

July 28, 2010



WisdomTree Announces Second Quarter 2010 Results

Company reports positive proforma operating income

\$121 million net inflows for the second quarter

21 out of 34 equity funds outperformed competitive benchmarks since inception through Q2

NEW YORK--(BUSINESS WIRE)-- WisdomTree (Pink Sheets: [WSDT](#)), an exchange-traded fund ("ETF") sponsor and asset manager, today reported a GAAP net loss of \$1.9 million in the second quarter of 2010, as compared to \$3.6 million for the first quarter of 2010. Proforma operating income, which excludes stock-based compensation, depreciation and amortization, and interest and investment income, was \$0.2 million in the second quarter, as compared to a proforma operating loss of \$1.0 million in the first quarter.

WisdomTree CEO Jonathan Steinberg commented, "We are extremely pleased to report record revenues and, significantly, our first quarter of positive operating income. These are just some of the important milestones we have achieved during the quarter. We are encouraged to see our business performing well and our expectations remain high for the future."

Recent Business Highlights

On July 21, 2010, the WisdomTree India Earnings Fund (EPI) surpassed \$1 billion in AUM.

The Company diversified its product line: registration statements for a commodity currency fund and an emerging market local debt fund became effective during the quarter.

On April 27, 2010, nine of WisdomTree's ETFs were cross-listed in Mexico on the Bolsa Mexicana De Valores.

Assets Under Management and Performance

As of June 30, 2010, assets under management ("AUM") managed by WisdomTree or against WisdomTree Indexes was \$6.9 billion, down 7% and ETF AUM was \$6.2 billion, down 7% from March 31, 2010. Net inflows into WisdomTree ETFs were \$121 million in the second quarter, primarily in emerging market and US equity ETFs.

WisdomTree's fundamentally weighted ETFs continue to experience relatively strong investment performance through the second quarter. Approximately 77% of the \$5.0 billion invested in WisdomTree's 34 equity ETFs on June 30, 2010 were in funds that, since their

respective inception, have outperformed their competitive benchmarks through that date. 21 of WisdomTree's 34 equity ETFs have outperformed their competitive benchmarks since inception and through the second quarter of 2010. For more information about WisdomTree ETFs, please [click here](#) or visit www.wisdomtree.com.

Second Quarter Financial Highlights

Comparison to the first quarter of 2010

Revenues

Total revenues for the quarter increased 7.1% to a record \$9.3 million as compared to \$8.7 million in the first quarter. Average ETF assets under management increased 7% in the second quarter as compared to the first quarter primarily due to \$121 million of net inflows, partly offset by \$594 million in negative market movement. The average advisory fee earned during the second quarter and first quarter was 0.54%.

Expenses

Total expenses decreased 8.9% to \$11.2 million from \$12.3 million in the first quarter primarily due to lower compensation, marketing and business development and professional fees. Partly offsetting these decreases were higher third party profit sharing costs. Excluding stock-based compensation and depreciation and amortization charges, proforma operating expenses decreased 5.8% to \$9.1 million from \$9.7 million in the first quarter.

- Compensation and benefits expenses decreased 12.5% to \$4.6 million from \$5.3 million in the second quarter primarily due to a decrease in accrued incentive compensation due to lower levels of inflows in the quarter and lower stock-based compensation due to equity awards granted in prior years fully vesting in the first quarter. Excluding stock-based compensation, expenses decreased 11.4% primarily due to lower accrued incentive compensation and payroll taxes associated with restricted stock vesting in the first quarter.
- Fund management and administration expenses decreased 2.7% to \$3.3 million from \$3.4 million in the first quarter, due to lower legal fees and fund related costs related to fund closures on March 29, 2010.
- Marketing and business development expenses decreased 27.7% to \$1.2 million from \$1.6 million in the first quarter due to a planned reduction in TV advertising during the quarter. The first quarter included higher levels of TV advertising to support the Company's sales efforts. Partly offsetting this decrease was an increase in sales related expenses and new product development expenses.
- Professional fees decreased 31.1% to \$0.7 million in the second quarter as compared to \$1.0 million in first quarter primarily due to lower variable stock-based compensation expense for advisors as well as lower strategic corporate consulting expense.
- Occupancy, communications and equipment expenses remained unchanged at \$0.3 million in the second and first quarter of 2010.
- Other expenses remained unchanged at \$0.4 million in the second and first quarter of 2010.
- Third party profit sharing expenses increased to \$0.6 million in the second quarter from \$0.2 million in the first. This increase is primarily due to higher average AUM and revenues as well as lower levels of direct expenses related to the Company's Currency ETFs as compared to the first quarter. Third party profit sharing arrangements represents the amount paid to (or received from) the Bank of New York Mellon, after netting revenues and direct costs, for its collaboration with the

Company's Currency ETFs.

- Stock-based compensation expenses decreased 20.9% to \$2.0 million in the second quarter from \$2.5 million in the first quarter due to equity awards granted in prior years fully vesting in the first quarter as well as lower variable expense due to a decline in the Company's stock price.

Year-to-Date Results

Total revenues more than doubled to \$18.0 million during the first six months of 2010 from \$8.1 million in the comparable period in 2009, as a result of higher asset levels due to higher levels of net inflows and positive market conditions.

Total expenses increased 19.1% to \$23.5 million during the first six months of 2010 from \$19.8 million in the same period of last year. Excluding stock-based compensation and depreciation and amortization charges, proforma operating expenses increased 21.8% to \$18.8 million from \$15.4 million in the same period last year. This increase was primarily due to higher third party profit sharing arrangements, compensation, marketing and business development and fund management and administration expenses, all related to an increase in assets under management in the first six months of 2010 as compared to 2009.

Balance Sheet

As of June 30, 2010, WisdomTree had total assets of \$25.3 million, which consisted primarily of cash and cash equivalents of \$12.5 million and investments of \$7.7 million. WisdomTree has no debt. There were approximately 115.0 million shares issued as of June 30, 2010. Fully diluted shares issued and outstanding were approximately 136.9 million as of June 30, 2010.

Second Quarter 2010 Earnings Call Information

WisdomTree will discuss its results and operational highlights during a conference call on Thursday, July 29, 2010 at 9:00 a.m. ET. The call-in number will be (888) 713-4213 passcode 49203767. Anyone outside the U.S. or Canada should call (617) 213-4865, passcode 49203767. The slides used during the presentation will be available at www.wisdomtree.com/ir. For those unable to join the conference call at the scheduled time, an audio replay will be available on www.wisdomtree.com/ir.

About WisdomTree

WisdomTree(R) is an exchange-traded fund ("ETF") sponsor and asset manager using its own fundamentally weighted index methodology. WisdomTree also licenses its indexes to third parties for proprietary products and offers a platform to promote the use of WisdomTree ETFs in 401(k) plans. Approximately \$7.3 billion in assets currently are managed by WisdomTree or are managed against WisdomTree Indexes. For more information, please visit www.wisdomtree.com. WisdomTree is the marketing name for WisdomTree Investments, Inc. and its wholly owned subsidiaries WisdomTree Asset Management, Inc. and WisdomTree Retirement Services, Inc.

WisdomTree Asset Management, Inc. is a registered investment advisor and is the investment advisor to the WisdomTree Trust and the WisdomTree ETFs. The WisdomTree Trust is a registered open-end investment company. Each WisdomTree ETF is a series of

the WisdomTree Trust. WisdomTree Retirement Services, Inc. supports the use of the WisdomTree ETFs in retirement plans by financial professionals.

WISDOMTREE INVESTMENTS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended			For the Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	June 30,
	2010	2010	2009	2010	2009
Revenues					
Advisory fees	\$ 9,129	\$ 8,467	\$ 4,290	\$ 17,596	\$ 7,848
Other income	168	217	\$ 151	385	288
Total revenues	9,297	8,684	4,441	17,981	8,136
Expenses					
Compensation and benefits	4,600	5,255	4,264	9,855	9,015
Fund management and administration	3,306	3,397	3,205	6,703	6,396
Marketing and business development	1,172	1,620	1,133	2,792	2,043
Professional fees	707	1,024	414	1,731	717
Occupancy, communication and equipment	289	267	281	556	555
Depreciation and amortization	78	77	94	155	184
Other	427	426	392	853	778
Third party profit sharing	636	240	40	876	63
Total expenses	11,215	12,306	9,823	23,521	19,751
Operating loss	(1,918)	(3,622)	(5,382)	(5,540)	(11,615)
Interest and investment	58	30	185	88	407

income

Net loss	\$ (1,860)	\$ (3,592)	\$ (5,197)	\$ (5,452)	\$ (11,208)
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Net loss per share - basic and diluted	\$ (0.02)	\$ (0.03)	\$ (0.05)	\$ (0.05)	\$ (0.11)
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Weighted average common shares - basic and diluted	111,765	110,820	101,738	111,295	101,650
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WISDOMTREE INVESTMENTS, INC

NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

(Unaudited)

	For the Three Months Ended			For the Six Months Ended	
	June 30,	March 31,	June 30,	June 30,	June 30,
	2010	2010	2009	2010	2009
Revenues					
Advisory fees	\$ 9,129	\$ 8,467	\$ 4,290	\$ 17,596	\$ 7,848
Other income	168	217	151	385	288
Total revenues	9,297	8,684	4,441	17,981	8,136
Operating expenses					
Compensation and benefits	2,878	3,250	2,611	6,128	5,343
Fund management and administration	3,306	3,397	3,205	6,703	6,396
Marketing and business development	1,172	1,620	1,133	2,792	2,043
Professional fees	465	532	137	997	367
Occupancy, communication and equipment	289	267	281	556	555
Other	377	376	342	753	676

Third party profit sharing	636	240	40	876	63
Total operating expenses	9,123	9,682	7,749	18,805	15,443
Proforma operating income / (loss)	174	(998)	(3,308)	(824)	(7,307)
Stock-based compensation	2,014	2,547	1,980	4,561	4,124
Depreciation and amortization	78	77	94	155	184
Interest and investment income	(58)	(30)	(185)	(88)	(407)
Net loss	\$ (1,860)	\$ (3,592)	\$ (5,197)	\$ (5,452)	\$ (11,208)

WISDOMTREE INVESTMENTS, INC.

CONSOLIDATED BALANCE SHEET

(in thousands, except per share amounts)

June 30,	December 31,
2010	2009
(Unaudited)	

ASSETS

Current assets:

Cash and cash equivalents	\$ 12,532	\$ 11,476
Investments	1,800	2,627
Accounts receivable	3,113	2,884
Other current assets	977	961
Total current assets	18,422	17,948
Fixed assets, net	870	977
Investments	5,890	6,693
Other noncurrent assets	70	85
Total assets	\$ 25,252	\$ 25,703

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

STOCKHOLDERS' EQUITY

outstanding:112,253 and 110,106

WISDOMTREE INVESTMENTS, INC.

(Unaudited)

June 30,	June 30,
2010	2009

Adjustments to reconcile net loss to net cash used in operating activities:

Depreciation, amortization and other	155	184
Stock-based compensation	4,561	4,124

Deferred rent	(47)	(138)
Accretion to interest income	(9)	(86)
Net change in operating assets and liabilities:		
Accounts receivable	(229)	(224)
Other assets	(1)	(272)
Fund management and administration payable	1,134	(1,884)
Compensation and benefits payable	(651)	(699)
Accounts payable and other liabilities	2	28
Net cash used in operating activities	(537)	(10,175)
Cash flows from investing activities		
Purchase of fixed assets	(48)	(282)
Purchase of investments	(3,416)	(6,785)
Proceeds from the redemption of investments	5,056	13,262
Net cash provided by investing activities	1,592	6,195
Cash flows from financing activities		
Proceeds from exercise of stock options	1	--
Net cash provided by financing activities	1	--
Net increase (decrease) in cash and cash equivalents	1,056	(3,980)
Cash and cash equivalents - beginning of period	11,476	13,275
Cash and cash equivalents - end of period	\$ 12,532	\$ 9,295
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 4	\$ 3
Non-cash investing and financing activities:		
Cashless exercise of stock options	\$ 55	\$ --

WisdomTree Investments, Inc.

Key Operating Statistics (Unaudited)

For the Three Months Ended			For the Six Months Ended		
June 30,	March 31,	June 30,	June 30,	June 30,	

	2010	2010	2009	2010	2009
Total assets under management (in thousands)					
ETFs	6,240,452	6,712,983	3,663,004	6,240,452	3,663,004
Non-ETFs	628,702	709,048	478,717	628,702	478,717
End of period assets	6,869,154	7,422,031	4,141,721	6,869,154	4,141,721
Total ETFs (in thousands)					
Beginning of period assets	6,712,983	5,978,605	2,775,647	5,978,605	3,180,133
Inflows/ (outflows)	120,981	582,239	280,825	703,220	303,337
Market appreciation/ (depreciation)	(593,512)	152,139	606,532	(441,373)	179,534
End of period assets	6,240,452	6,712,983	3,663,004	6,240,452	3,663,004
Average assets during the period	6,760,290	6,311,374	3,349,826	6,535,834	3,117,538
International Developed Markets ETFs (in thousands)					
Beginning of period assets	1,994,636	1,953,363	1,119,650	1,953,363	1,339,002
Inflows/ (outflows)	(38,449)	26,262	(27,338)	(12,187)	(58,291)
Market appreciation/ (depreciation)	(281,852)	15,011	231,479	(266,841)	43,080
End of period assets	1,674,335	1,994,636	1,323,791	1,674,335	1,323,791
Average assets during the period	1,906,595	2,168,987	1,295,741	2,037,792	1,238,777
International Emerging Markets ETFs (in thousands)					
Beginning of	1,737,792	1,430,965	405,647	1,430,965	384,242

period assets

Inflows/ (outflows)	106,441	229,591	192,536	336,032	220,336
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Market appreciation/ (depreciation)	(115,845)	77,236	160,366	(38,609)	153,971
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End of period assets	1,728,388	1,737,792	758,549	1,728,388	758,549
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Average assets during the period	1,763,321	1,307,976	596,753	1,535,649	493,664
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Sector ETFs (in
thousands)

Beginning of period assets	228,356	358,187	190,098	358,187	246,501
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Inflows/ (outflows)	(947)	(124,240)	(8,358)	(125,187)	(27,983)
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Market appreciation/ (depreciation)	(37,533)	(5,591)	40,345	(43,124)	3,567
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End of period assets	189,876	228,356	222,085	189,876	222,085
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Average assets during the period	214,148	345,023	210,826	279,586	211,189
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US ETFs (in
thousands)

Beginning of period assets	1,468,279	1,329,597	866,224	1,329,597	986,568
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Inflows/ (outflows)	85,148	71,963	15,456	157,111	96,493
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Market appreciation/ (depreciation)	(147,096)	66,719	157,800	(80,377)	(43,581)
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End of period assets	1,406,331	1,468,279	1,039,480	1,406,331	1,039,480
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Average assets during the period	1,506,111	1,405,777	1,001,301	1,455,944	948,853
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Currency ETFs
(in thousands)

Beginning of period assets	1,283,920	906,493	194,028	906,493	223,820
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Inflows/ (outflows)	(31,212)	378,663	108,529	347,451	72,782	
Market appreciation/ (depreciation)	(11,186)	(1,236)	16,542	(12,422)	22,497	
End of period assets	1,241,522	1,283,920	319,099	1,241,522	319,099	
Average assets during the period	1,370,115	1,083,611	245,205	1,226,863	225,055	
Average ETF assets during the period						
International developed markets ETFs	29	% 34	% 39	% 31	% 40	%
International emerging markets ETFs	26	% 21	% 18	% 24	% 16	%
Sector ETFs	3	% 5	% 6	% 4	% 7	%
US ETFs	22	% 22	% 30	% 22	% 30	%
Currency ETFs	20	% 18	% 7	% 19	% 7	%
Total	100	% 100	% 100	% 100	% 100	%
Average ETF advisory fee during the period						
International developed markets ETFs	0.55	% 0.55	% 0.54	% 0.55	% 0.54	%
International emerging markets ETFs	0.75	% 0.76	% 0.75	% 0.76	% 0.75	%
Sector ETFs	0.58	% 0.58	% 0.58	% 0.58	% 0.58	%
US ETFs	0.34	% 0.34	% 0.33	% 0.34	% 0.33	%
Currency ETFs	0.47	% 0.47	% 0.44	% 0.47	% 0.43	%
Blended total	0.54	% 0.54	% 0.51	% 0.54	% 0.51	%
Number of ETFs - end of the period						
International developed markets ETFs	14	14	14	14	14	

International emerging markets ETFs	4	4	4	4	4
Sector ETFs	4	4	11	4	11
US ETFs	12	12	13	12	13
Currency ETFs	8	8	9	8	9
Total	42	42	51	42	51

Note: Previously issued statistics may be restated due to trade adjustments

GAAP to Non-GAAP Reconciliation

In an effort to provide additional information regarding our results as determined by GAAP, we also disclose certain non-GAAP information which we believe provides useful and meaningful information. Our management reviews this non-GAAP financial measurement when evaluating our financial performance and results of operations; therefore, we believe it is useful to provide information with respect to these non-GAAP measurements so as to share this perspective of management. Non-GAAP measurements do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. These non-GAAP financial measures should be considered in the context with our GAAP results.

We have disclosed our results excluding certain non-operating items. We consider stock-based compensation, depreciation and amortization and interest and investment income as non-operating items. Management excludes these costs when measuring our financial performance as they are non-cash charges or not directly related to our business of being an index developer and ETF sponsor. As the company is currently incurring net losses, management focuses on its cash related expenses of being an index developer and ETF sponsor in measuring the financial health of its business and making related decisions. However, stock-based compensation has been and will continue to be for the foreseeable future, a significant recurring expense in our business and stock-based compensation is an important part of our employees' compensation and impacts their performance.

WISDOMTREE INVESTMENTS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

GAAP to NON-GAAP RECONCILIATION

(in thousands)

(Unaudited)

	For the Three Months Ended		For the Six Months Ended
	June 30,	March 31,	June 30,
		June 30,	June 30,

	2010	2010	2009	2010	2009
GAAP expenses as reported	\$ 11,215	\$ 12,306	\$ 9,823	\$ 23,521	\$ 19,751
Less stock-based compensation included in					
Compensation and benefits	(1,722)	(2,005)	(1,653)	(3,727)	(3,672)
Professional fees	(242)	(492)	(277)	(734)	(350)
Other	(50)	(50)	(50)	(100)	(102)
Total stock-based compensation expenses	(2,014)	(2,547)	(1,980)	(4,561)	(4,124)
Less depreciation and amortization	(78)	(77)	(94)	(155)	(184)
Proforma operating expenses	\$ 9,123	\$ 9,682	\$ 7,749	\$ 18,805	\$ 15,443
GAAP net loss, as reported	\$ (1,860)	\$ (3,592)	\$ (5,197)	\$ (5,452)	\$ (11,208)
Add back stock-based compensation	2,014	2,547	1,980	4,561	4,124
Add back depreciation and amortization	78	77	94	155	184
Less interest and investment income	(58)	(30)	(185)	(88)	(407)
Proforma operating income / (loss)	\$ 174	\$ (998)	\$ (3,308)	\$ (824)	\$ (7,307)

Forward Looking Statements

Statements in this Press Release regarding WisdomTree Investments, Inc. that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on any such forward-looking statements, each of which speaks only as of the date made. We have no obligation to publicly release the result of any revisions which may be made to any forward-looking statements to reflect unanticipated events or circumstances occurring after the date of such statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors, some of which are listed below, that could

cause actual results or outcomes to differ materially from any future results or outcomes expressed or implied by such forward-looking statements. In assessing the forward-looking statements contained herein, readers are urged to carefully read the following risks and considerations:

- Our ability to become profitable is dependent upon our ability to increase our assets under management and to control our expenses.
- Changes in the equity markets have a direct impact on our assets under management. A downturn in the equity markets can result in a significant reduction in assets under management, which, in turn, directly reduces our revenues.
- The mix of our assets under management could be subject to significant fluctuations and could adversely affect our revenues.
- Poor investment performance of our ETFs is likely to lead to a reduction in our assets under management and a reduction in our revenues.
- If our reputation is harmed we could suffer losses in revenue.
- The asset management industry is highly competitive and most of our competitors are larger companies with greater resources.
- We rely very heavily on third-party vendors, such as BNY Mellon, Standard & Poor's, and Bloomberg, to provide us with services that are very important to our business. If any of those vendors decided to terminate their relationship with us, we might experience a disruption in our ability to do business while we retain an alternative vendor.
- A failure in our operational systems or infrastructure, or those of the third-party vendors, could disrupt our operations, damage our reputation, and reduce our revenues.
- Our business is subject to extensive regulation, and compliance failures and changes in regulation could adversely affect us.
- We depend on key personnel and the loss of such personnel could disrupt our ability to develop new product and conduct our business.
- Our principal stockholders, including our directors and officers, control a large percentage of our shares of common stock and can control our corporate actions.

Past performance is no indication of future results.

Source: WisdomTree