



Information Circular 08-017

Date: March 14, 2008
To: ETP Holders
From: James C. Yong
Chief Regulatory Officer
Re: PVI AND PHB TO BEGIN TRADING ON NSX

Pursuant to Regulatory Circular 08-005, we are issuing this Information Circular to advise you that the following securities have been approved for trading on the National Stock Exchange, Inc. ("NSX" or the "Exchange") as UTP Derivative Securities pursuant to Exchange Rule 15.9:

Security (the "Notes" or the "Securities"):	Symbol:
PowerShares VRDO Tax-Free Weekly Portfolio	PVI
PowerShares High Yield Corporate Bond Portfolio	PHB

Commencement of Trading: March 17, 2008

Issuer: PowerShares™ Exchange-Traded Fund Trust II

Issuer Website: <http://www.powershares.com>

Primary Listing Exchange: The American Stock Exchange ("Amex")

Primary Exchange Circular: ETF Notice #07-061 (November 14, 2007)

Issuer Registration Statement: Nos. 811-21977 and 333-138490

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product pursuant to the Exchange's unlisted trading privileges, as well as to provide certain characteristics and features of the Notes. For a more complete description of the Issuer, the Notes and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange (which as of the date hereof is set forth above as the "Primary Exchange Circular"). The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the "Issuer Disclosure Materials."

The Primary Exchange Circular cited above contains the following information:

Background Information on the Funds

As more fully explained in the Registration Statement (Nos. 811-21977 and 333-138490) for the Trust, the Trust is an investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"), and currently consists of 21 separate exchange-traded "index funds", including the Funds.

The PowerShares VRDO Tax-Free Weekly Portfolio seeks investment results that correspond generally to the price and yield (before the Fund's fees and expenses) of an index called the Thomson Municipal Market Data VRDO Index. The Thomson Municipal Market Data VRDO Index is designed to track the performance of tax-exempt VRDO bonds and includes approximately 150 securities. The Thomson Municipal Market Data VRDO Index is adjusted quarterly.

The PowerShares High Yield Corporate Bond Portfolio seeks investment results that correspond generally to the price and yield (before fees and expenses) of an index called Wachovia High Yield Bond Index. The Wachovia High Yield Bond Index, is a benchmark index that measures potential returns of a theoretical portfolio of high yield corporate bonds rated below investment grade by Moody's, S&P or Fitch issued by U.S. issuers or foreign private issuers organized outside the U.S. that issue high yield bonds payable in U.S. dollars. All securities included in the Wachovia High Yield Bond Index are registered with the Securities and Exchange Commission. Securities included in the Wachovia High Yield Bond Index will be selected by Wachovia Capital Markets, LLC.

PVI does not currently intend to purchase all of the securities in its index. Instead, the investment advisor utilizes a sampling methodology in seeking to achieve the Fund's objective. PHB will generally invest in all of the securities comprising its index in proportion to their weightings in the index. However, under various circumstances, it may not be possible or practical to purchase all of those securities in those weightings and the Fund may instead purchase a sample of the securities in its index as a whole.

PowerShares Capital Management LLC is the investment adviser ("Adviser") to the Funds. AIM Distributors, Inc. is the distributor for the Funds ("Distributor"). The Bank of New York Mellon is the custodian, administrator, fund accounting agent and transfer agent for the Funds ("Custodian").

As described more fully in the Trust's prospectus ("Prospectus") and Statement of Additional Information ("SAI"), PVI will issue and redeem shares ("Shares") on a continuous basis, at their net asset value ("NAV"), only in large blocks of 100,000 Shares (each, a "Creation Unit"). Creation Units will be issued primarily for cash only and redeemed for Fund securities. PHB will issue and redeem shares on a continuous basis, at their NAV, only in large blocks of 200,000 Shares (each a "Creation Unit"). Creation Units will be issued and redeemed principally in-kind for securities included in the Fund. Except when aggregated in Creation Units, the Shares are not redeemable securities of a Fund. The Shares have been approved for listing and secondary trading on the Exchange.

Other Information about the Funds

Dividends from net investment income, if any, will be declared and paid monthly. Net realized capital gains, if any, will be distributed to shareholders annually. Distributions may be declared and paid more frequently.

The Depository Trust Company (“DTC”) serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The NAV per Share for each Fund will be determined at the close of trading (normally, 4:00 p.m. Eastern Standard Time (“ET”)) on each day that the New York Stock Exchange (“NYSE”) is open for business. NAV is calculated by dividing the value of the net assets of a Fund (i.e., the total value of its assets less all liabilities) by the number of Shares outstanding, rounded to the nearest cent. NAV will be available from the Distributor and will also be available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC.

Continuous Offering

The method by which Creation Units are created and traded may raise certain issues under applicable securities laws. Because new Creation Units may be issued and sold by a Fund on an ongoing basis, at any point a distribution may occur. Broker-dealers and other persons are cautioned that some activities on their part may, depending on the circumstances, result in their being deemed participants in a distribution in a manner which could render them statutory underwriters and subject them to the prospectus-delivery requirement and liability provisions of the Securities Act of 1933, as amended (“Securities Act”).

For example, a broker-dealer firm or its client may be deemed a statutory underwriter if it purchases Creation Units, breaks them down into constituent Shares, and sells such Shares directly to customers, or if it chooses to couple the creation of a supply of new Shares with an active selling effort involving solicitation of secondary market demand for Shares. A determination of whether one is an underwriter for purposes of the Securities Act must take into account all the facts and circumstances pertaining to the activities of the broker-dealer or its client in the particular case, and the examples mentioned above should not be considered a complete description of all the activities that could lead to a characterization as an underwriter. Dealers who are not “underwriters,” but who are participating in a distribution (as opposed to engaging in ordinary secondary-market transactions), and thus dealing with Shares that are part of an “unsold allotment” within the meaning of Section 4(3)(C) of the Securities Act, will be unable to take advantage of the prospectus delivery exemption provided by Section 4(3) of the Securities Act.

Please consult your professional advisors with respect to the information above.

Creation and Redemption of Creation Units

Shares will be issued and sold only in Creation Units through the Distributor, without a sales load, at their NAV next determined after receipt, on any Business Day (defined below), of a purchase order in proper form. A “Business Day” is any day the NYSE is open for business. Creation Units of PVI generally will be sold for cash only. The fund also reserves the right to

permit or require Creation Units to be issued in-kind. In order to purchase Creation Units of PHB an investor must generally deposit a designated portfolio of securities ("Deposit Securities") constituting a substantial replication, or a representation, of the securities included in the Fund's index ("Fund Securities") and make a small cash payment ("Cash Component" and, together with the Deposit Securities, the "Fund Deposit"). The list of the names and the number of shares of the Deposit Securities to be included in the current Fund Deposit (based on information at the end of the previous Business Day) for the Fund will be made available by the Custodian, through NSCC, immediately prior to the opening of business on the Exchange (currently 9:30 a.m. ET) on each Business Day. The Cash Component represents the difference between the NAV of a Creation Unit and the market value of the Deposit Securities.

Orders must be placed in proper form by or through either (i) a "Participating Party", i.e., a broker-dealer or other participant in the clearing process of the Continuous Net Settlement System of the NSCC; or (ii) a participant of the DTC, that, in either case, has entered into an agreement with the Custodian, with respect to purchases and redemptions of Creation Units ("Authorized Participant"). All orders must be placed for one or more whole Creation Units and must be received by the Distributor in proper form no later than the close of regular trading on the NYSE (ordinarily 4:00 p.m. ET), on the date the order is placed in order to receive that day's closing NAV per Share.

The Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form and only on a Business Day. The Custodian, through NSCC, will make available immediately prior to the opening of business on the Exchange (currently 9:30 a.m. ET) on each Business Day, the identity of the Fund Securities that will be applicable that day to redemption requests received in proper form. Fund Securities received on redemption may not be identical to Deposit Securities. Unless cash redemptions are available or specified for a Fund, the redemption proceeds will generally consist of Fund Securities, plus or minus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after receipt by the Custodian of a redemption request in proper form, and the value of the Fund Securities.

Orders to redeem Creation Units may only be effected by or through an Authorized Participant. All orders must be placed for one or more whole Creation Units and must be received by the Custodian in proper form no later than the close of regular trading (ordinarily 4:00 p.m. ET) in order to receive that day's closing NAV per Share.

The Prospectus and SAI describe additional procedures and requirements that apply to the creation and redemption of Shares. Fund transaction fees will apply to creations and redemptions and are set forth in the Prospectus.

Investment Risks

Members and member organizations are referred to the Prospectus for a description of risks associated with an investment in the Shares. These risks include the risk that a Fund's return may not match the return of its index for a number of reasons including the incursion by the Fund of operating expenses and costs not applicable to the index. In addition, as noted in the Prospectus, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of a Fund's holdings. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and

demand for the Shares on the Exchange.

Delivery of a Prospectus

Consistent with the requirements of the Securities Act and the rules thereunder, investors purchasing Shares in the initial public offering and anyone purchasing Shares directly from the Trusts must receive a prospectus. In addition, ETP Holders are required to deliver a prospectus to all purchasers of newly-issued Shares (i.e. during the initial public offering). ETP Holders purchasing shares from the Trusts for resale to investors will deliver a prospectus to such investors.

Prospectuses may be obtained through the Fund's website at www.powershares.com. The prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the registration statement

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The SEC has issued letters dated November 21, 2005 and April 9, 2007 (together, the "No-Action Letters") granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for exchange-traded funds listed and traded on a registered national securities exchange that meet certain criteria. The Funds qualify for the relief granted in the No-Action Letters, a description of which follows.

Rules 101 and 102 of Regulation M

The No-Action Letters state that the SEC will not recommend enforcement action pursuant to paragraph (c)(4) of Rule 101, against persons who may be deemed to be participating in a distribution of the Shares to bid for or purchase Shares during their participation in such distribution. In addition, a redemption of Creation Units and the receipt of Fund Securities by a participant in a distribution of Shares would not constitute an "attempt to induce any person to bid for or purchase a covered security, during the applicable restricted period" within the meaning of Regulation M, and therefore would not violate Regulation M. The Funds are also excepted from Rule 102 pursuant to paragraph (d)(4) of Rule 102, permitting the Funds to redeem Shares during the continuous offering of Shares.

Rule 10b-10 (Customer Confirmations)

The No-Action Letters state that the SEC will not recommend enforcement action pursuant to Rule 10b-10 against broker-dealers who handle purchases or redemptions of Creation Units on behalf of their customers to confirm such transactions without providing a statement of the identity, price and number of shares of each individual component security tendered to or delivered by a Fund pursuant to the transaction. This position of the SEC, which does not apply to secondary market trading, is subject to the following conditions: the confirmation statement contain a statement that the omitted information will be provided to the customer upon request; that all such requests for information will be fulfilled in a timely manner; and that the confirmation statement contain all information specified in Rule 10b-10(a) other than identity, price, and number of shares of each component security tendered or received by the

customer in the transaction.

Rule 10b-17 (Untimely Announcement of Record Dates)

The SEC has granted an exemption from the requirements of Rule 10b-17 with respect to transactions in the Shares.

Section 11(d)(1); Rule 11d1-2 (Customer Margin)

The No-Action Letters state that the SEC will not recommend enforcement action under Section 11(d)(1) of the Exchange Act against (i) broker-dealers that are not Authorized Participants (and, therefore, do not create Creation Units) but engage in both proprietary and customer transactions in the Shares exclusively in the secondary market, and (ii) broker-dealer Authorized Participants that engage in the creation of Creation Units to extend or maintain or arrange for the extension or maintenance of credit to or for customers on the Shares. This position is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the Funds, Trust, Investment Adviser, Distributor or Custodian (collectively, the "fund complex") any payment, compensation or other economic incentive to promote or sell the Shares to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C).

The No-Action Letters state that the SEC will not recommend enforcement action under Section 11(d)(1) against broker-dealers who may treat the Shares, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Shares that have been owned by the persons to whom credit is provided for more than 30 days.

Rule 14e-5 (Prohibited Purchases During Tender Offer)

The No-Action Letters state that the SEC will not recommend enforcement action under Rule 14e-5 against any person acting as dealer-manager of a tender offer for a component security to redeem Creation Units for Fund Securities which may include a security subject to the tender offer, and to purchase Shares during such tender offer.

Rule 15c1-5 and 15c1-6 (Disclosure of Control and Interest in Distributions)

The No-Action Letters state that the SEC will not recommend enforcement action under Rule 15c1-5 against a broker-dealer who executes transactions in Shares without disclosing any control relationship with an issuer of a component security. In addition, the No-Action Letters state that the SEC will not recommend enforcement action under Rule 15c1-6 against a broker-dealer who executes transactions in the Shares without disclosing its participation or interest in a primary or secondary distribution of a component security.

As this is only a summary of the relief granted by the SEC, the Exchange advises interested parties to consult the No-Action Letters cited above or their attorneys for more complete information regarding the trading practices relief granted by the SEC.

Exchange Rules Applicable to Trading in the Notes

The Notes are considered equity securities, thus rendering trading in the Notes subject to the Exchange's existing rules governing the trading of equity securities. The Notes are also a UTP Derivative Securities as specified in Exchange Rule 15.9, and as such are subject to the additional provisions specific to that Rule. In particular, ETP Holders are reminded of their obligations under the following NSX Rules:

1. Trading Hours: This product will trade during the regular trading hours of the Exchange (between 9:30 am to 4:00 pm Eastern Time ("ET")), during pre-market hours (8:00 am to 9:29:59 am ET) and during post-market hours (4:00:01 pm to 6:30 pm ET). Please note that trading in the Funds Notes during the Exchange's pre-market and post-market hours may result in additional trading risks which include: (1) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (2) higher volatility in the Opening or Late Trading Sessions may impact pricing, (3) wider spreads may occur in the Opening or Late Trading Sessions. The minimum trading increment is \$.01.

2. Recommendations To Customers: Rule 3.7 provides that the ETP Holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Notes or recommending a transaction in the Notes that an investment in the Notes is suitable for the customer.

3. Trading Halts. Rule 15.9B(4) provides that, in addition to the Exchange's authority to suspend or halt trading under Rules 11.20 (Trading Halts Due To Extraordinary Market Volatility), 12.11 (Trading Suspensions) and 15.7 (Suspension and/or Delisting By Exchange), if a temporary interruption occurs in the calculation or wide dissemination of the intraday indicative value (or similar value) or the value of the underlying index or instrument and the listing market halts trading in the product, the Exchange, upon notification by the listing market of such halt due to such temporary interruption, also shall immediately halt trading in that product on the Exchange. The Notes will be traded following a trading halt in accordance with Interpretations and Policy .03 of NSX Rule 11.20.

In addition, for a UTP Derivative Securities product where a net asset value is disseminated, if the primary listing exchange notifies the Exchange that the net asset value is not being disseminated to all market participants at the same time, the Exchange will immediately halt trading in such security. The Exchange may resume trading in the UTP Derivative Security only when the net asset value is disseminated to all market participants at the same time or trading in the UTP Derivative Security resumes on the listing market.

THIS INFORMATION CIRCULAR IS NOT A STATUTORY PROSPECTUS. ETP HOLDERS SHOULD CONSULT THE ISSUER DISCLOSURE MATERIALS (AS DEFINED ABOVE) FOR ALL RELEVANT INFORMATION RESPECTING THE NOTES.

Inquiries regarding this Information Circular should be directed to James C. Yong, Chief Regulatory Officer, at (312) 786-8893.