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# WisdomTree Announces Annual Reconstitution of Domestic Index Families

**Re-balancing Mechanism Has Historically Raised Dividend Yields and Lowered P/E Ratios of WisdomTree Indexes, distinguishing WisdomTree Indexes from Conventional Cap-Weighted Indexes**

NEW YORK--(BUSINESS WIRE)--

WisdomTree Investments, Inc. (Pink Sheets: WSDT) today announced the annual reconstitution of its domestic stock indexes. The reconstitution, which went into effect December 24, 2007, reflects a rules-based investment methodology that results in the WisdomTree Indexes increasing weights in stocks and sectors that have fallen in market value relative to their fundamentals and decreasing index weights in stocks and sectors that have risen in market value relative to their fundamentals.

"Our fundamentally weighted rebalancing process is what sets us apart from the market cap-weighted indexes upon which most of today's ETFs are based," said Luciano Siracusano, WisdomTree Director of Research. "Because cap-weighted indexes have no such rebalancing mechanism, when stocks rise too much relative to their fundamentals, as technology did in 1999, those stocks command ever greater weights in a cap-weighted index. WisdomTree's fundamentally weighted methodology seeks to take some of the emotion and momentum out of index investing by weighting companies based on their contributions to observable income streams."

The WisdomTree Dividend Indexes typically weight each stock eligible for inclusion by its share of the Dividend Stream, defined as the sum of regular cash dividends being paid by all the companies in that index, based on each company's most recently declared dividend per share. The WisdomTree Earnings Indexes typically weight components by their share of the Earnings Stream, defined as the sum of the aggregate earnings generated by all the companies in that index. Thus, component weights in a WisdomTree index typically equals its contribution to the total Dividend Stream or Earnings Stream for that index as of the annual screening date.

## Growth in the Dividend and Earnings Streams

The total U.S. Dividend Stream, as measured by the WisdomTree Dividend Index, grew 8.4% from the prior year to \$288.5 billion, as of November 30, 2007. The Earnings Stream, as measured by the WisdomTree Earnings Index, grew 2.9% from the prior year to \$919.6 billion, as of November 30, 2007, the annual screening date.

Dividend Stream at Annual Screening Date (\$ in billions)

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Index	Index Name	2006	2007	Growth
WTDI	WisdomTree Dividend Index	\$266.16	\$288.53	8.40%
WTLDI	WisdomTree LargeCap Dividend Index	\$221.93	\$243.82	9.86%
WTMDI	WisdomTree MidCap Dividend Index	\$32.07	\$31.36	-2.22%
WTSDI	WisdomTree SmallCap Dividend Index	\$12.16	\$13.35	9.78%
	Mid and Small	\$44.23	\$44.71	1.08%

Earnings Stream at Annual Screening Date (\$ in billions)

Index	Index Name	2006	2007	Growth
WTEI	WisdomTree Earnings Index	\$893.64	\$919.55	2.90%
WTEPS	WisdomTree LargeCap Earnings Index	\$766.03	\$791.47	3.32%
WTMEI	WisdomTree MidCap Earnings Index	\$97.33	\$94.54	-2.86%
WTSEI	WisdomTree SmallCap Earnings Index	\$30.29	\$33.53	10.71%
	Mid and Small	\$127.62	\$128.08	0.36%

"Investors are used to rebalancing their portfolios among asset classes based on relative value - WisdomTree applies this concept within broad-based stock indexes," added Mr. Siracusano. "Re-setting component weights, once a year, to a measure of fundamental value, such as dividends or earnings, has helped to lower the volatility and increase historical long-term returns of the WisdomTree Indexes relative to comparable cap-weighted indexes."

Valuation ratios for the WisdomTree Indexes tend to be lower than cap-weighted indexes, and the gap between the two widened on the most recent re-balance date. The chart below shows dividend yields and the P/E ratios for the WisdomTree indexes before and after the 2007 reconstitution.

Index	Dividend Yield Before Re-balance	Dividend Yield After Re-balance	Difference in Bps
S&P 500	1.99%	1.99%	0.00%
WisdomTree Dividend Index	3.21%	3.49%	0.28%
WisdomTree LargeCap Dividend Index	3.02%	3.26%	0.23%
WisdomTree Midcap Dividend Index	4.25%	4.38%	0.13%
WisdomTree SmallCap Dividend Index	4.68%	5.56%	0.88%
WisdomTree Dividend Top 100 Index	3.92%	4.49%	0.57%
WisdomTree High-Yielding Equity Index	4.47%	5.25%	0.78%

Source: Bloomberg

Basis Point (bps) is a unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.

Index	P/E Before Re-balance	P/E After Re-balance	Percentage Difference
S&P 500	18.8	18.8	0.0%
WisdomTree Earnings Index	16.0	14.6	-8.7%
WisdomTree Earnings 500 Index	15.6	14.7	-5.5%

WisdomTree MidCap Earnings Index	19.9	14.1	-29.4%
WisdomTree SmallCap Earnings Index	23.0	14.7	-36.0%
WisdomTree Earnings Top 100 Index	12.8	11.6	-9.7%
WisdomTree Low P/E Index	13.4	11.0	-18.4%

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Source: Bloomberg; S&P

Standardized return information for the WisdomTree domestic indexes and appropriate cap-weighted index through the period that ended December 31, 2007 is provided below. For more information on WisdomTree, please visit [WisdomTree.com](http://WisdomTree.com).

Asset Allocation Group	Index	1 year	3 years	5 years	10 years
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Broad Market	WisdomTree Dividend Index	1.95%	8.38%	13.04%	8.35%
	WisdomTree Earnings Index	5.08%	9.91%	14.21%	N/A
	Russell 3000 Index	5.14%	8.89%	13.63%	6.22%
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Large Cap	WisdomTree LargeCap Dividend Index	2.94%	8.90%	12.65%	7.88%
	WisdomTree Earnings 500 Index	6.45%	10.34%	13.90%	N/A
	S&P 500 Index	5.49%	8.62%	12.83%	5.91%
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Large Cap	WisdomTree High-Yielding Equity Index	-4.55%	6.66%	12.81%	10.59%
	WisdomTree Low P/E Index	2.11%	10.93%	16.50%	N/A
	WisdomTree Earnings Top 100 Index	7.38%	13.63%	18.55%	N/A
Value	Russell 1000 Value Index	-0.17%	9.32%	14.63%	7.68%
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Mid Cap	WisdomTree MidCap Dividend Index	-7.29%	4.87%	13.97%	10.00%
	WisdomTree MidCap Earnings Index	-0.58%	8.14%	16.73%	N/A
	S&P MidCap 400 Index	7.98%	10.27%	16.20%	11.19%
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Small Cap	WisdomTree SmallCap Dividend Index	-14.36%	1.78%	13.43%	11.00%
	WisdomTree SmallCap Earnings Index	-12.31%	4.48%	16.03%	N/A
	Russell 2000 Index	-1.57%	6.80%	16.25%	7.08%
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Equity	WisdomTree Dividend Top 100 Index	0.97%	10.23%	15.21%	10.36%
Income	Dow Jones Select Dividend Index*	-5.16%	5.57%	12.59%	9.40%

Sources: Zephyr Style Advisor, WisdomTree, Bloomberg, S&P

\* The Dow Jones Select Dividend Index is dividend weighted.

Some performance data for the Wisdom Tree Indexes is based on a back test, i.e., calculations of how an index might have performed in the past had it existed. Hypothetical back tested performance has inherent limitations and is not indicative of future results. Index performance data assumes reinvestment of dividends and does not reflect management fees, transactions costs or other expenses. You cannot invest directly in an index.

All information is provided strictly for educational and illustrative purposes only. No

representation is being made that any investment will achieve performance similar to those shown. The information provided is not intended for trading purposes, and should not be considered investment advice.

Index performance does not represent actual fund or portfolio performance. A fund or portfolio may differ significantly from the securities included in the Index. Index performance assumes reinvestment of dividends, but does not reflect any management fees, transaction costs or other expenses that would be incurred by a portfolio or fund, or brokerage commissions on transactions in Fund shares. Such fees, expenses and commissions could reduce returns. Additional index information is available at [www.wisdomtree.com](http://www.wisdomtree.com).

1964 was selected as the starting point of the back test of the domestic WisdomTree Dividend Indexes because WisdomTree Investments believes this is the earliest date for which reliable historic stock price data is available for the securities included in the domestic dividend Indexes covered by the back test.

March 1, 2002 was selected as the starting point of the back test for the WisdomTree Earnings Indexes because this is the earliest date for which four prior quarters of core earnings data was available for the securities included in the Earnings Indexes covered by the back test. The WisdomTree Earnings Indexes utilize Standard & Poor's "core earnings" data in connection with the selection and weighting of index constituents.

The WisdomTree Earnings Indexes are the exclusive property of WisdomTree Investments, Inc., which has contracted with Standard & Poor's ("S&P") to maintain and calculate the Indexes. S&P shall have no liability for any errors or omissions in calculating the Indexes.

Performance information prior to June 1, 2006 presented herein for the WisdomTree Dividend Indexes is based on hypothetical back tested data for the specified time period(s) shown and was not calculated in real time by an independent calculation agent. Starting June 1, 2006, the WisdomTree Dividend Indexes have been calculated in real time by an independent calculation agent. A back test is an indication of how an index would have performed in the past if it existed. Hypothetical back tested performance has inherent limitations.

Performance information prior to February 1, 2007 presented herein for the WisdomTree Earnings Indexes is based on hypothetical back tested data for the specified time period(s) shown and was not calculated in real time by an independent calculation agent. Starting February 1, 2007, the WisdomTree Earnings Indexes have been calculated in real time by an independent calculation agent.

For Domestic Dividend Indexes, certain Index information contained herein utilizes data provided by the Center for Research in Securities Prices, Graduate School of Business, University of Chicago ("CRSP"). Such data is proprietary and confidential information of CRSP and is used with permission. CRSP data is not warranted or represented to be correct, complete, accurate or timely. CRSP is not affiliated with WisdomTree Investments or its affiliates and is not responsible for investment decisions, damages or losses resulting from the use of the WisdomTree Indexes or the CRSP data. WisdomTree Investments, its affiliates and their independent providers are not liable for any informational errors, incompleteness, or delays, or for any actions taken in reliance on information contained herein.

Index dividend yield is a measure of the annual dividends of the shares of all Index components divided by the Index value.

About WisdomTree Investments, Inc.

WisdomTree Investments, Inc. has developed the first family of fundamentally weighted indexes. The WisdomTree Indexes cover all major market capitalizations, both domestically and internationally. In contrast to capitalization- weighted indexes, the WisdomTree Indexes anchor the initial weights of individual stocks to a measure of fundamental value. The company believes its approach provides investors with a viable alternative to market cap-weighted indexes.

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WisdomTree Investments, Inc. has patents pending on the methodology and operation of its indexes.

Source: WisdomTree Investments, Inc.