

www.powershares.com | 800.983.0903

As of 30 June 2006

PRFZ

▼ Fund Data (Anticipated)

FTSE [™] RAFI US 1500 Small-Mid Portfolio	PRFZ
Share Price	\$50.00
Intraday NAV (IIV)	PRFZI
Options	Yes

▼ Index Data

FTSE [™] RAFI US 1500 Small-Mid Index	FR15US
Index Providers	FTSE [™] & RAFI
Objective	Capital Appreciation

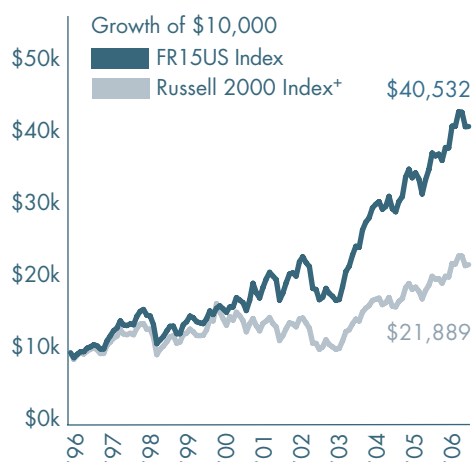
▼ PowerShares Benefits

- ▶ Enhanced Index
- ▶ Tax Efficient
- ▶ Low Cost
- ▶ Intraday Access¹
- ▶ Liquid²
- ▶ Transparent
- ▶ Fully Invested
- ▶ Diversification

▼ 10-Year Index Statistics^Ü

	Performance	Volatility	Beta	Sharpe	Correlation
FR15US	15.02	18.5	0.86	0.58	0.94
Russell 2000 ⁺	8.15%	20.3%	1.00	0.19	1.00

▼ Index Performance^{*}



- Shares may be sold throughout the day on the exchange through any brokerage account. Shares may only be redeemed directly from the Portfolio by Authorized Participants in large blocks consisting of 100,000 Shares.
- Shares are subject to risks similar to stocks, including those regarding short selling and margin account maintenance.

Ü See description of statistics in disclosures on back.
* Index return does not represent Fund return.

See important disclosures on back.

PowerShares FTSE[™] RAFI US 1500 Small-Mid Portfolio

PowerShares Capital Management LLC is passionate about our goal of delivering the highest quality investment management available through the replication of intelligent indexes in one of the more benefit rich investment vehicles, the exchange-traded fund.

PowerShares provides institutional caliber asset management through the replication of enhanced indexes. These indexes derive their investment decisions from methodologies that incorporate technically advanced and robust institutional investment research.

The PowerShares FTSE[™] RAFI US 1500 Small-Mid Portfolio is based

on the FTSE[™] RAFI US 1500 Small-Mid Index. The objective of the Index is to track the performance of small and medium-sized U.S. companies. Companies are selected based on the following four fundamental measures of size: sales, income, book value and dividends. Each of the equities with a fundamental weight ranking of 1,001 to 2,500 is then selected and assigned a weight equal to its fundamental weight. The fundamentally weighted portfolio is rebalanced and reconstituted annually.

Shares are ETF investments and have risks similar to stocks, including the possible loss of money. Ordinary brokerage commissions apply.

▼ Fund Performance & Index History (%)

As of 30 June 2006

	1 Year	3 Year	5 Year	10 Year	Inception
Index					
FTSE [™] RAFI US 1500 Small-Mid Index	16.81	23.20	14.21	15.02	
Russell 2000 Index ⁺	14.58	18.70	8.21	8.15	
S&P Small Cap Index ⁺	12.87	19.38	10.10	10.87	
Fund					
NAV					
After Tax Held	Anticipated Listing: September 21, 2006				
After Tax Sold					
Share Price Return					

Anticipated Fund Inception: September 21, 2006

Performance data quoted represents past performance. Past performance is not a guarantee of future results, and current performance may be higher or lower than performance quoted. Investment returns and principal value will fluctuate, and Shares, when redeemed, may be worth more or less than their original cost. The Shares' performance reflects fee waivers, absent which, performance would have been lower. See powershares.com to find the most recent month-end performance numbers. After Tax Held represents total return after taxes on distributions and assumes Shares have not been sold. After Tax Sold represents total return after taxes on distributions and the sale of Fund Shares.

The Index performance results are hypothetical and Index returns do not represent Fund returns. An investor cannot invest directly in an index. The Index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the hypothetical performance shown nor does the index lend securities, and no revenues from securities lending were added to the performance shown. In addition, the results actual investors might have achieved would have differed from those shown because of differences in the timing, amounts of their investments, and fees and expenses associated with an investment in the Fund.

⁺The Russell 2000 and S&P Small Cap Indexes are unmanaged indexes used as a measurement of change in stock market conditions based on the average performance of approximately 2000 and 600 common stocks, respectively.

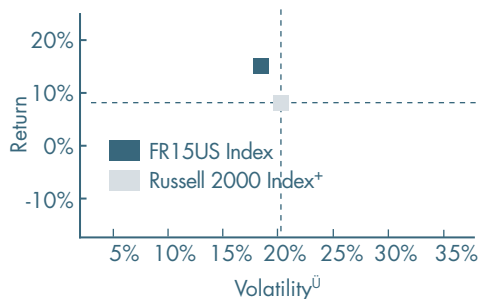
PowerShares FTSE™ RAFI US 1500 Small-Mid Portfolio

Top 30 Index Holdings

See website for a current list of holdings.

	Ticker	Weight
Phillips-Van Heusen	PVH	0.24%
OM Group	OMG	0.24%
Universal Compression Hldgs	UCO	0.22%
Volt Info Sciences	VOL	0.22%
Carpenter Tech	CRS	0.20%
Amerigroup Corp.	AGP	0.20%
Lincoln Electric Holdings	LECO	0.20%
World Fuel Services	INT	0.19%
Sensient Tech	SXT	0.19%
Veritas DGC	VTS	0.18%
Reynolds & Reynolds CL A	REY	0.18%
Genesis HealthCare	GHCI	0.18%
Jo-Ann Stores	JAS	0.18%
Aztar	AZR	0.18%
Gold Kist	GKIS	0.18%
Essex Prop Trust	ESS	0.18%
MEMC Electronic Materials	WFR	0.18%
Kimball Intl B	KBALB	0.18%
American Home Mtg	AHM	0.17%
First Citizens BancSh A	FCNCA	0.17%
Capitol Federal Financial	CFFN	0.17%
Covance Inc.	CVD	0.17%
Ventas Inc.	VTR	0.17%
Nasdaq Stock Market	NDAQ	0.17%
Ametek Inc.	AME	0.17%
Frontier Oil	FTO	0.17%
UAP Holding	UAPH	0.17%
US Airways Group	LCC	0.17%
Knight Capital Group	NITE	0.17%
COX Radio Inc.	CXR	0.17%

5-Year Risk Reward Comparison



Index Details^ü

Average Stock Price to Earnings Ratio	18.05
Average Stock Price to Book Value Ratio	2.09
Return on Equity	13.13
Average Market Capitalization	\$1,422 MM
Number of Securities	1460
Expense Cap [#]	0.60%
CUSIP	73935X567
Listing Exchange	NASDAQ

Annual Index Performance (%)

	FR15US	Russell 2000 ⁺	S&P Small Cap ⁺
1996	22.00	14.77	20.13
1997	28.64	20.69	24.53
1998	-2.30	-3.83	-2.09
1999	15.31	19.59	11.51
2000	9.21	-4.23	11.02
2001	20.68	1.02	5.73
2002	-12.70	-20.98	-15.32
2003	56.56	47.25	37.53
2004	23.32	18.33	21.59
2005	8.24	4.55	6.65
2006 ^{YTD}	7.69	8.21	7.21

Index Market-Cap Allocations (%)

Large-Cap Growth	0.00
Large-Cap Value	0.00
Mid-Cap Growth	13.26
Mid-Cap Value	2.19
Small-Cap Growth	29.27
Small-Cap Value	55.29

Index Sector Allocations (%)

Consumer Goods	42.44
Consumer Services	3.19
Energy	0.00
Financials	11.54
Health Care	1.81
Industrials	14.98
Information Technology	4.87
Materials	0.00
Telecommunications	21.17
Utilities	0.00

Index performance does not represent Fund performance. An investor can not invest directly in an index. Earliest available performance data begins in 1996.

^ü Volatility is the annualized standard deviation of monthly index returns. Beta is a measure of relative risk and is the slope of regression. Sharpe is the risk adjusted return and is the return less the risk free rate divided by the standard deviation. Correlation is the similarity in performance. Average Stock Price to Book Value is the ratio of a stock's market price to a company's net asset value. Return on Equity is net income divided by net worth. Average Market Capitalization is the average of each company's market value.

[#] The weighted costs excluded from the 0.60% expense cap include: legal fees pertaining to the Fund's shares offered for sale, SEC and state registration fees, initial fees paid to be listed on an exchange and sub-licensing fees.

There are risks involved with investing in ETFs including possible loss of money. The Fund is not actively managed and is subject to risk similar to stocks, including those related to short selling and margin maintenance. Shares are subject to risks including: Small and Medium-Sized Company Risk- investing in securities of small and medium-sized companies involves greater risk than is customarily associated with investing in more established companies. Shares are not FDIC insured, may lose value and have no bank guarantee.

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ALPS Distributors, Inc. is the distributor of the PowerShares Exchange-Traded Fund Trust.

An investor should consider the Fund's investment objective, risks, charges and expenses carefully before investing. For this and more complete information about the Fund call 800.983.0903 or visit the website www.powershares.com for a prospectus. Please read the prospectus carefully before investing.

The information in the prospectus is not complete and may be changed. The portfolio may not sell its Shares until the registration statement filed with the Securities and Exchange Commission is effective. The prospectus is not an offer to sell the portfolio Shares, nor is the portfolio soliciting an offer to buy its Shares in any jurisdiction where the offer or sale is not permitted.