



World Wrestling Entertainment, Inc.

Fourth Quarter F2006

Conference Call

June 13, 2006



Forward Looking Statements

Today's discussion contains forward-looking statements pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995, which are subject to various risks and uncertainties. These risks and uncertainties include the conditions of the markets for live events, broadcast television, cable television, pay-per-view, Internet, entertainment, professional sports, and licensed merchandise; acceptance of the Company's brands, media and merchandise within those markets; uncertainties relating to litigation; risks associated with producing live events both domestically and internationally; uncertainties associated with international markets; risks relating to maintaining and renewing key agreements, including television distribution agreements; and other risks and factors set forth from time to time in Company filings with the Securities and Exchange Commission. Actual results could differ materially from those currently expected or anticipated.



Agenda: Fourth Quarter F2006

- **Overview**
- **Operational Highlights**
- **Financial Review**
- **May – December 2006 Outlook**
- **Q&A**



Overview: Summary Income Statement

(\$s in millions, except per share amounts)

	Fourth Quarter		Twelve Months	
	F2006	F2005	F2006	F2005
Revenue	\$114.3	\$118.3	\$400.1	\$366.4
EBITDA	\$17.5	\$25.4	\$81.0	\$62.2
Operating Income	\$15.1	\$22.5	\$70.5	\$50.3
Net Income from Continuing Operations	\$10.6	\$16.0	\$47.0	\$37.8
Earnings Per Share -- Cont. Ops. (diluted)	\$0.15	\$0.23	\$0.67	\$0.54

- For Q4 2006, EBITDA and Operating income include a \$2.0 benefit from an additional pay-per-view event, and a \$1.3 negative impact from legal settlements. These items resulted in a combined increase of \$0.4 to Net Income and of \$0.01 to EPS.
- For the full year, F2006 EBITDA and Operating Income include a \$3.6 benefit from two additional pay-per-view events (16 in F2006 vs. 14 in F2005) and a \$2.1 positive impact from legal settlements. These items resulted in a combined increase of \$3.4 to Net Income and of \$0.05 to EPS. F2005 EBITDA and Operating Income included the positive impact of a sales tax refund of \$2.1, resulting in increases of \$1.3 to Net Income and \$0.02 to EPS.
- F2006 included additional tax provisions of \$1.7 related to state and local taxes which reduced EPS by \$0.02. F2005 included a tax benefit related to our former entertainment complex "The World" yielding a \$0.02 positive impact on EPS.



Operational Highlights:

- Overall, fourth quarter financial performance resulted in strong growth and exceeded management expectations for the full year
 - Fourth quarter revenue of \$114.3M and EBITDA of \$17.5M
 - Full Year revenue of \$400M and EBITDA of \$81M

- Full year F2006 financial performance drew strength from across our businesses. Significant achievements included:
 - Strengthening our television platform worldwide:
 - re-launched RAW on USA network
 - Completed agreements to enter new markets, such as Argentina, Brazil and other Latin American countries
 - Achieved double digit growth in average live event attendance and PPV buys
 - Further developed opportunities to monetize our library:
 - Completed agreement with Comcast to launch WWE 24/7
 - Sustained robust growth of our Consumer Product businesses, led by home video and licensing



Financial Review: Fourth Quarter Summary

(\$s in millions)

	<u>4Q F2006</u>	<u>4Q 2005</u>	<u>B/(W) 2005</u>	
<u>Revenue</u>			<u>\$</u>	<u>%</u>
Live Events/ Venue Merch. \$	32.4	\$ 34.1	\$ (1.7)	-5%
Pay Per View	35.4	34.6	0.8	2%
Television	20.6	20.4	0.2	1%
TV Advertising	2.2	12.5	(10.3)	-82%
Digital Media	6.0	3.5	2.5	71%
Consumer Products	16.1	12.6	3.5	28%
Other	1.6	0.6	1.0	167%
Total Revenue	\$ 114.3	\$ 118.3	\$ (4.0)	-3%
<u>Profit Contribution</u>				
Live Events/ Venue Merch. \$	9.1	\$ 9.7	(0.6)	-6%
Pay Per View	15.1	18.7	(3.6)	-19%
Television	6.1	6.6	(0.5)	-8%
TV Advertising	1.9	8.5	(6.6)	-78%
Digital Media	1.9	1.6	0.3	19%
Consumer Products	9.2	6.6	2.6	39%
Other	(0.2)	(1.3)	1.1	85%
Total Profit Contribution \$	43.1	\$ 50.4	\$ (7.3)	-14%
Profit Margin	38%	43%		
S,G & A	(24.2)	(24.4)	0.2	1%
Stock compensation costs	(1.4)	(0.6)	(0.8)	-133%
EBITDA	\$ 17.5	\$ 25.4	\$ (7.9)	-31%
EBITDA Margin	15%	21%		



Financial Review: Full Year Summary

(\$s in millions)

	<u>F2006</u>		<u>F2005</u>		<u>B/(W) 2005</u>	
<u>Revenue</u>					<u>\$</u>	<u>%</u>
Live Events/ Venue Merch.	\$	89.7	\$	91.5	\$ (1.8)	-2%
Pay Per View		94.8		85.5	9.3	11%
Television		81.5		78.0	3.5	4%
TV Advertising		22.6		43.7	(21.1)	-48%
Digital Media		22.9		13.1	9.8	75%
Consumer Products		86.4		53.9	32.5	60%
Other		2.2		0.7	1.5	n/a
Total Revenue	\$	400.1	\$	366.4	\$ 33.7	9%
<u>Profit Contribution</u>						
Live Events/ Venue Merch.	\$	22.2	\$	23.3	(1.1)	-5%
Pay Per View		52.7		49.2	3.5	7%
Television		27.7		24.2	3.5	14%
TV Advertising		15.8		29.2	(13.4)	-46%
Digital Media		8.7		4.9	3.8	78%
Consumer Products		52.1		30.6	21.5	70%
Other		(6.3)		(8.3)	2.0	24%
Total Profit Contribution	\$	172.9	\$	153.1	\$ 19.8	13%
Profit Margin		43%		42%		
S,G & A		87.2		86.9	0.3	0%
Stock compensation costs		4.7		4.0	0.7	-18%
EBITDA	\$	81.0	\$	62.2	\$ 18.8	30%
EBITDA Margin		20%		17%		



Operational Highlights (Fourth Quarter): Live Events

- Q4 F2006 included 24 international events vs. 23 events in Q4 F2005
 - Q4 F2006 included a 16 event European tour in April, as well as 8 events in the Asia/Pacific region. The Asia/Pacific tour included events in emerging markets, such as Thailand, the Philippines, and New Zealand
 - The 16 event European tour was the most profitable international tour to-date. More than 125,000 fans attended events in 5 countries across Europe
- North American average attendance of 6,200 in Q4 F2006 is up 5% from 5,900 in Q4 F2005. For the full year, F2006 average attendance of 5,000 is up 19% from 4,200 in F2005

Key Drivers:

	Fourth Quarter			Twelve Months		
	<u>F2006</u>	<u>F2005</u>	<u>Growth %</u>	<u>F2006</u>	<u>F2005</u>	<u>Growth %</u>
<u>North America</u>						
Average Event Attendance	6,200	5,900	5%	5,000	4,200	19%
Number of live events	56	53	6%	248	276	-10%
<u>International</u>						
Average Event Attendance	9,100	8,700	5%	9,200	9,100	1%
Number of live events	24	23	4%	52	49	6%



Operational Highlights (Fourth Quarter): Pay-Per-View

Key Drivers:

	Fourth Quarter			Twelve Months		
	F2006	F2005	Growth %	F2006	F2005	Growth %
Total Pay-per-view buys (000s)	2,143	1,984	8%	6,241	5,281	18%
<i>Current period buys</i>	1,928	1,786	8%	6,012	4,931	22%
<i>Prior period buys</i>	215	198	9%	229	350	-35%
Number of current year events	4	3	33%	16	14	14%

- The company aired four PPV events in the quarter vs. three events in the prior year quarter (which excluded a *Backlash* event)
 - *WrestleMania 22* achieved 925K buys by fiscal year-end, and appears on track to deliver nearly 1.0M buys. *WrestleMania 21* achieved 983 buys in F2005 and just over 1.0M buys to date
 - Buys for *Royal Rumble* and *No Way Out* were essentially flat (down 2%) vs. F2005

- For the full year, buys for the 14 events in F2006 were up 11% vs. the same 14 events in F2005



Operational Highlights (Fourth Quarter): Television

- RAW has consistently performed as one of the most watched regularly scheduled programs on cable television, and continues to anchor USA network as a top rated basic cable network
- RAW is regularly viewed by over 5 million viewers each week, up approximately 10% since leaving SpikeTV
- SmackDown is regularly seen by over 4 million viewers weekly and is consistently a top rated program among males 12-17, males 18-34 and Hispanic households
 - SmackDown's household ratings declined 21% in Q4 F2006 compared to prior year, reflecting the program's move to Friday night in September
 - Since the move, UPN's Friday night viewers have increased by approximately 104%

Key Drivers:

TV Ratings (THH):	Fourth Quarter			Twelve Months		
	<u>F2006</u>	<u>F2005</u>	<u>Growth %</u>	<u>F2006</u>	<u>F2005</u>	<u>Growth %</u>
RAW	4.1	3.9	5%	4.0	3.7	8%
SmackDown	2.7	3.4	-21%	2.8	3.2	-13%



Operational Highlights (Fourth Quarter): Consumer Products

- Licensing:
 - Licensing revenue is up 62% vs. the prior year quarter with significant revenue growth in the multimedia game and toy categories
 - Video Games:
 - *SmackDown vs. RAW 2006* released in November has sold nearly 2.9M units to date
 - *SmackDown vs. RAW 2005* sold approximately 2.0M units in F2005
- Home Video revenue up nearly 40% over the prior year's quarter
 - *WrestleMania Anthology* shipped in several multi-disc volumes, resulted in a \$4.20 increase in average DVD sales price to \$16.10
 - *Blood Sport ECW: The Most Violent Matches* shipped 87,000 units in the quarter
 - *WrestleMania 21* was the best selling DVD for the year with more than 255,000 units shipped



Operational Highlights (Fourth Quarter): Digital Media

- Digital Media, our Internet based operations including online ad sales and e-commerce, generated \$6M in revenue, representing a 71% increase over the prior year quarter
- WWE.com averaged over 55 million video streams and 14.5 million unique users per month in the quarter
- WWE.com revenue, principally from online ad sales and premium services, grew 43% to \$3.0M in the quarter
- WWEShop.com's merchandise orders were approximately double the prior year quarter increasing from 28,000 orders in F2005 to 56,000 orders in F2006



Operational Highlights: WWE Films

- *See No Evil* was released (May 19) post year-end, providing a vehicle to promote Superstar talent via feature films
 - *See No Evil* garnered an estimated \$14 million in domestic box office receipts through June 11th
- *The Marine*, our second feature film, is targeted for release in October 2006
- Production has been initiated on *The Condemned*, which has a production budget of approximately \$20 million. We will work with Lionsgate, our distribution partner, to determine an appropriate release date



Financial Review: Fourth Quarter Revenue

(\$s in millions)

2006 Revenue	\$114.3
vs. 2005 \$	-\$4.0
%	- 3%
Live Events/Venue Merchandise:	
North America (56 events in 2006 vs. 53 events in 2005)	+\$0.9
International (primarily lower average ticket price)	-\$3.0
Venue Merchandise (sales per event attendee)	+\$0.4
Pay-Per-View buys:	
1 additional event in F2006 <i>Backlash</i>	+\$3.1
Other events, F2006 vs. F2005	-\$2.3
TV Advertising (No RAW advertising in F2006)	-\$10.3
Home Video sales	+\$2.0
Licensing (Increased video game revenue)	+\$2.3
Digital Media revenue:	
Ad Sales/Content Buys	+\$0.9
Website Merchandise Sales	+\$1.6
All other	+\$0.4
Total	-\$4.0



Financial Review: Fourth Quarter EBITDA

(\$s in millions)

2006 EBITDA	\$17.5
vs. 2005 \$	- \$7.9
%	- 31%
Pay-Per-View Buys:	
Additional Backlash event	+\$2.0
Other events	-\$5.6
TV Advertising (No RAW advertising in F2006)	-\$6.6
Licensing (primarily Video games)	+\$2.2
Home Video	+\$1.2
S,G &A costs	+\$0.2
All other	-\$1.3
Total	-\$7.9



Financial Overview: Fourth Quarter EBITDA

(\$s in millions)

	Fourth Quarter		Twelve Months	
	<u>F2006</u>	<u>F2005</u>	<u>F2006</u>	<u>F2005</u>
Reported EBITDA	\$17.5	\$25.4	\$81.0	\$62.2
Legal Settlements	1.3	-	(2.1)	-
Sales tax Adjustment	-	-	-	(2.1)
Normalized EBITDA	<u>\$18.8</u>	<u>\$25.4</u>	<u>\$78.9</u>	<u>\$60.1</u>



Financial Overview (Fourth Quarter): Profit Contribution and S,G&A *(\$s in millions)*

Profit Contribution of \$43.1 in Q4 F2006 vs. \$50.4 in Q4 F2005:

- Profit contribution margin is 38% vs. 43% in the prior year quarter
- Profit contribution of our Live and Televised Entertainment segment decreased to 35% from 41%, due in part to the absence of high margin domestic TV ad sales. The Q4 F2006 profit contribution also reflects increased investment in our digital businesses and in our global marketing programs to support our Pay-Per-View events and various product lines
- Profit contribution of our Consumer Products segment increased to 57% from 52%

Selling, General and Administrative of \$24.2 in Q4 F2006 vs. \$24.4 in Q4 F2005

EBITDA of \$17.5 in Q4 F2006 vs. \$25.4 in Q4 F2005

- EBITDA margin decreased to 15% from 21% in the prior year quarter

Free cash flow of \$11.5 in Q4 F2006 more than doubled the \$5.0 in Q4 F2005



Financial Overview: Consolidated Balance Sheets

(\$s In Millions)

	As of <u>April, 30, 2006</u>	As of <u>April, 30 2005</u>
<u>Assets</u>		
Cash & short-term investments	\$ 280.9	\$ 258.1
Accounts receivable	67.8	61.9
Other current assets	13.3	16.7
Total current assets	<u>362.0</u>	<u>336.7</u>
Net fixed assets	67.6	66.6
Feature film production assets	36.1	28.8
Other assets	13.7	9.3
Total assets	<u>\$ 479.4</u>	<u>\$ 441.4</u>
<u>Liabilities & Stockholders' Equity</u>		
Current liabilities	\$ 76.5	\$ 58.4
Long-term debt	6.4	7.2
Discontinued operations	0.3	0.3
Total liabilities	<u>83.2</u>	<u>65.9</u>
Total stockholders' equity	396.2	375.5
Total equity & liabilities	<u>\$ 479.4</u>	<u>\$ 441.4</u>



May - December 2006 Outlook

(\$s in million, except in per share data; unaudited)

- WWE has announced a change in the Company's fiscal year-end to a calendar basis beginning with calendar year 2007
- May – December 2006 Outlook:
 - The Company's 2006 transition period plan calls for modest revenue growth versus \$248 million in the comparable 2005 period. Consumer Product and Digital Media segment growth is expected to more than offset the elimination of domestic cable advertising sales (approximately \$15M)
 - Results for the upcoming transition period are expected to be approximately even with the comparable eight month period, including approximately \$30 million of Net Income and \$0.43 of EPS from continuing operations. These anticipated results reflect increased investment to support our Digital Media business, the launch of ECW, and other strategic initiatives
 - WWE management believes the transition period outlook represents an appropriate goal, given:
 - Relatively high 2005 base (May – Dec) attributable to revenue growth of 17% and EPS growth of 115% on a year-over-year basis
 - Absence of domestic cable ad sales profit (\$9M) in 2006 and increased investment in growth initiatives



Calendar Year Perspective: January – December

(\$s in million, except in per share data; unaudited)

- Given the change in WWE's fiscal year, financial results for the 2004, 2005 and year-to-date 2006 periods are shown below on a calendar basis:

	CALENDAR YEAR (JANUARY - DECEMBER)			
	<u>2004</u>	<u>2005</u>	<u>Growth % 2004-5</u>	<u>2006 Jan-Apr</u>
Revenue	\$364	\$403	11%	\$152
Operating Income	\$54	\$76	41%	\$26
Net Income - Cont. Ops.	\$37	\$54	47%	\$17
EPS (diluted)	\$0.54	\$0.78	45%	\$0.24



APPENDIX



Appendix

(\$s in Millions)

Reconciliation of Net Income to Normalized EBITDA	Fourth Quarter		Twelve Months	
	F2006	F2005	F2006	F2005
Net income reported on GAAP basis	\$ 10.6	\$ 16.1	\$ 47.0	\$ 39.1
Addback:				
Income from discontinued operations	-	(0.1)	-	(1.4)
Provision for income taxes	6.0	7.9	30.9	18.6
Interest income and other, net	(1.5)	(1.4)	(7.4)	(6.1)
Depreciation and amortization	2.4	2.9	10.5	11.9
EBITDA	\$ 17.5	\$ 25.4	\$ 81.0	\$ 62.2
Legal Settlements	1.3	-	(2.1)	-
Sales Tax Refund	-	-	-	(2.1)
Normalized EBITDA	\$18.8	\$25.4	\$78.9	\$60.1



Appendix

(\$s in Millions)

Reconciliation of cash provided from operations to free cash flow

	Fourth Quarter		Twelve Months	
	<u>F2006</u>	<u>F2005</u>	<u>F2006</u>	<u>F2005</u>
Net cash provided by continuing operations before investment in feature films	\$ 16.9	\$ 11.8	\$ 74.4	\$ 50.7
Feature films	<u>(1.8)</u>	<u>(5.5)</u>	<u>(7.3)</u>	<u>(28.3)</u>
Net cash provided by continuing operations	\$ 15.1	\$ 6.3	\$ 67.1	\$ 22.3
Less cash used for capital expenditures: Purchase of property and equipment	(3.6)	(1.3)	(10.3)	(5.2)
Free Cash Flow	<u>\$ 11.5</u>	<u>\$ 5.0</u>	<u>\$ 56.8</u>	<u>\$ 17.1</u>