000)	6,550,000	21,400,000

See notes to financial statements.

Statements of Changes in Net Assets (Continued)

iSHARES® TRUST

iShares S&P 500 Value Index Fund

	Six months ended September 30, 2008 (Unaudited)	Year ended March 31, 2008
<i>INCREASE (DECREASE) IN NET ASSETS</i>		
OPERATIONS:		
Net investment income	\$ 53,946,637	\$ 105,300,515
Net realized gain (loss)	(81,250,023)	454,250,897
Net change in unrealized appreciation (depreciation)	(453,907,903)	(918,866,908)
Net decrease in net assets resulting from operations	<u>(481,211,289)</u>	<u>(359,315,496)</u>
DISTRIBUTIONS TO SHAREHOLDERS:		
From net investment income	<u>(52,745,683)</u>	<u>(104,826,503)</u>
Total distributions to shareholders	<u>(52,745,683)</u>	<u>(104,826,503)</u>
CAPITAL SHARE TRANSACTIONS:		
Proceeds from shares sold	658,253,874	1,602,161,754
Cost of shares redeemed	(431,937,102)	(1,880,354,481)
Net increase (decrease) in net assets from capital share transactions	<u>226,316,772</u>	<u>(278,192,727)</u>
DECREASE IN NET ASSETS	(307,640,200)	(742,334,726)
<i>NET ASSETS</i>		
Beginning of period	3,756,741,338	4,499,076,064
End of period	<u>\$3,449,101,138</u>	<u>\$ 3,756,741,338</u>
Undistributed net investment income included in net assets at end of period	<u>\$ 1,637,612</u>	<u>\$ 436,658</u>
<i>SHARES ISSUED AND REDEEMED</i>		
Shares sold	10,150,000	20,900,000
Shares redeemed	(6,700,000)	(24,700,000)
Net increase (decrease) in shares outstanding	<u>3,450,000</u>	<u>(3,800,000)</u>

See notes to financial statements.

Financial Highlights

iSHARES® TRUST

(For a share outstanding throughout each period)

iShares S&P 500 Index Fund

	Six months ended Sep. 30, 2008 (Unaudited)	Year ended Mar. 31, 2008	Year ended Mar. 31, 2007	Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	Year ended Mar. 31, 2004
Net asset value, beginning of period	\$ 132.33	\$ 142.17	\$ 129.59	\$ 117.89	\$ 112.92	\$ 85.04
Income from investment operations:						
Net investment income	1.38 ^a	2.75 ^a	2.51 ^a	2.16	2.20	1.66
Net realized and unrealized gain (loss) ^b	(15.68)	(9.75)	12.57	11.46	5.23	27.91
Total from investment operations	(14.30)	(7.00)	15.08	13.62	7.43	29.57
Less distributions from:						
Net investment income	(1.31)	(2.84)	(2.50)	(1.89)	(2.46)	(1.69)
Return of capital	-	-	-	(0.03)	-	-
Total distributions	(1.31)	(2.84)	(2.50)	(1.92)	(2.46)	(1.69)
Net asset value, end of period	\$ 116.72	\$ 132.33	\$ 142.17	\$ 129.59	\$ 117.89	\$ 112.92
Total return	(10.87)% ^c	(5.11)%	11.75%	11.62%	6.63%	34.93%

Ratios/Supplemental data:

Net assets, end of period (000s)	\$16,761,332	\$16,435,015	\$18,617,501	\$16,665,414	\$12,513,826	\$8,491,679
Ratio of expenses to average net assets ^d	0.09%	0.09%	0.09%	0.10%	0.09%	0.09%
Ratio of net investment income to average net assets ^d	2.09%	1.89%	1.86%	1.78%	2.02%	1.66%
Portfolio turnover rate ^e	3%	4%	5%	7%	6%	3%

^a Based on average shares outstanding throughout the period.

^b The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

^c Not annualized.

^d Annualized for periods of less than one year.

^e Portfolio turnover rates exclude portfolio securities received or delivered as a result of processing capital share transactions in Creation Units.

See notes to financial statements.

Financial Highlights (Continued)

iSHARES® TRUST

(For a share outstanding throughout each period)

iShares S&P 500 Growth Index Fund

	Six months ended Sep. 30, 2008 (Unaudited)	Year ended Mar. 31, 2008	Year ended Mar. 31, 2007	Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	Year ended Mar. 31, 2004
Net asset value, beginning of period	\$ 62.78	\$ 64.63	\$ 60.70	\$ 56.55	\$ 55.47	\$ 44.38
Income from investment operations:						
Net investment income	0.38 ^a	0.80 ^a	0.84 ^a	0.74	1.01	0.61
Net realized and unrealized gain (loss) ^b	(6.30)	(1.86)	3.90	4.07	1.17	11.10
Total from investment operations	(5.92)	(1.06)	4.74	4.81	2.18	11.71
Less distributions from:						
Net investment income	(0.36)	(0.79)	(0.81)	(0.66)	(1.10)	(0.62)
Total distributions	(0.36)	(0.79)	(0.81)	(0.66)	(1.10)	(0.62)
Net asset value, end of period	\$ 56.50	\$ 62.78	\$ 64.63	\$ 60.70	\$ 56.55	\$ 55.47
Total return	(9.47)% ^c	(1.74)%	7.86%	8.54%	3.95%	26.46%
Ratios/Supplemental data:						
Net assets, end of period (000s)	\$5,486,296	\$5,685,167	\$4,469,433	\$3,414,285	\$2,341,101	\$1,469,921
Ratio of expenses to average net assets ^d	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%
Ratio of net investment income to average net assets ^d	1.18%	1.19%	1.35%	1.28%	1.93%	1.22%
Portfolio turnover rate ^e	3%	26%	23%	12%	22%	14%

^a Based on average shares outstanding throughout the period.

^b The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

^c Not annualized.

^d Annualized for periods of less than one year.

^e Portfolio turnover rates exclude portfolio securities received or delivered as a result of processing capital share transactions in Creation Units.

See notes to financial statements.

Financial Highlights (Continued)

iSHARES® TRUST

(For a share outstanding throughout each period)

iShares S&P 500 Value Index Fund

	Six months ended Sep. 30, 2008 (Unaudited)	Year ended Mar. 31, 2008	Year ended Mar. 31, 2007	Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	Year ended Mar. 31, 2004
Net asset value, beginning of period	\$ 69.25	\$ 77.50	\$ 68.56	\$ 60.91	\$ 57.02	\$ 40.36
Income from investment operations:						
Net investment income	0.98 ^a	1.86 ^a	1.60 ^a	1.36	1.11	0.91
Net realized and unrealized gain (loss) ^b	(9.51)	(8.24)	8.88	7.48	4.04	16.68
Total from investment operations	(8.53)	(6.38)	10.48	8.84	5.15	17.59
Less distributions from:						
Net investment income	(0.94)	(1.87)	(1.54)	(1.19)	(1.26)	(0.93)
Total distributions	(0.94)	(1.87)	(1.54)	(1.19)	(1.26)	(0.93)
Net asset value, end of period	\$ 59.78	\$ 69.25	\$ 77.50	\$ 68.56	\$ 60.91	\$ 57.02
Total return	(12.39)% ^c	(8.47)%	15.43%	14.63%	9.10%	43.80%
Ratios/Supplemental data:						
Net assets, end of period (000s)	\$3,449,101	\$3,756,741	\$4,499,076	\$3,088,724	\$2,704,486	\$1,898,846
Ratio of expenses to average net assets ^d	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%
Ratio of net investment income to average net assets ^d	2.91%	2.38%	2.18%	2.12%	1.95%	1.91%
Portfolio turnover rate ^e	3%	20%	20%	7%	5%	5%

^a Based on average shares outstanding throughout the period.

^b The amounts reported may not accord with the change in aggregate gains and losses in securities due to the timing of capital share transactions.

^c Not annualized.

^d Annualized for periods of less than one year.

^e Portfolio turnover rates exclude portfolio securities received or delivered as a result of processing capital share transactions in Creation Units.

See notes to financial statements.

Notes to Financial Statements (Unaudited)

iSHARES® TRUST

iShares Trust (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust was established as a Delaware statutory trust pursuant to an Agreement and Declaration of Trust dated December 16, 1999.

These financial statements relate only to the iShares S&P 500, iShares S&P 500 Growth and iShares S&P 500 Value Index Funds (each, a “Fund,” collectively, the “Funds”).

The investment objective of each Fund is to seek investment results that correspond generally to the price and yield performance, before fees and expenses, of its underlying index. The investment adviser uses a “passive” or index approach to achieve each Fund’s investment objective. Each of the Funds is classified as a diversified fund under the 1940 Act, except for the iShares S&P 500 Growth Index Fund, which is classified as a non-diversified fund. Non-diversified funds generally hold securities of fewer companies than diversified funds and may be more susceptible to the risks associated with these particular companies, or to a single economic, political or regulatory occurrence affecting these companies.

Pursuant to the Trust’s organizational documents, the Funds’ officers and trustees are indemnified against certain liabilities that may arise out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds’ maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

1. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are consistently followed by the Trust in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SECURITY VALUATION

The securities and other assets of each Fund are generally valued using market valuations. A market valuation generally means a valuation (i) obtained from an exchange, a pricing service or a major market maker (or dealer), (ii) based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service or a major market maker (or dealer) or (iii) based on amortized cost. In the case of shares of funds that are not traded on an exchange, a market valuation means such fund’s published net asset value per share. The investment adviser may use various pricing services or discontinue the use of any pricing service. A price obtained from a pricing service based on such pricing service’s valuation matrix may be considered a market valuation. In the event that current market valuations are not readily available or such valuations do not reflect current market values, the affected investments will be valued pursuant to the pricing policy and procedures approved by the Board of Trustees of the Trust (the “Board”).

Effective April 1, 2008, the Funds adopted Financial Accounting Standards Board (“FASB”) Statement of Financial Accounting Standards No. 157 (“FAS 157”), “Fair Value Measurements.” This standard defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. Various inputs are used in determining the value of the Funds’ investments. These inputs are summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including, but not limited to, quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Funds’ own assumptions in determining the fair value of investments)

Notes to Financial Statements (Unaudited) (Continued)

iSHARES® TRUST

Investments that use Level 2 or Level 3 inputs may include, but are not limited to: (i) an unlisted security related to corporate actions; (ii) a restricted security (e.g., one that may not be publicly sold without registration under the Securities Act of 1933, as amended); (iii) a security whose trading has been suspended or which has been de-listed from its primary trading exchange; (iv) a security that is thinly traded; (v) a security in default or bankruptcy proceedings for which there is no current market quotation; (vi) a security affected by currency controls or restrictions; and (vii) a security affected by a significant event (e.g., an event that occurs after the close of the markets on which the security is traded but before the time as of which a Fund's net asset value is computed and that may materially affect the value of the Fund's investments). Examples of events that may be "significant events" are government actions, natural disasters, armed conflict, acts of terrorism, and significant market fluctuations.

The inputs or methodology used for valuation are not necessarily an indication of the risk associated with investing in those investments.

Fair value pricing could result in a difference between the prices used to calculate a Fund's net asset value and the prices used by the Fund's benchmark index, which, in turn, could result in a difference between the Fund's performance and the performance of the Fund's benchmark index.

The following table summarizes the inputs used in valuing the Funds' investments as of September 30, 2008:

<i>iShares Index Fund</i>	<i>Investments in Securities</i>			<i>Total Fair Value</i>
	<i>Level 1 - Quoted Prices</i>	<i>Level 2 - Other Significant Observable Inputs</i>	<i>Level 3 - Significant Unobservable Inputs</i>	
S&P 500	\$17,004,831,090	\$ -	\$ -	\$17,004,831,090
S&P 500 Growth	5,516,437,284	-	-	5,516,437,284
S&P 500 Value	3,482,073,939	-	-	3,482,073,939

SECURITY TRANSACTIONS AND INCOME RECOGNITION

Security transactions are accounted for on trade date. Dividend income is recognized on the ex-dividend date, net of any foreign taxes withheld at source, and interest income is accrued daily. Distributions received by the Funds may include a return of capital that is estimated by management. Such amounts are recorded as a reduction of the cost of investments or reclassified to capital gains. Realized gains and losses on investment transactions are determined using the specific identification method.

DISTRIBUTIONS TO SHAREHOLDERS

Distributions to shareholders from net investment income, if any, are declared and distributed at least annually by each Fund. Distributions of net realized capital gains, if any, generally are declared and distributed once a year. Distributions are determined on a tax basis and may differ from net investment income and net realized capital gains for financial reporting purposes. Dividends and distributions cannot be automatically reinvested in additional shares of the Funds.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Notes to Financial Statements (Unaudited) (Continued)

iSHARES® TRUST

FEDERAL INCOME TAXES

Each Fund is treated as a separate entity for federal income tax purposes. It is the policy of each Fund to qualify as a regulated investment company by complying with the provisions applicable to regulated investment companies, as defined under Subchapter M of the Internal Revenue Code of 1986, as amended, and to annually distribute substantially all of its ordinary income and any net capital gains (taking into account any capital loss carryforwards) sufficient to relieve it from all, or substantially all, federal income and excise taxes. Accordingly, no provision for federal income taxes was required for the six months ended September 30, 2008.

The Funds had tax basis net capital loss carryforwards as of March 31, 2008, the tax year-end of the Funds, as follows:

<i>iShares Index Fund</i>	<i>Expiring 2011</i>	<i>Expiring 2012</i>	<i>Expiring 2013</i>	<i>Expiring 2014</i>	<i>Expiring 2015</i>	<i>Total</i>
S&P 500	\$72,624,224	\$24,267,905	\$ -	\$41,594,450	\$ -	\$138,486,579
S&P 500 Growth	-	11,080,019	2,989,823	40,360,646	-	54,430,488
S&P 500 Value	5,812,787	21,337,049	-	-	429,512	27,579,348

Net capital loss carryforwards may be applied against any net realized taxable gains in each succeeding year or until their respective expiration dates, whichever occurs first.

For the six months ended September 30, 2008, the Funds realized net capital gains or losses resulting from in-kind redemptions of large blocks of shares or multiples thereof ("Creation Units"). Because such gains or losses are not taxable to the Funds and are not distributed to existing Fund shareholders, the gains or losses are reclassified from accumulated net realized gains or losses to paid-in-capital at the end of the Funds' tax year. These reclassifications have no effect on net assets or net asset values per share. The net realized in-kind gains or losses for the six months ended September 30, 2008 are disclosed in the Funds' Statements of Operations.

As of September 30, 2008, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

<i>iShares Index Fund</i>	<i>Tax Cost</i>	<i>Gross Unrealized Appreciation</i>	<i>Gross Unrealized Depreciation</i>	<i>Net Unrealized Depreciation</i>
S&P 500	\$22,298,164,879	\$ -	\$(5,293,333,789)	\$(5,293,333,789)
S&P 500 Growth	6,395,264,111	146,683,329	(1,025,510,156)	(878,826,827)
S&P 500 Value	4,376,263,807	25,018,843	(919,208,711)	(894,189,868)

The Funds adopted FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109." FIN 48 clarifies the accounting for uncertainty in a tax position taken or expected to be taken in a tax return. FIN 48 provides guidance on the measurement, recognition, classification and disclosures of tax positions, along with accounting for the related interest and penalties. Management has reviewed the tax positions as of September 30, 2008, inclusive of the prior three open tax return years, and has determined that the implementation of FIN 48 did not have a material impact on the Funds' financial statements.

Notes to Financial Statements (Unaudited) (Continued)

iSHARES® TRUST

2. AGREEMENTS AND OTHER TRANSACTIONS WITH AFFILIATES

Pursuant to an Investment Advisory Agreement with the Trust, Barclays Global Fund Advisors (“BGFA”) manages the investment of each Fund’s assets. BGFA is a California corporation indirectly owned by Barclays Bank PLC. Under the Investment Advisory Agreement, BGFA is responsible for all expenses (“Covered Expenses”) of the Trust, including the cost of transfer agency, custody, fund administration, legal, audit and other services, except interest, taxes, brokerage commissions and other expenses connected with the execution of portfolio transactions, distribution fees and extraordinary expenses.

For its investment advisory services to each Fund, BGFA is entitled to an annual investment advisory fee based on the average daily net assets of each Fund as follows:

<i>iShares Index Fund</i>	<i>Investment Advisory Fee</i>
S&P 500	0.0945%
S&P 500 Growth	0.18
S&P 500 Value	0.18

State Street Bank and Trust Company (“State Street”) serves as administrator, custodian and transfer agent for the Trust. As compensation for its services, State Street receives certain out-of-pocket costs, transaction fees and asset-based fees which are accrued daily and paid monthly. These fees and expenses are Covered Expenses as defined above.

SEI Investments Distribution Co. (“SEI”) serves as each Fund’s underwriter and distributor of the shares of each Fund, pursuant to a Distribution Agreement with the Trust. SEI does not receive a fee from the Funds for its distribution services.

Pursuant to an exemptive order issued by the U.S. Securities and Exchange Commission (“SEC”), the Funds are permitted to lend portfolio securities to Barclays Capital Inc. (“BarCap”). Pursuant to the same exemptive order, Barclays Global Investors, N.A. (“BGI”) serves as securities lending agent for the Funds. BarCap and BGI are affiliates of BGFA, the Funds’ investment adviser. As securities lending agent, BGI receives, as fees, a share of the income earned on investment of the cash collateral received for the loan of securities. For the six months ended September 30, 2008, BGI earned securities lending agent fees as follows:

<i>iShares Index Fund</i>	<i>Securities Lending Agent Fees</i>
S&P 500	\$1,800,011
S&P 500 Growth	226,411
S&P 500 Value	518,312

Cross trades for the six months ended September 30, 2008, if any, were executed by the Funds pursuant to Rule 17a-7 under the 1940 Act. Cross trading is the buying or selling of portfolio securities between funds to which BGFA (or an affiliate) serves as investment adviser. At its regularly scheduled quarterly meetings, the Board reviews such transactions as of the most recent calendar quarter for compliance with the requirements and restrictions set forth by Rule 17a-7.

Each Fund may invest in the Institutional Shares of certain money market funds managed by BGFA, the Funds’ investment adviser, including the Government Money Market Fund (“GMMF”), Institutional Money Market Fund (“IMMF”), Prime Money Market Fund (“PMMF”) and Treasury Money Market Fund (“TMMF”) of Barclays Global Investors Funds. The GMMF, IMMF, PMMF and TMMF are feeder funds in a

Notes to Financial Statements (Unaudited) (Continued)

iSHARES[®] TRUST

master/feeder fund structure that invest substantially all of their assets in the Government Money Market Master Portfolio, Money Market Master Portfolio, Prime Money Market Master Portfolio and Treasury Money Market Master Portfolio (collectively, the “Money Market Master Portfolios”), respectively, which are also managed by BGFA. While the GMMF, IMMF, PMMF and TMMF do not directly charge an investment advisory fee, the Money Market Master Portfolios in which they invest do charge an investment advisory fee. Income distributions from the GMMF, IMMF, PMMF and TMMF are declared daily and paid monthly from net investment income. Income distributions earned by the Funds from temporary cash investments are recorded as interest from affiliated issuers in the accompanying Statements of Operations. Income distributions earned by the Funds from the investment of securities lending collateral, if any, are included in securities lending income in the accompanying Statements of Operations.

Each Fund may invest its securities lending cash collateral, if any, in the BGI Cash Premier Fund LLC (“Premier Fund”), an affiliated private money market fund managed by BGFA. Although the Premier Fund is not registered as an investment company under the 1940 Act, it intends to operate as a money market fund in compliance with Rule 2a-7 under the 1940 Act. See Note 5 for additional information regarding the Premier Fund.

Certain trustees and officers of the Trust are also officers of BGI and/or BGFA.

3. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments (excluding in-kind transactions and short-term investments) for the six months ended September 30, 2008 were as follows:

<i>iShares Index Fund</i>	<i>Purchases</i>	<i>Sales</i>
S&P 500	\$489,098,182	\$428,679,882
S&P 500 Growth	178,940,824	164,588,283
S&P 500 Value	139,075,219	123,908,575

In-kind transactions (see Note 4) for the six months ended September 30, 2008 were as follows:

<i>iShares Index Fund</i>	<i>In-kind Purchases</i>	<i>In-kind Sales</i>
S&P 500	\$9,125,684,792	\$6,745,426,934
S&P 500 Growth	1,062,902,325	632,747,517
S&P 500 Value	656,481,101	430,544,311

4. CAPITAL SHARE TRANSACTIONS

Capital shares are issued and redeemed by each Fund only in Creation Units or multiples thereof. Except when aggregated in Creation Units, shares of each Fund are not redeemable. Transactions in capital shares for each Fund are disclosed in detail in the Statements of Changes in Net Assets.

The consideration for the purchase of Creation Units of a Fund generally consists of the in-kind deposit of a designated portfolio of equity securities, which constitutes a substantial replication, or a portfolio sampling representation, of the securities involved in the relevant Fund's

Notes to Financial Statements (Unaudited) (Continued)

iSHARES® TRUST

underlying index and an amount of cash. Investors purchasing and redeeming Creation Units pay a purchase transaction fee and a redemption transaction fee directly to State Street, the administrator, to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units.

5. LOANS OF PORTFOLIO SECURITIES

Each Fund may lend its investment securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. government. The initial collateral received by each Fund is required to have a value of at least 102% of the market value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter, at a value equal to at least 100% of the current market value of the securities on loan. The risks to the Funds of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. Any securities lending cash collateral may be reinvested in certain short-term instruments either directly on behalf of a Fund or through one or more joint accounts or money market funds, including those managed by BGFA; such reinvestments are subject to investment risk.

As of September 30, 2008, the Funds had loaned securities which were collateralized by cash. The cash collateral received was invested in the Premier Fund. The Premier Fund seeks to achieve its investment objective by investing in a portfolio of high-quality, short-term fixed-income instruments, including money market funds (which may be managed by BGFA or its affiliate) and other instruments that, at the time of investment, have remaining maturities of 397 calendar days or less from the date of acquisition.

The market value of the securities on loan as of September 30, 2008 and the value of the related collateral are disclosed in the Statements of Assets and Liabilities. Securities lending income, as disclosed in the Funds' Statements of Operations, represents the income earned from the investment of the cash collateral, net of rebates paid to, or fees paid by, borrowers and less the fees paid to BGI as securities lending agent.

Board Review and Approval of Investment Advisory Contract (Unaudited)

iSHARES® TRUST

Under Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), the Trust’s Board of Trustees (the “Board”), including a majority of Trustees who are not “interested persons” of the Trust (as that term is defined in the 1940 Act) (the “Independent Trustees”), is required annually to consider the Investment Advisory Contract between the Trust and BGFA (the “Advisory Contract”) on behalf of the Funds. As required by Section 15(c), the Board requested and BGFA provided such information as the Board deemed reasonably necessary to evaluate the terms of the Advisory Contract. At a meeting held on June 18-19, 2008, the Board approved the selection of BGFA and the continuance of the Advisory Contract, based on its review of qualitative and quantitative information provided by BGFA. In selecting BGFA and approving the Advisory Contract for the Funds, the Board, including the Independent Trustees, advised by their independent counsel, considered the following factors, no one of which was controlling, and made the following conclusions:

NATURE, EXTENT AND QUALITY OF SERVICES PROVIDED BY BGFA

The Board anticipated that there would be no diminution in the scope of services required of BGFA under the Advisory Contract for the coming year as compared to the scope of services provided by BGFA over the past year. In reviewing the scope of these services, the Board considered BGFA’s investment philosophy and experience, noting that BGFA and its affiliates have committed significant resources over time, including over the past year, including investment in technology and increasing the number of their employees supporting the Funds. The Board also considered BGFA’s compliance program and its compliance record with respect to the Funds. In that regard, the Board noted that BGFA reports to the Board about portfolio management and compliance matters on a periodic basis in connection with regularly scheduled meetings of the Board, and has made appropriate officers available as needed to provide further assistance with these matters. The Board also reviewed the background and experience of the persons responsible for the day-to-day management of the Funds. In addition to the above considerations, the Board considered BGFA’s investment processes and strategies, and matters related to BGFA’s portfolio transaction policies and procedures. The Board also reviewed the performance of other series of registered investment companies with substantially similar investment objectives and strategies as the iShares S&P 500 Index Fund for which BGFA provides investment advisory services, noting that such other series generally performed in line with relevant benchmarks over relevant periods. The Board further noted that BGFA does not serve as investment adviser for any other series of registered investment companies with substantially similar investment objectives and strategies as the iShares S&P 500 Growth Index and iShares S&P 500 Value Index Funds; therefore, comparative performance information was generally not available for those particular Funds. The Board also noted that the Funds had met their investment objectives consistently since their respective inception dates. Based on review of this information, the Board concluded that the nature, extent and quality of services to be provided by BGFA to the Funds under the Advisory Contract were appropriate and mitigated in favor of the Board’s approval of the Advisory Contract for the coming year.

FUNDS’ EXPENSES AND PERFORMANCE OF THE FUNDS

The Board reviewed statistical information prepared by Lipper Inc. (“Lipper”), an independent provider of investment company data, regarding the expense ratio components, including advisory fees, waivers/reimbursements, and gross and net total expenses of each Fund in comparison with the same information for other registered investment companies objectively selected by Lipper as comprising such Fund’s applicable peer group pursuant to Lipper’s proprietary methodology and any registered investment companies that would otherwise have been excluded from Lipper’s comparison group due to certain differentiating factors, but were nonetheless included at the request of BGFA (the “Lipper Group”). Because there are few, if any, exchange traded funds or index funds that track indexes similar to those tracked by the Funds, the Lipper Groups included in part mutual funds, closed-end funds, exchange traded funds, or funds with differing investment objective classifications, investment focuses and other characteristics (e.g., actively managed funds and funds sponsored by “at cost” service providers). In support of its review of the statistical information, the Board was provided with a detailed description of the methodology used by Lipper to determine the applicable Lipper Groups and to prepare this information. The Board further noted that due to the limitations in providing comparable funds in the various Lipper Groups, the statistical information may or may not provide meaningful direct comparisons to the Funds. In addition, the Board reviewed statistical information prepared by Lipper regarding the performance of

Board Review and Approval of Investment Advisory Contract

(Unaudited) (Continued)

iSHARES® TRUST

each Fund for the one-, three- and five-year periods and the “last quarter” period ended March 31, 2008, and a comparison of each Fund’s performance to its performance benchmark index for the same periods. To the extent that any of the comparison funds included in the Lipper Groups track the same index as any particular Fund, Lipper also provided, and the Board reviewed, a comparison of such Fund’s performance to that of such relevant comparison funds for the same periods. The Board noted that the Funds generally performed in line with in their respective performance benchmark indexes over the relevant periods. In considering this information, the Board noted that the Lipper Groups include funds that may have different investment objectives and/or benchmarks from the Funds. In addition, the Board noted that each Fund seeks to track its benchmark index and that during the prior year the Board received periodic reports on the Funds’ performance in comparison with their relevant benchmark indexes. Such comparative performance information was also considered by the Board.

The Board also noted that the investment advisory fees and overall expenses for the Funds were generally lower than the investment advisory fee rates and overall expense components of the funds in their respective Lipper Groups. Based on this review, the Board concluded that the investment advisory fees and expense levels and the historical performance of each Fund, as managed by BGFA, as compared to the investment advisory fees and expense levels and performance of the funds in the relevant Lipper Group, were satisfactory for the purposes of approving the Advisory Contract for the coming year.

COSTS OF SERVICES PROVIDED TO FUNDS AND PROFITS REALIZED BY BGFA AND AFFILIATES

The Board reviewed information about the profitability to BGFA of the Funds based on the fees payable to BGFA and its affiliates (including fees under the Advisory Contract), and all other sources of revenue and expense to BGFA and its affiliates from the Funds’ operations for the last calendar year. The Board discussed the sources of direct and ancillary revenue with management, including the revenues to BGI from securities lending by the Trust (including any securities lending by the Funds). The Board also discussed BGFA’s profit margin as reflected in the Funds’ profitability analysis and reviewed information regarding economies of scale (as discussed below). Based on this review, the Board concluded that the profits realized by BGFA and its affiliates under the Advisory Contract and from other relationships between the Funds and BGFA and/or its affiliates, if any, were within the range the Board considered reasonable and appropriate.

ECONOMIES OF SCALE

In connection with its review of the Funds’ profitability analysis, the Board reviewed information regarding economies of scale or other efficiencies that may result from increases in the Funds’ assets. The Board noted that the Advisory Contract did not provide for any breakpoints in the Funds’ investment advisory fee rates as the assets of the Funds increase. However, the Board further noted that possible future economies of scale for the Funds had been taken into consideration by fixing the investment advisory fees at rates at the lower end of the marketplace, effectively giving Fund shareholders, from inception, the benefits of the lower average fee shareholders would have received from a fee structure with declining breakpoints where the initial fee was higher. The Board also reviewed BGFA’s historic profitability as investment adviser to the iShares fund complex and noted that BGFA had continued to make significant investments in the iShares funds, that expenses had grown at a pace similar to the growth in revenue, and that BGFA had incurred operating losses during earlier years when the iShares funds, including the Funds, had not yet reached scale. In light of this history, the Board determined that reductions in fee rates or additions of breakpoints were not warranted at this juncture for the Funds. Based on this review, as well as the discussions described above in connection with the Lipper Group and performance benchmark comparisons, the Board, recognizing its responsibility to consider this issue at least annually, concluded that the structure of the investment advisory fees reflects appropriate sharing of economies of scale with the Funds’ shareholders.

Board Review and Approval of Investment Advisory Contract

(Unaudited) (Continued)

iSHARES® TRUST

FEES AND SERVICES PROVIDED FOR OTHER COMPARABLE FUNDS/ACCOUNTS MANAGED BY BGFA AND ITS AFFILIATES

The Board received and considered certain information regarding the Funds' annual investment advisory fee rates under the Advisory Contract in comparison to the investment advisory/management fee rates for other funds/accounts for which BGFA or BGI, an affiliate of BGFA, provides investment advisory/management services, including other funds registered under the 1940 Act, collective funds and separate accounts (together, the "Other Accounts"). The Board noted that BGFA had provided the Board with general information regarding how the level of services provided to the Other Accounts differed from the level of services provided to the Funds. The Board analyzed the level of the investment advisory/management fees in relation to the nature and extent of services provided to the Funds in comparison with the nature and extent of services provided to the Other Accounts, including, among other things, the level of complexity in managing the Funds and the Other Accounts under differing regulatory requirements and client guidelines. The Board noted that the investment advisory fee rates under the Advisory Contract were generally higher than the investment advisory/management fee rates for the Other Accounts for which BGFA or BGI provides investment advisory/management services, but that the differences appeared to be attributable to, among other things, the type and level of services provided and/or the asset levels of the Other Accounts. Based on this review, the Board determined that the investment advisory fee rates under the Advisory Contract do not constitute fees that are so disproportionately large as to bear no reasonable relationship to the services rendered and that could not have been the product of arm's-length bargaining, and concluded that the investment advisory fee rates under the Advisory Contract are fair and reasonable.

OTHER BENEFITS TO BGFA AND/OR ITS AFFILIATES

The Board reviewed any ancillary revenue received by BGFA and/or its affiliates in connection with the services provided to the Funds by BGFA, such as any payment of revenue to BGI, the Trust's securities lending agent, for loaning any portfolio securities, and the payment of advisory fees and/or administration fees to BGFA and BGI in connection with any investment by the Funds in other funds for which BGFA provides investment advisory services and/or BGI provides administration services. The Board noted that BGFA does not use soft dollars or consider the value of research or other services that may be provided to BGFA (including its affiliates) in selecting brokers for portfolio transactions for the Funds. The Board further noted that any portfolio transactions on behalf of the Funds placed through a BGFA affiliate or purchased from an underwriting syndicate in which a BGFA affiliate participates, are reported to the Board pursuant to Rule 17e-1 or Rule 10f-3, as applicable, under the 1940 Act. The Board concluded that any such ancillary benefits would not be disadvantageous to the Funds' shareholders.

Based on this analysis, the Board determined that the Advisory Contract, including the investment advisory fee rates thereunder, is fair and reasonable in light of all relevant circumstances, and concluded that it is in the best interest of the Funds and their shareholders to approve the Advisory Contract for the coming year.

The iShares® Family of Funds

The following is a list of iShares Funds being offered, along with their respective exchange trading symbols. **Please call 1-800-iShares (1-800-474-2737) to obtain a prospectus for any iShares Fund. The prospectus contains more complete information, including charges, expenses, investment objectives and risk factors that should be carefully considered to determine if the Fund(s) are an appropriate investment for you. Read the prospectus(es) carefully before investing. Investing involves risk, including possible loss of principal.**

iShares S&P Domestic Index Funds

iShares S&P 1500 (ISI)
iShares S&P 100 (OEF)
iShares S&P 500 (IVV)
iShares S&P 500 Growth (IVW)
iShares S&P 500 Value (IVE)
iShares S&P MidCap 400 (IJH)
iShares S&P MidCap 400 Growth (IJK)
iShares S&P MidCap 400 Value (IJJ)
iShares S&P SmallCap 600 (IJR)
iShares S&P SmallCap 600 Growth (IJT)
iShares S&P SmallCap 600 Value (IJS)
iShares S&P North American Natural Resources Sector (IGE)
iShares S&P North American Technology-Multimedia Networking (IGN)
iShares S&P North American Technology-Semiconductors (IGW)
iShares S&P North American Technology-Software (IGV)
iShares S&P North American Technology Sector (IGM)

iShares Domestic Sector Index Funds

iShares Cohen & Steers Realty Majors (ICF)
iShares Dow Jones U.S. Basic Materials Sector (IYM)
iShares Dow Jones U.S. Consumer Services Sector (IYC)
iShares Dow Jones U.S. Consumer Goods Sector (IYK)
iShares Dow Jones U.S. Energy Sector (IYE)
iShares Dow Jones U.S. Financial Sector (IYF)
iShares Dow Jones U.S. Financial Services (IYG)
iShares Dow Jones U.S. Healthcare Sector (IYH)
iShares Dow Jones U.S. Industrial Sector (IYJ)
iShares Dow Jones U.S. Real Estate (IYR)
iShares Dow Jones U.S. Technology Sector (IYW)
iShares Dow Jones U.S. Telecommunications Sector (IYZ)
iShares Dow Jones Transportation Average (IYT)
iShares Dow Jones U.S. Utilities Sector (IDU)
iShares Dow Jones U.S. (IYY)
iShares Nasdaq Biotechnology (IBB)

iShares Domestic Subsector Index Funds

iShares Dow Jones U.S. Aerospace & Defense (ITA)
iShares Dow Jones U.S. Broker-Dealers (IAI)
iShares Dow Jones U.S. Healthcare Providers (IHF)
iShares Dow Jones U.S. Home Construction (ITB)
iShares Dow Jones U.S. Insurance (IAK)
iShares Dow Jones U.S. Medical Devices (IHI)
iShares Dow Jones U.S. Oil & Gas Exploration & Production (IEO)
iShares Dow Jones U.S. Oil Equipment & Services (IEZ)
iShares Dow Jones U.S. Pharmaceuticals (IHE)
iShares Dow Jones U.S. Regional Banks (IAT)
iShares FTSE NAREIT Industrial/Office (FIO)
iShares FTSE NAREIT Mortgage REITs (REM)
iShares FTSE NAREIT Real Estate 50 (FTY)
iShares FTSE NAREIT Residential (REZ)

iShares Global Index Funds

iShares S&P Global 100 (IOO)
iShares S&P Global Clean Energy (ICLN)
iShares S&P Global Consumer Discretionary Sector (RXI)
iShares S&P Global Consumer Staples Sector (KXI)
iShares S&P Global Energy Sector (IXC)
iShares S&P Global Financials Sector (IXG)
iShares S&P Global Healthcare Sector (IXJ)

iShares S&P Global Industrials Sector (EXI)
iShares S&P Global Infrastructure (IGF)
iShares S&P Global Materials Sector (MXI)
iShares S&P Global Nuclear Energy (NUCL)
iShares S&P Global Technology Sector (IXN)
iShares S&P Global Telecommunications Sector (IXP)
iShares S&P Global Timber & Forestry (WOOD)
iShares S&P Global Utilities Sector (JXI)

iShares Russell Index Funds

iShares Russell 3000 (IWR)
iShares Russell 3000 Growth (IWZ)
iShares Russell 3000 Value (IWW)
iShares Russell 1000 (IWB)
iShares Russell 1000 Growth (IWF)
iShares Russell 1000 Value (IWD)
iShares Russell Midcap (IWR)
iShares Russell Midcap Growth (IWP)
iShares Russell Midcap Value (IWS)
iShares Russell 2000 (IWM)
iShares Russell 2000 Growth (IWO)
iShares Russell 2000 Value (IWN)
iShares Russell Microcap (IWC)

iShares International Country Index Funds

iShares FTSE China (HK Listed) (FCHI)
iShares FTSE/Xinhua China 25 (FXI)
iShares MSCI Australia (EWA)
iShares MSCI Austria Investable Market (EWO)
iShares MSCI Belgium Investable Market (EWK)
iShares MSCI Brazil (EWZ)
iShares MSCI Canada (EWC)
iShares MSCI Chile Investable Market (ECH)
iShares MSCI France (EWQ)
iShares MSCI Germany (EWG)
iShares MSCI Hong Kong (EWH)
iShares MSCI Israel Capped Investable Market (EIS)
iShares MSCI Italy (EWI)
iShares MSCI Japan (EWJ)
iShares MSCI Japan Small Cap (SCJ)
iShares MSCI Malaysia (EWM)
iShares MSCI Mexico Investable Market (EWW)
iShares MSCI Netherlands Investable Market (EWN)
iShares MSCI Singapore (EWS)
iShares MSCI South Africa (EZA)
iShares MSCI South Korea (EWY)
iShares MSCI Spain (EWP)
iShares MSCI Sweden (EWD)
iShares MSCI Switzerland (EWL)
iShares MSCI Taiwan (EWT)
iShares MSCI Thailand Investable Market (THD)
iShares MSCI Turkey Investable Market (TUR)
iShares MSCI United Kingdom (EWU)
iShares S&P/TOPIX 150 (ITF)

iShares Bond Funds

iShares Lehman Aggregate (AGG)
iShares Lehman MBS (MBB)
iShares Lehman Short Treasury (SHY)
iShares Lehman 1-3 Year Treasury (SHY)
iShares Lehman 3-7 Year Treasury (IEI)
iShares Lehman 7-10 Year Treasury (IEF)
iShares Lehman 10-20 Year Treasury (TLH)
iShares Lehman 20+ Year Treasury (TLT)
iShares Lehman TIPS (TIP)
iShares Barclays Agency (AGZ)
iShares Lehman Credit (CFT)
iShares Lehman 1-3 Year Credit (CSJ)
iShares Lehman Intermediate Credit (CIU)
iShares iBoxx \$ Investment Grade Corporate (LQD)
iShares iBoxx \$ High Yield Corporate (HYG)
iShares Lehman Government/Credit (GBF)
iShares Lehman Intermediate Government/Credit (GVI)
iShares S&P National Municipal (MUB)
iShares S&P Short Term National Municipal (SUB)
iShares S&P California Municipal (CMF)
iShares S&P New York Municipal (NYF)
iShares JPMorgan USD Emerging Markets (EMB)

iShares Specialty Index Funds

iShares KLD 400 Social (DSI)
iShares KLD Select SocialSM (KLD)
iShares Dow Jones Select Dividend (DVY)
iShares Dow Jones EPAC Select Dividend (IDV)
iShares S&P U.S. Preferred Stock (PFF)

iShares International Index Funds

iShares FTSE Developed Small Cap ex-North America (IFSM)
iShares FTSE EPRA/NAREIT Global Real Estate ex-U.S. (IFGL)
iShares FTSE EPRA/NAREIT North America (IFNA)
iShares FTSE EPRA/NAREIT Europe (IFEU)
iShares FTSE EPRA/NAREIT Asia (IFAS)
iShares MSCI ACWI (ACWI)
iShares MSCI ACWI ex US (ACWX)
iShares MSCI All Country Asia ex Japan (AAXJ)
iShares MSCI BRIC (BKF)
iShares MSCI EAFE (EFA)
iShares MSCI EAFE Growth (EFG)
iShares MSCI EAFE Value (EFV)
iShares MSCI EAFE Small Cap (SCZ)
iShares MSCI Emerging Markets (EEM)
iShares MSCI EMU (EZU)
iShares MSCI Kokusai (TOK)
iShares MSCI Pacific ex-Japan (EPP)
iShares S&P Asia 50 (AIA)
iShares S&P Developed ex-U.S. Property (WPS)
iShares S&P Europe 350 (IEV)
iShares S&P Latin America 40 (ILF)

The iShares[®] Family of Funds (Continued)

iShares Morningstar Index Funds

iShares Morningstar Large Core (JKD)
iShares Morningstar Large Growth (JKE)
iShares Morningstar Large Value (JKF)
iShares Morningstar Mid Core (JKG)
iShares Morningstar Mid Growth (JKH)
iShares Morningstar Mid Value (JKI)
iShares Morningstar Small Core (JKJ)
iShares Morningstar Small Growth (JKK)
iShares Morningstar Small Value (JKL)

iShares NYSE Index Funds

iShares NYSE Composite (NYC)
iShares NYSE 100 (NY)

iShares S&P Allocation Funds

iShares S&P Conservative (AOK)
iShares S&P Moderate (AOM)
iShares S&P Growth (AOR)
iShares S&P Aggressive (AOA)

iShares S&P Target Date Index Funds

iShares S&P Target Date Retirement Income (TGR)
iShares S&P Target Date 2010 (TZD)
iShares S&P Target Date 2015 (TZE)
iShares S&P Target Date 2020 (TZG)
iShares S&P Target Date 2025 (TZI)
iShares S&P Target Date 2030 (TZL)
iShares S&P Target Date 2035 (TZO)
iShares S&P Target Date 2040 (TZV)

iShares[®] is a registered trademark of Barclays Global Investors, N.A. The iShares Funds are not sponsored, endorsed or issued by Lehman Brothers, nor are they sponsored, endorsed, issued, sold or promoted by Cohen & Steers Capital Management, Inc., Dow Jones & Company, Inc., European Public Real Estate Association ("EPRA[®]"), FTSE International Limited ("FTSE"), FTSE/Xinhua Index Limited ("FXI"), iBoxx[®], J.P. Morgan Securities Inc., KLD Research & Analytics, Inc., MSCI Inc., Morningstar Inc., The NASDAQ Stock Market, Inc., National Association of Real Estate Investment Trusts ("NAREIT"), New York Stock Exchange, Inc., Frank Russell Company, or Standard & Poor's. None of these companies make any representation regarding the advisability of investing in the iShares Funds. Neither SEI nor BGI, nor any of their affiliates, are affiliated with the companies listed above. FXI does not make any warranty regarding the FTSE/Xinhua Index. All rights in the FTSE/Xinhua Index vest in FXI. Neither FTSE nor NAREIT makes any warranty regarding the FTSE NAREIT Real Estate 50/Residential/Retail/Mortgage REITs or Industrial/Office Index; all rights vest in NAREIT. Neither FTSE nor NAREIT makes any warranty regarding the FTSE EPRA/NAREIT Global Real Estate ex-US/North America/Europe/Asia Index; all rights vest in FTSE, NAREIT, and EPRA. All rights in the FTSE Developed Small Cap ex-North America Index vest in FTSE. "FTSE" is a trade- and servicemark of London Stock Exchange and The Financial Times Limited; "Xinhua" is a trade- and servicemark of Xinhua Financial Network Limited. "NAREIT[®]" is a trademark of NAREIT; "EPRA[®]" is a trademark of EPRA.

An investment in the Fund(s) is not a deposit of a bank and it is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

This advertising section does not constitute part of the 2008 Semi-Annual Report.

IS-0043 1108

For more information:

WWW.ISHARES.COM

1-800-iShares (1-800-474-2737)

The iShares Funds are distributed by SEI Investments Distribution Co. (SEI). Barclays Global Fund Advisors (BGFA) serves as an adviser to the iShares Funds. BGFA is a subsidiary of Barclays Global Investors, N.A.(BGI), neither of which is affiliated with SEI.

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by Standard & Poor's, nor does this company make any representation regarding the advisability of investing in the iShares Funds. Neither SEI nor BGI, nor any of their affiliates, are affiliated with the company listed above.

©2008 Barclays Global Investors. All rights reserved. iShares® is a registered trademark of Barclays Global Investors, N.A. All other trademarks, servicemarks or registered trademarks are the property of their respective owners.

Investing involves risk, including possible loss of principal.

A description of the policies that the Funds use to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge, upon request, by calling toll-free 1-800-474-2737; on the Funds' website at www.iShares.com; and on the U.S. Securities and Exchange Commission (SEC) website at www.sec.gov.

The Funds file their complete schedules of portfolio holdings with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's website or may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Funds also disclose their complete schedules of portfolio holdings on a daily and monthly basis on the Funds' website.

The Funds' complete schedules of portfolio holdings for this report are also available without charge, upon request, by calling toll-free 1-800-474-2737.

This report is intended for the Funds' shareholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current prospectus.

SAR-32-0908



LET'S BUILD A BETTER INVESTMENT WORLD.™

