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Clean, Sheen, and Green

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Warnings of global warming and the need for affordable energy sources aren't getting any quieter. And while the talk of such ideas isn't anything new, being able to profit from the trend is.

Exchange-traded funds (ETFs) with socially conscious roots have hit the street.

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In March 2005, WilderShares, LLC aligned itself with fund company PowerShares to offer its first index product, the WilderHill Clean Energy Index. Just this past fall, both firms again teamed up to introduce a second ETF that tracks the WilderHill Progressive Energy Index.

Robert Wilder Ph.D., the chief executive for WilderShares, tells us about the outlook for clean energy stocks and more on the subject of his firm's energy indexes.

Q: Besides the fact that it's newer, what are the basic differences between the PowerShares WilderHill Progressive Energy Index (Amex: PUW) and the original PowerShares WilderHill Clean Energy Index (Amex: PBW)?

RW: There is no overlap between the stocks in ECO/PBW, and in WHPRO/PUW in any concurrent quarter. PBW focuses on clean, zero carbon technologies (solar, wind etc.), while PUW is focused on reducing the pollution and carbon from current dominant energy (Coal, oil, natural gas etc.).

Q: In his most recent State of the Union address, President Bush stated that the United States needed "reliable supplies of affordable, environmentally responsible energy." However, the President's proposed budget calls for significant cuts in almost all areas of renewable and clean energy programs. How would you rate the impact of the government's clean energy initiatives?

RW: As noted the Federal government has not yet shown notable leadership in cleaner energy. However, states such as California, Texas, the Upper Midwest New England are becoming much more aggressive in promoting solar, wind, biofuels, and renewable standards. Plus there may be a shift with Congressional and the 2008 elections towards better, cleaner energy that creates jobs for America, improves our energy security and addresses global warming. The trends seem to be pointing towards a smarter national approach ahead in energy.

Q: Many companies with financial and political influence have their roots in traditional energy. Are these companies supporting the clean energy movement or are they taking a wait-and-see attitude?

RW: It's a mixed bag. ExxonMobil has been very clear that they are not in clean energy. Others like Shell and BPO have been more mixed. While they are fossil fuel energy companies today, they're pursuing innovative energy sources and technologies. The fossil fuels companies are varied in their thinking about cleaner energy, although all are finding it increasingly difficult to find large new oil reserves. I think they'll understand the days of cheap oil as now being a thing of the past.

Q: The WilderHill Indexes are comprised of a number of sub-sector's, like information technology, materials, and industrials. In your opinion, which of these sub-sectors has

the highest potential to impact our society in the immediate future?

RW: I think it impossible to predict that accurately, which is partly why a 'basket' approach in an index makes some sense in my opinion.

Q: ***Many of the companies comprising the WilderHill Indexes fall into the small-cap category. Does that explain all of the volatility?***

RW: Yes, it explains most of it in my view.

Q. ***What happens if the price of traditional energy costs drop? Will the interest and potential of clean energy or alternative fuel sources be any less?***

RW: Yes, I think oil going back under \$39/barrel would lessen the interest. Nevertheless, I believe that \$50 oil will still keep clean energy at the forefront of people's minds.

Thanks Robert.