February 1, 2013

# WisdomTree Announces Fourth Quarter and Year End 2012 Results

*$1.1 Billion of Net Inflows During Quarter and $4.7 Billion for the Year*

*Record Revenues Up 46% From Year Ago Quarter and 30% for the Year*

*Net Income More Than Tripled From Year Ago Quarter and Full Year*

NEW YORK, Feb. 1, 2013 (GLOBE NEWSWIRE) -- WisdomTree Investments, Inc. (Nasdaq:WETF), an exchange-traded fund ("ETF") sponsor and asset manager, today reported net income of $5.3 million for the fourth quarter of 2012, up from $0.9 million in the fourth quarter of 2011 and $4.5 million in the third quarter of 2012. Excluding non-operating items related to patent litigation, ETF shareholder proxy and secondary offering, proforma operating income[1] was $5.1 million for the fourth quarter of 2012, up from proforma operating income of $1.0 million in the fourth quarter of 2011 and $4.8 million in the third quarter of 2012.

For the full year, net income was $11.0 million in 2012, up from $3.1 million in 2011. Excluding non-operating items related to patent litigation, ETF shareholder proxy, secondary offering and initial exchange listing fees, proforma operating income[1] was $14.8 million in 2012, up from proforma operating income of $4.0 million in 2011.

WisdomTree CEO and President Jonathan Steinberg commented, "WisdomTree captured $4.7 billion in net inflows for the full year as both our existing and new products powered our AUM and top line growth, resulting in record financial results. WisdomTree achieved substantial top line growth with record revenues and tripled its net income for the quarter and year."

Mr. Steinberg continued, "2012 was a year of terrific execution and accomplishments for WisdomTree, with continued momentum into the new year. We have expanded our product set with additional equity and fixed income strategies, while hitting record asset milestones in several of our flagship funds. The ETF industry continues to demonstrate dynamic growth, posting a record $185 billion in net inflows for the year. We are continuing to invest in our business and position WisdomTree to take part in the fast-growing ETF market."

### *Assets Under Management, Net Inflows and Market Share*

ETF assets under management ("AUM") were $18.3 billion at December 31, 2012, up from $12.2 billion at December 31, 2011 and $16.8 billion at September 30, 2012. Net inflows for the fourth quarter of 2012 were $1.1 billion compared to $0.8 billion in the fourth quarter of 2011 and $1.0 billion in the third quarter of 2012. WisdomTree's market share of industry net inflows was 1.9% in the fourth quarter of 2012 as compared to 1.7% in the fourth quarter of

2011 and 2.0% in the third quarter of 2012.

For the full year of 2012, net inflows were $4.7 billion as compared to $3.9 billion in 2011. WisdomTree's market share of industry net inflows was 2.6% as compared to 3.3% in 2011.

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[1] Proforma operating income and other proforma amounts described below are non-GAAP financial measurements. Please see the section entitled "Non-GAAP Financial Measurements" for a reconciliation of these measurements to GAAP.

***Summary Operating and Financial Highlights***

| | Three Months Ended | | | Change From | |
|---|---|---|---|---|---|
| | Dec. 31, | Sept. 30, | Dec. 31, | Sept. 30, | Dec. 31, |
| **Operating Highlights** (in billions): | 2012 | 2012 | 2011 | 2012 | 2011 |
| ETF AUM | $18.3 | $16.8 | $12.2 | 9.0% | 50.1% |
| ETF net inflows | $1.1 | $1.0 | $0.8 | 2.2% | 40.1% |
| Average ETF AUM | $17.1 | $15.8 | $11.8 | 8.2% | 44.2% |
| Average ETF advisory fee | 0.54% | 0.54% | 0.54% | -- | -- |
| Market share of industry inflows | 1.9% | 2.0% | 1.7% | (0.1) | 0.2 |
| | | | | | |
| **Financial Highlights** (in millions): | | | | | |
| Total revenues | $23.6 | $21.7 | $16.2 | 8.8% | 45.7% |
| Net income | $5.3 | $4.5 | $0.9 | 15.9% | nm |
| Proforma operating income (non-GAAP) | $5.1 | $4.8 | $1.0 | 6.9% | nm |
| Gross margin[2] | 68% | 68% | 62% | -- | +6 |
| Pre-tax margin | 22% | 21% | 6% | +1 | +16 |
| Proforma pre-tax margin | 22% | 22% | 6% | -- | +16 |

| | Year Ended Dec. 31, | | |
|---|---|---|---|
| **Operating Highlights** (in billions): | 2012 | 2011 | Change |
| ETF AUM | $18.3 | $12.2 | 50.1% |
| ETF net inflows | $4.7 | $3.9 | 21.4% |
| Average ETF AUM | $15.6 | $11.7 | 32.5% |
| Average ETF advisory fee | 0.54% | 0.55% | (0.01) |
| Market share of industry inflows | 2.6% | 3.3% | (0.7) |
| | | | |
| **Financial Highlights** (in millions): | | | |
| Total revenues | $84.8 | $65.2 | 30.1% |
| Net income | $11.0 | $3.1 | nm |
| Proforma operating income (non-GAAP) | $14.8 | $4.0 | nm |
| Gross margin | 66% | 61% | +5 |
| Pre-tax margin | 13% | 5% | +8 |
| Proforma pre-tax margin | 18% | 6% | +12 |

[2] Gross margin is defined as total revenues less fund management and administration expenses and third-party sharing arrangements.

### *Recent Business Developments*

- On November 6, 2012, WisdomTree announced a change from quarterly to monthly dividend distributions for the Company's Domestic Dividend ETF family.
- On November 8, 2012, WisdomTree announced Research Affiliates withdrew its patent infringement lawsuit against WisdomTree.
- On November 12, 2012, WisdomTree announced the Company commenced a secondary offering for existing stockholders. On November 14, WisdomTree announced the pricing of the secondary offering. On December 19, WisdomTree announced underwriters exercised their option to purchase additional securities in connection with the previously announced offering.
- On November 26, 2012, WisdomTree announced zero capital gains distributions for 2012 on all 35 Equity ETFs
- On December 26, 2012, WisdomTree announced the WisdomTree Japan Hedged Equity Fund (DXJ) surpassed $1 Billion in AUM. On January 22, WisdomTree announced the WisdomTree Japan Hedged Equity Fund (DXJ) surpassed $2 billion in AUM.
- On January 14, 2013, WisdomTree announced the WisdomTree Emerging Markets Equity Income Fund (DEM) surpassed $5 billion in AUM.
- On January 23, 2013, WisdomTree announced the Company surpassed $20 billion in AUM.
- On January 31, 2013, WisdomTree announced the launch of the WisdomTree Global Corporate Bond Fund (GLCB)

### *Performance*

72% of the $15.4 billion invested in our 34 equity ETFs on December 31, 2012 were in funds that, since their respective inceptions, outperformed their capitalization-weighted or competitive benchmarks through that date. 68%, or 23 of our 34 equity ETFs, outperformed their capitalization-weighted or competitive benchmarks since their respective inception through December 31, 2012. For more information about WisdomTree ETFs including standardized performance, please **click here** or visit www.wisdomtree.com.

### *Fourth Quarter Financial Discussion*

### *Revenues*

Total revenues increased 45.7% to a record $23.6 million as compared to the fourth quarter of 2011 and 8.8% compared to the third quarter of 2012 primarily due to higher average AUM. Our average fee earned was 0.54% in the fourth quarter of 2012, unchanged compared to the fourth quarter of 2011 and third quarter of 2012.

### *Margins*

Our gross margin, which is our total revenues less fund management and administration expenses and third party sharing arrangements, was 68% in the fourth quarter of 2012 as

compared to 62% in the fourth quarter of 2011 and was unchanged from the third quarter of 2012. Changes in our gross margin are primarily driven by changes in AUM and mix of AUM.

Our pre-tax margin was 22% in the fourth quarter of 2012 as compared to 6% in the fourth quarter of 2011 and 21% in the third quarter of 2012. Excluding non-operating items, proforma pre-tax operating margin was 22% in the fourth quarter of 2012 as compared to 6% in the fourth quarter of 2011 and was unchanged from the third quarter of 2012.

***Expenses***

Total expenses increased 19.9% to $18.3 million from $15.3 million in the fourth quarter of 2011 and increased 7.0% from $17.1 million in the third quarter of 2012. Excluding non-operating items, expenses increased 22.2% compared to the fourth quarter of 2011 and increased 9.4% compared to the third quarter of 2012.

| | Three Months Ended | | | Change from | |
|---|---|---|---|---|---|
| *(in thousands)* | **Dec. 31, 2012** | **Sept. 30, 2012** | **Dec. 31, 2011** | **Sept. 30, 2012** | **Dec. 31, 2011** |
| Total expenses | $18,321 | $17,128 | $15,286 | 7.0% | 19.9% |
| Less patent litigation expenses | (393) | (1,468) | (150) | | |
| Add back insurance reimbursement | 217 | 1,249 | -- | | |
| Add back litigation settlement | 700 | -- | -- | | |
| Less secondary offering fees | (353) | -- | -- | | |
| Proforma operating expenses (non-GAAP) | $18,492 | $16,909 | $15,136 | 9.4% | 22.2% |

- Compensation and benefits expense increased 30.6% to $6.2 million compared to the fourth quarter of 2011. This increase was primarily due to higher accrued incentive compensation due to our strong results, higher stock based compensation expense due to equity awards granted to our employees as part of their 2011 year end incentive compensation, as well as costs associated with higher headcount. Our headcount at the end of the fourth quarter of 2012 was 70 compared to 65 at the end of the fourth quarter of 2011.

  Compensation and benefits expense increased 7.5% compared to the third quarter of 2012 primarily due to higher accrued incentive compensation.

- Fund management and administration expenses increased 29.7% to $6.3 million compared to the fourth quarter of 2011. Higher average AUM resulted in a $0.8 million increase in portfolio management, fund administration and accounting, index licensing and distribution fees. We also incurred $0.3 million in tax fees related to our India ETF. This expense also increased due to additional ETFs we launched during the period. We launched two ETFs since the fourth quarter of 2011 and closed three at the end of 2012.

  Fund management and administration expenses increased 11.8% compared to the third quarter of 2012 primarily due to the reasons described above.

- Marketing and advertising expenses increased 31.7% to $1.6 million compared to the fourth quarter of 2011 and increased 88.7% compared to the third quarter of 2012

primarily due to higher levels of advertising related activities to support our growth.

- Sales and business development expenses increased 6.3% to $1.1 million compared to the fourth quarter of 2011 and increased 26.7% compared to the third quarter of 2012 primarily due to higher levels of sales related activities.

- Professional and consulting fees decreased 29.3% to $0.8 million compared to the fourth quarter of 2011 and decreased 39.6% compared to the third quarter of 2012 primarily due to lower variable stock based compensation. We will no longer incur variable stock based compensation after the fourth quarter of 2012.

- Occupancy, communication and equipment expense increased 31.3% to $0.4 million compared to the fourth quarter of 2011. Beginning in the second quarter, we began occupying office space we had previously sub-leased to a third party. This expense declined slightly compared to the third quarter of 2012.

- Third-party sharing arrangements expense increased 6.8% to $1.3 million compared to the fourth quarter of 2011 and increased 8.9% compared to the third quarter of 2012 due to higher profit sharing from our joint venture with BNY Mellon. This joint venture ended at the end of 2012.

- Other expenses increased 23.8% to $0.8 million compared to the fourth quarter of 2011 primarily due to higher general and administrative expenses. This expense decreased 10.9% compared to the third quarter of 2012 primarily due to lower public company related expenses.

- *Litigation* – We incurred $0.4 million in expenses in the fourth quarter of 2012 related to our patent infringement lawsuit of which $0.2 million will be reimbursed by our insurance carrier. In addition, we received a settlement payment of $0.7 million from Research Affiliates in connection with the resolution of the litigation.

- We incurred $0.4 million in expenses related to the public offering of shares held by two of our stockholders in November of 2012. The Company did not issue any new shares in the offering but was required to pay for these fees under the registration rights agreement with these stockholders.

***Full Year Results***

Total revenues increased 30.1% to $84.8 million in 2012 as compared to $65.2 in 2011. This increase was due to higher average AUM, which increased 32.5%, primarily due to $4.7 billion of ETF net inflows. Our average fee decreased to 0.54% from 0.55% due to a change in mix of our AUM.

Total expenses increased 18.9% to $73.8 million over the comparable period. Excluding non-operating items related to our patent litigation, ETF shareholder proxy, initial exchange listing, and secondary offering, expenses increased 14.4% to $70.0 million from $61.2 million. This increase was primarily due to higher compensation and benefits related expenses due to higher accrued incentive compensation, stock based compensation, and expenses associated with higher headcount; higher fund management and administration

expenses due to higher average asset balances; and higher marketing related expenses to support our growth.

***Balance Sheet***

As of December 31, 2012, WisdomTree had total assets of $63.4 million which consisted primarily of cash and cash equivalents of $41.2 million and investments of $11.0 million. The Company has no debt. There were approximately 126.6 million shares of common stock issued as of December 31, 2012. Fully diluted weighted average shares outstanding were 138.0 million for 2012.

**Conference Call**

WisdomTree will discuss its results and operational highlights during a conference call on Friday, February 1, 2013 at 9:00 a.m. ET. The call-in number will be (877) 303-7209. Anyone outside the U.S. or Canada should call (970) 315-0420. The slides used during the presentation will be available at http://ir.wisdomtree.com. For those unable to join the conference call at the scheduled time, an audio replay will be available on http://ir.wisdomtree.com.

**Cautionary Statement Regarding Forward-Looking Statements**

This press release contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. These statements are only predictions. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond our control and which could materially affect results. Factors that may cause actual results to differ materially from current expectations include, among other things, the risks described below. If one or more of these or other risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this press release completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements.

In particular, forward-looking statements in this press release may include statements about:

- anticipated trends, conditions and investor sentiment in the global markets;
- anticipated levels of inflows into and outflows out of our exchange traded funds;

- our ability to deliver favorable rates of return to investors;
- our ability to develop new products and services;
- our ability to maintain current vendors or find new vendors to provide services to us at favorable costs;
- competition in our business; and
- the effect of laws and regulations that apply to our business.

Our business is subject to many risks and uncertainties, including without limitation:

- We have only a limited operating history and, as a result, recent historical growth may not provide an accurate representation of the growth we may experience in the future, which may make it difficult to evaluate our future prospects.
- Challenging market conditions associated with declining prices of securities can adversely affect our business by reducing the market value of the assets we manage or causing WisdomTree ETF shareholders to sell their fund shares and trigger redemptions.
- Fluctuations in the amount and mix of our AUM may negatively impact revenue and operating margin.
- Most of our assets under management are held in ETFs that invest in foreign securities and we therefore have substantial exposure to foreign market conditions and are subject to currency exchange rate risks.
- We derive a substantial portion of our revenue from products invested in emerging markets and are exposed to the market-specific political and economic risks as well as general investor sentiment regarding future growth of those markets.
- We derive a substantial portion of our revenue from a limited number of products and, as a result, our operating results are particularly exposed to the performance of those funds, investor sentiment toward the strategies pursued by those funds and our ability to maintain the assets under management of those funds.
- The WisdomTree ETFs have a limited track record, and poor investment performance could cause our revenue to decline.
- We depend on other third parties to provide many critical services to operate our business and the WisdomTree ETFs. The failure of key vendors to adequately provide such services could materially affect our operating business and harm WisdomTree ETF shareholders.
- We may from time to time in the future be, involved in legal proceedings that could require significant management time and attention, possibly resulting in significant expense or in an unfavorable outcome, which could have a material adverse effect on

our business, financial conditions, results of operations and cash flows.

Other factors, such as general economic conditions, including currency exchange rate fluctuations, also may have an effect on the results of our operations. For a more complete description of the risks noted above and other risks that could cause our actual results to differ from our current expectations, please see the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

The forward-looking statements in this press release represent our views as of the date of this press release. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. Therefore, these forward-looking statements do not represent our views as of any date other than the date of this press release.

**About WisdomTree**

WisdomTree Investments, Inc. is a New York-based exchange-traded fund ("ETF") sponsor and asset manager. WisdomTree currently offers 47 ETFs across Equities, Currency Income, Fixed Income and Alternatives asset classes. WisdomTree also licenses its indexes to third parties for proprietary products and promotes the use of WisdomTree ETFs in 401(k) plans. WisdomTree currently has approximately $20.7 billion in ETF assets under management. 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.

The WisdomTree Investments, Inc. logo is available at https://www.globenewswire.com/newsroom/prs/?pkgid=11269

**WISDOMTREE INVESTMENTS, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(in thousands, except per share amounts)**
**(Unaudited)**

| | Three Months Ended | | | % Change From | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|
| | Dec. 31, 2012 | Sept. 30, 2012 | Dec. 31, 2011 | Sept. 30, 2012 | Dec. 31, 2011 | Dec. 31, 2012 | Dec. 31, 2011 (Audited) | % Change |
| **Revenues** | | | | | | | | |
| ETF advisory fees | $ 23,379 | $ 21,440 | $ 16,025 | 9.0% | 45.9% | $ 84,024 | $ 64,366 | 30.5% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other income | 195 | 221 | 150 | *-11.8%* | *30.0%* | 774 | 794 | *-2.5%* |
| Total revenues | 23,574 | 21,661 | 16,175 | *8.8%* | *45.7%* | 84,798 | 65,160 | *30.1%* |
| **Expenses** | | | | | | | | |
| Compensation and benefits | 6,165 | 5,734 | 4,722 | *7.5%* | *30.6%* | 23,233 | 19,634 | *18.3%* |
| Fund management and administration | 6,343 | 5,671 | 4,891 | *11.8%* | *29.7%* | 23,020 | 19,882 | *15.8%* |
| Marketing and advertising | 1,627 | 862 | 1,235 | *88.7%* | *31.7%* | 5,363 | 4,475 | *19.8%* |
| Sales and business development | 1,053 | 831 | 991 | *26.7%* | *6.3%* | 3,586 | 3,603 | *-0.5%* |
| Professional and consulting fees | 788 | 1,305 | 1,114 | *-39.6%* | *-29.3%* | 4,603 | 4,307 | *6.9%* |
| Occupancy, communication and equipment | 369 | 374 | 281 | *-1.3%* | *31.3%* | 1,419 | 1,127 | *25.9%* |
| Depreciation and amortization | 82 | 79 | 67 | *3.8%* | *22.4%* | 307 | 267 | *15.0%* |
| Third party sharing arrangements | 1,300 | 1,194 | 1,217 | *8.9%* | *6.8%* | 5,468 | 5,651 | *-3.2%* |
| Other | 765 | 859 | 618 | *-10.9%* | *23.8%* | 2,976 | 2,243 | *32.7%* |
| ETF shareholder proxy | -- | -- | -- | *n/a* | *n/a* | 3,264 | -- | *n/a* |
| Litigation, net | (524) | 219 | 150 | *n/a* | *n/a* | 176 | 150 | *17.3%* |
| Exchange listing and offering | 353 | -- | -- | *n/a* | *n/a* | 353 | 729 | *-51.6%* |
| Total expenses | 18,321 | 17,128 | 15,286 | *7.0%* | *19.9%* | 73,768 | 62,068 | *18.9%* |
| Income before provision for income taxes | 5,253 | 4,533 | 889 | *15.9%* | *490.9%* | 11,030 | 3,092 | *256.7%* |
| Provision for income taxes | -- | -- | -- | | | -- | -- | |
| **Net income** | $ 5,253 | $ 4,533 | $ 889 | *15.9%* | *490.9%* | $ 11,030 | $ 3,092 | *256.7%* |
| Net income per share - basic | $ 0.04 | $ 0.04 | $ 0.01 | | | $ 0.09 | $ 0.03 | |
| Net income per share - diluted | $ 0.04 | $ 0.03 | $ 0.01 | | | $ 0.08 | $ 0.02 | |
| Weighted average common shares - basic | 124,202 | 123,214 | 114,863 | | | 122,138 | 114,132 | |
| Weighted average common shares - diluted | 138,417 | 138,458 | 135,682 | | | 137,968 | 135,539 | |

**WISDOMTREE INVESTMENTS, INC.**

**NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS**

**(in thousands, except per share amounts)**

**(Unaudited)**

| | Three Months Ended | | | | | Year Ended | | |
|---|---|---|---|---|---|---|---|---|

| | Dec. 31, 2012 | Sept. 30, 2012 | Dec. 31, 2011 | Dec. 31, 2012 | Dec. 31, 2011 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| ETF advisory fees | $ 23,379 | $ 21,440 | $ 16,025 | $ 84,024 | $ 64,366 |
| Other income | 195 | 221 | 150 | 774 | 794 |
| Total revenues | 23,574 | 21,661 | 16,175 | 84,798 | 65,160 |
| **Operating expenses** | | | | | |
| Compensation and benefits | 6,165 | 5,734 | 4,722 | 23,233 | 19,634 |
| Fund management and administration | 6,343 | 5,671 | 4,891 | 23,020 | 19,882 |
| Marketing and advertising | 1,627 | 862 | 1,235 | 5,363 | 4,475 |
| Sales and business development | 1,053 | 831 | 991 | 3,586 | 3,603 |
| Professional and consulting fees | 788 | 1,305 | 1,114 | 4,603 | 4,307 |
| Occupancy, communication and equipment | 369 | 374 | 281 | 1,419 | 1,127 |
| Depreciation and amortization | 82 | 79 | 67 | 307 | 267 |
| Third party sharing arrangements | 1,300 | 1,194 | 1,217 | 5,468 | 5,651 |
| Other | 765 | 859 | 618 | 2,976 | 2,243 |
| Total proforma operating expenses | 18,492 | 16,909 | 15,136 | 69,975 | 61,189 |
| **Proforma operating income** | **5,082** | **4,752** | **1,039** | **14,823** | **3,971** |
| ETF shareholder proxy | -- | -- | -- | 3,264 | -- |
| Litigation, net | (524) | 219 | 150 | 176 | 150 |
| Exchange listing and offering | 353 | -- | -- | 353 | 729 |
| Income before provision for income taxes | 5,253 | 4,533 | 889 | 11,030 | 3,092 |
| Provision for income taxes | -- | -- | -- | -- | -- |
| **Net income** | $ 5,253 | $ 4,533 | $ 889 | $ 11,030 | $ 3,092 |

**WISDOMTREE INVESTMENTS, INC.**
**CONSOLIDATED BALANCE SHEET**
**(in thousands, except per share amount)**

| | December 31, 2012 | December 31, 2011 |
|---|---|---|
| | (Unaudited) | |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 41,246 | $ 25,630 |

| | | |
|---|---|---|
| Accounts receivable | 9,348 | 5,625 |
| Other current assets | 1,273 | 1,601 |
| Total current assets | 51,867 | 32,856 |
| Fixed assets, net | 480 | 597 |
| Investments | 11,036 | 9,056 |
| Other noncurrent assets | 42 | 58 |
| Total assets | $ 63,425 | $ 42,567 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Fund management and administration payable | $ 6,924 | $ 10,035 |
| Compensation and benefits payable | 2,156 | 4,168 |
| Accounts payable and other liabilities | 3,272 | 2,360 |
| Total current liabilities | 12,352 | 16,563 |
| Other noncurrent liabilities | 13 | 151 |
| Total liabilities | 12,365 | 16,714 |
| **STOCKHOLDERS' EQUITY** | | |
| Common stock, par value $0.01; 250,000 shares authorized: | | |
| issued: 126,554 and 116,703 | 1,265 | 1,167 |
| outstanding: 125,272 and 115,392 | | |
| Additional paid-in capital | 177,826 | 163,747 |
| Accumulated deficit | (128,031) | (139,061) |
| Total stockholders' equity | 51,060 | 25,853 |
| Total liabilities and stockholders' equity | $ 63,425 | $ 42,567 |

**WISDOMTREE INVESTMENTS, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(in thousands)**

| | Twelve Months Ended | |
|---|---|---|
| | December 31, 2012 | December 31, 2011 |
| | (Unaudited) | |
| **Cash flows from operating activities** | | |
| Net income | $ 11,030 | $ 3,092 |
| Non-cash items included in net income: | | |
| Depreciation and amortization | 307 | 267 |
| Stock-based compensation | 7,437 | 7,141 |
| Deferred rent | (140) | (154) |
| Accretion to interest income and other | 194 | 135 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (3,723) | (800) |
| Other assets | 337 | (950) |
| Fund management and administration payable | (3,111) | 4,321 |
| Compensation and benefits payable | (2,012) | 530 |
| Accounts payable and other liabilities | 915 | 110 |
| Net cash provided by operating activities | 11,234 | 13,692 |
| **Cash flows from investing activities** | | |
| Purchase of fixed assets | (190) | (108) |
| Purchase of investments | (10,004) | (8,114) |
| Proceeds from the redemption of investments | 7,836 | 7,542 |
| Net cash used in investing activities | (2,358) | (680) |
| **Cash flows from financing activities** | | |
| Net proceeds from sale of common stock | 4,329 | -- |
| Shares repurchased | (2,261) | (2,153) |
| Proceeds from exercise of stock options | 4,672 | 538 |
| Net cash provided by/(used in) financing activities | 6,740 | (1,615) |
| Net increase in cash and cash equivalents | 15,616 | 11,397 |
| Cash and cash equivalents - beginning of period | 25,630 | 14,233 |
| **Cash and cash equivalents - end of period** | $ 41,246 | $ 25,630 |
| **Supplemental disclosure of cash flow information** | | |
| Cash paid for income taxes | $ 33 | $ 13 |

**WisdomTree Investments, Inc.**

**Key Operating Statistics (Unaudited)**

| | Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| | December 31, 2012 | September 30, 2012 | December 31, 2011 | December 31, 2012 | December 31, 2011 |
| **Total ETFs (in millions)** | | | | | |
| Beginning of period assets | 16,783 | 15,004 | 11,184 | 12,182 | 9,891 |
| Inflows/(outflows) | 1,059 | 1,036 | 756 | 4,732 | 3,899 |
| Market appreciation/(depreciation) | 444 | 743 | 242 | 1,372 | (1,608) |
| End of period assets | 18,286 | 16,783 | 12,182 | 18,286 | 12,182 |
| Average assets during the period | 17,068 | 15,769 | 11,836 | 15,554 | 11,739 |
| **ETF Industry and Market Share (in billions)** | | | | | |
| ETF industry net inflows | 55.4 | 51.8 | 43.9 | 185.4 | 117.6 |
| WisdomTree market share of industry inflows | 1.9% | 2.0% | 1.7% | 2.6% | 3.3% |
| **International Developed Equity ETFs (in millions)** | | | | | |
| Beginning of period assets | 2,896 | 2,846 | 2,501 | 2,407 | 2,311 |
| Inflows/(outflows) | 620 | (58) | (94) | 1,000 | 471 |
| Market appreciation/(depreciation) | 216 | 108 | -- | 325 | (375) |
| End of period assets | 3,732 | 2,896 | 2,407 | 3,732 | 2,407 |
| Average assets during the period | 3,022 | 2,859 | 2,496 | 2,854 | 2,634 |
| **Emerging Markets Equity ETFs (in millions)** | | | | | |
| Beginning of period assets | 6,542 | 5,430 | 3,230 | 3,613 | 3,780 |
| Inflows/(outflows) | 515 | 736 | 418 | 3,111 | 924 |
| Market appreciation/(depreciation) | 275 | 376 | (35) | 608 | (1,091) |
| End of period assets | 7,332 | 6,542 | 3,613 | 7,332 | 3,613 |
| Average assets during the period | 6,767 | 5,915 | 3,456 | 5,715 | 3,664 |
| **US Equity ETFs (in millions)** | | | | | |
| Beginning of period assets | 4,640 | 4,094 | 2,523 | 3,429 | 2,057 |
| Inflows/(outflows) | (205) | 363 | 586 | 610 | 1,255 |
| Market appreciation/(depreciation) | (64) | 183 | 320 | 332 | 117 |
| End of period assets | 4,371 | 4,640 | 3,429 | 4,371 | 3,429 |
| Average assets during the period | 4,522 | 4,393 | 2,973 | 4,252 | 2,507 |
| **Currency ETFs (in millions)** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Beginning of period assets | 654 | 769 | 1,194 | 950 | 1,179 |
| Inflows/(outflows) | (37) | (129) | (157) | (351) | (69) |
| Market appreciation/(depreciation) | (6) | 14 | (56) | 12 | (129) |
| Reclass to Int'l Fixed Income | | | (31) | | (31) |
| End of period assets | 611 | 654 | 950 | 611 | 950 |
| | | | | | |
| Average assets during the period | 632 | 694 | 1,120 | 772 | 1,480 |
| | | | | | |
| **International Fixed Income ETFs (in millions)** | | | | | |
| Beginning of period assets | 1,904 | 1,698 | 1,493 | 1,506 | 564 |
| Inflows/(outflows) | 190 | 148 | (34) | 491 | 1,022 |
| Market appreciation/(depreciation) | 24 | 58 | 16 | 121 | (111) |
| Reclass from Currency | | | 31 | | 31 |
| End of period assets | 2,118 | 1,904 | 1,506 | 2,118 | 1,506 |
| | | | | | |
| Average assets during the period | 1,990 | 1,749 | 1,536 | 1,770 | 1,297 |
| | | | | | |
| **Alternative Strategy ETFs (in millions)** | | | | | |
| Beginning of period assets | 147 | 167 | 243 | 277 | -- |
| Inflows/(outflows) | (24) | (24) | 37 | (129) | 296 |
| Market appreciation/(depreciation) | (1) | 4 | (3) | (26) | (19) |
| End of period assets | 122 | 147 | 277 | 122 | 277 |
| | | | | | |
| Average assets during the period | 135 | 159 | 255 | 191 | 157 |
| | | | | | |
| **Average ETF assets during the period** | | | | | |
| Emerging markets equity ETFs | 39% | 38% | 29% | 37% | 31% |
| US equity ETFs | 26% | 28% | 25% | 27% | 21% |
| International developed equity ETFs | 18% | 18% | 21% | 19% | 22% |
| International fixed income ETFs | 12% | 11% | 13% | 11% | 12% |
| Currency ETFs | 4% | 4% | 10% | 5% | 13% |
| Alternative strategy ETFs | 1% | 1% | 2% | 1% | 1% |
| Total | 100% | 100% | 100% | 100% | 100% |
| | | | | | |
| **Average ETF advisory fee during the period** | | | | | |
| Alternative strategy ETFs | 0.94% | 0.94% | 0.95% | 0.95% | 0.95% |
| Emerging markets equity ETFs | 0.67% | 0.67% | 0.68% | 0.67% | 0.70% |
| International fixed income ETFs | 0.55% | 0.55% | 0.55% | 0.55% | 0.55% |
| International developed equity ETFs | 0.54% | 0.54% | 0.54% | 0.54% | 0.54% |
| Currency ETFs | 0.50% | 0.50% | 0.49% | 0.50% | 0.49% |
| US equity ETFs | 0.35% | 0.35% | 0.35% | 0.35% | 0.34% |
| Blended total | 0.54% | 0.54% | 0.54% | 0.54% | 0.55% |
| | | | | | |
| **Number of ETFs - end of the period** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| International developed equity ETFs | 18 | 18 | 18 | 18 | 18 |
| US equity ETFs | 11 | 12 | 12 | 11 | 12 |
| Currency ETFs | 5 | 7 | 7 | 5 | 7 |
| International fixed income ETFs | 5 | 5 | 4 | 5 | 4 |
| Emerging markets equity ETFs | 5 | 5 | 4 | 5 | 4 |
| Alternative strategy ETFs | 2 | 2 | 2 | 2 | 2 |
| Total | 46 | 49 | 47 | 46 | 47 |
| **Headcount** | 70 | 70 | 65 | 70 | 65 |

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

Source: Investment Company Institute, Bloomberg, WisdomTree

**Non-GAAP Financial Measurements**

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. The non-GAAP financial measurements included in this release include proforma operating income, proforma expenses and proforma pre-tax operating margin. Our management reviews these non-GAAP financial measurements 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, do not replace nor are superior to GAAP financial measurements and are unlikely to be comparable to similar measures presented by other companies. These non-GAAP financial measurements should be considered in the context with our GAAP results. We have disclosed our results excluding certain non-operating items including (1) our patent litigation with Research Affiliates LLC; (2) expenses for the WisdomTree ETF shareholder proxy solicitation; (3) advisory costs related to the preparation of our Form 10 for the initial listing of our common stock on NASDAQ; and (4) advisory and other related fees associated with the secondary offering of our common stock in November 2012. Management excludes these items when measuring our financial performance as they are not directly related to our core business of being an ETF sponsor and asset manager.

**WISDOMTREE INVESTMENTS, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**GAAP to NON-GAAP RECONCILIATION**
**(in thousands)**
**(Unaudited)**

| | For the Three Months Ended | | | For the Year Ended | |
|---|---|---|---|---|---|
| | Dec. 31, 2012 | Sept. 30, 2012 | Dec. 31, 2011 | Dec. 31, 2012 | Dec. 31, 2011 |
| **GAAP total expenses** | $ 18,321 | $ 17,128 | $ 15,286 | $ 73,768 | $ 62,068 |
| Less ETF shareholder proxy | -- | -- | -- | (3,264) | -- |
| Less patent litigation | 524 | (219) | (150) | (176) | (150) |
| Less initial exchange listing and offering | (353) | -- | -- | (353) | (729) |

| | | | | | |
|---|---|---|---|---|---|
| **Proforma operating expenses** | $ 18,492 | $ 16,909 | $ 15,136 | $ 69,975 | $ 61,189 |
| **GAAP net income** | $ 5,253 | $ 4,533 | $ 889 | $ 11,030 | $ 3,092 |
| Add ETF shareholder proxy | -- | -- | -- | 3,264 | -- |
| Add patent litigation | (524) | 219 | 150 | 176 | 150 |
| Add initial exchange listing and offering | 353 | -- | -- | 353 | 729 |
| **Proforma operating income** | $ 5,082 | $ 4,752 | $ 1,039 | $ 14,823 | $ 3,971 |
| **GAAP net income** | $ 5,253 | $ 4,533 | $ 889 | $ 11,030 | $ 3,092 |
| Divide GAAP total revenue | 23,574 | 21,661 | 16,175 | 84,798 | 65,160 |
| **GAAP pre-tax margin** | 22.3% | 20.9% | 5.5% | 13.0% | 4.7% |
| **Proforma pre-tax net income** | $ 5,082 | $ 4,752 | $ 1,039 | $ 14,823 | $ 3,971 |
| Divide GAAP total revenue | 23,574 | 21,661 | 16,175 | 84,798 | 65,160 |
| **Proforma pre-tax operating margin** | 21.6% | 21.9% | 6.4% | 17.5% | 6.1% |

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Source: WisdomTree Investments, Inc.