



World Wrestling Entertainment, Inc.

Third Quarter – 2008

Conference Call

November 6, 2008



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, feature films, 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; adverse conditions in the global economy and disruption of financial markets as well as 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: Third Quarter 2008

- **Overview**
- **Operational Highlights**
- **Financial Review**
- **Financial Objectives**
- **Q&A**



Overview: Summary Income Statement

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	2007	Growth %	2008	2007	Growth %
Revenue	\$108.8	\$108.1	1%	\$401.1	\$353.0	14%
Operating Income	\$7.9	\$13.4	(41%)	\$47.0	\$43.7	8%
Net Income	\$5.3	\$8.5	(38%)	\$31.8	\$30.6	4%
Earnings Per Share (diluted)	\$0.07	\$0.12	(42%)	\$0.43	\$0.42	2%
Memo:						
EBITDA	\$11.2	\$15.8	(29%)	\$56.5	\$50.7	11%
EBITDA (Excluding film impairment)	\$13.1	\$15.8	(17%)	\$58.4	\$66.4	(12%)

- For Q3 2008, EBITDA and Operating Income include a \$1.9 million charge associated with revised expectations for the feature film, *See No Evil*. In addition, Q3 2008 other (expense)/ income, net reflects a \$0.8 million expense for the revaluation of warrants in certain licensing partners. In aggregate, these *non-cash* charges in the quarter resulted in an approximate reduction of \$2.3 million to Net Income and \$0.03 to EPS.
- For the first nine months of 2008, EBITDA and Operating Income include a \$3.5 million charge (\$3.0 million non-cash) related to a promotional campaign funded by WWE's Chairman, and a \$1.9 million film impairment. In addition, other (expense) / income, net reflects a \$2.2 million expense for the revaluation of warrants in certain licensing partners.
- For the first nine months of 2007, EBITDA and Operating Income included a \$15.7 million impairment charge related to our feature film, *The Condemned*, and a \$0.8 million benefit from legal settlements. In addition, other (expense) / income, net reflected a \$0.7 million expense for the revaluation of warrants in certain licensing partners.



Operational Highlights:

- For the third quarter, we maintained top-line results, moved forward with cost saving initiatives regarding operating expenses and capital spending and reiterated our commitment to our dividend
 - Revenue of \$108.8 million matched the third quarter last year
 - Operating Income was \$7.9 million (compared to \$13.4 million in Q3 '07)
- Operations challenged and key metrics declined in the period
 - Average attendance at North American events declined 4% to 5,300
 - RAW's TV ratings declined 9%; Current period PPV buys declined 9%
- Advanced key initiatives:
 - Moved forward with cost savings of at least \$20 million in 2009 and adjusted Media Center plans to reduce planned capital spending by approximately \$30 million to a range of \$65 million to \$75 million
 - Announced TV distribution deals reaching 20M households in Mexico
 - Successfully transitioned SmackDown to MyNetwork TV in October
 - Launched a new website for young fans, WWEKids.com
 - Licensed content in international markets: Mandarin website in China



Financial Review: Third Quarter Summary

(\$s in millions)

	Three Months Ended September 30,		B/(W) vs. 2007	
	2008	2007	\$	%
Revenue				
Live Events/ Venue Merch.	\$ 24.5	\$ 24.0	\$ 0.5	2%
Pay-Per-View	16.4	18.8	(2.4)	(13%)
Television	24.4	22.8	1.6	7%
Digital Media	7.9	7.7	0.2	3%
Licensing	10.6	9.4	1.2	13%
Home Video	11.0	5.7	5.3	93%
WWE Studios	5.6	12.8	(7.2)	(56%)
Other	8.4	6.9	1.5	22%
Total Revenue	\$ 108.8	\$ 108.1	\$ 0.7	1%
Profit Contribution				
Live Events/ Venue Merch.	\$ 6.1	\$ 6.8	(0.7)	(10%)
Pay-Per-View	8.3	12.0	(3.7)	(31%)
Television	6.3	6.1	0.2	3%
Digital Media	2.3	3.5	(1.2)	(34%)
Licensing	8.1	7.2	0.9	13%
Home Video	7.1	3.8	3.3	87%
WWE Studios (includes \$1.9M film impairment)	2.2	2.8	(0.6)	(21%)
Other	2.1	2.5	(0.4)	(16%)
Total Profit Contribution	\$ 42.5	\$ 44.7	\$ (2.2)	(5%)
Profit Margin (* 41% excl. impairment)	39% *	41%		
S,G & A	31.3	28.9	(2.4)	(8%)
Depreciation	3.3	2.4	(0.9)	(38%)
Operating Income	\$ 7.9	\$ 13.4	\$ (5.5)	(41%)
Margin % (* 9% excl. impairment)	7% *	12%		
Excluding Film Impairments				
Profit Contribution	\$ 44.4	\$ 44.7	\$ (0.3)	(1%)
Operating Income	\$ 9.8	\$ 13.4	\$ (3.6)	(27%)



Operational Highlights: Live Events

- Live event revenue, including merchandise sales, rose 2% as an increase in North America events (77 in Q3 '08 vs. 63 in Q3 '07) more than offset a decline in revenue from international events
- Average attendance at North American events declined 4% to 5,300, attributable in part to changing market conditions, while average ticket prices fell 2% below the prior year to \$38.21
- Q3 2008 included 12 international events vs. 15 events in Q3 2007
 - Q3 '08 had 8 events in Europe as well as 4 events in Latin America
 - Average attendance declined 28% reflecting lower current year performance of tour in Portugal, Spain and Austria
 - Expect 26 international live events in Q4 2008 bringing the total number of international events to 77 for the full year

- **Key Drivers:**

	Third Quarter			Nine Months		
	2008	2007	Growth %	2008	2007	Growth %
<u>North America (Exc. ECW)</u>						
Average Event Attendance	5,300	5,500	(4%)	6,300	6,400	(2%)
Number of live events	77	63	22%	195	184	6%
<u>International</u>						
Average Event Attendance	6,600	9,200	(28%)	8,500	7,500	13%
Number of live events	12	15	(20%)	51	49	4%



Operational Highlights: Pay-Per-View

- Key Drivers:

	Third Quarter			Nine Months		
	2008	2007	Growth %	2008	2007	Growth %
Total Pay-Per-View buys (000s)	926	1,063	(13%)	4,023	4,068	(1%)
Current period buys	884	976	(9%)	3,795	4,057	(6%)
Prior period buys	42	87	(52%)	228	11	1973%
Number of events	3	3	-	10	11	-

- Revenue reflected an overall 9% decline in buys for the 3 PPV events produced in both the current and prior year periods
- Combined Buys for *Great American Bash* and *SummerSlam* declined 12% from the prior year
- Buys for *Unforgiven* were essentially flat to the prior year.



Operational Highlights: Television

- Revenue from television distribution grew nearly \$1.6 million (7%) reflecting increases in WWE's domestic and international agreements
- RAW remains one of the most watched regularly scheduled programs on cable television
 - RAW is regularly seen by over 4.6 million viewers each week
- In the third quarter, SmackDown was the CW Network's top rated program among households and total viewers
 - SmackDown is seen by 4.1 million viewers each week
 - SmackDown transitioned to MyNetwork TV on October 3rd, and since its transition has remained among the top rated programs on Friday nights
- ECW is the top rated program on the SCI FI Channel, and ranks among the top Tuesday night cable programs among key male demographic categories

- **Key Drivers:**

TV Ratings (THH):	Third Quarter			Nine Months		
	2008	2007	Growth %	2008	2007	Growth %
RAW	3.1	3.4	(9%)	3.4	3.8	(11%)
SmackDown	2.4	2.6	(8%)	2.5	2.7	(7%)
ECW	1.4	1.4	0%	1.3	1.5	(13%)



Operational Highlights: Consumer Products

- Home Video revenue nearly doubled reflecting a more robust release schedule relative to the prior year quarter as well as strong sales of both new and catalog titles
 - DVD shipments increased 35% to approximately 730,000
 - Q3 2008 had 7 new title releases vs. 3 in the prior year quarter
 - Approximately 155,000 units of catalog titles shipped in the quarter compared to about 117,000 units in the prior year quarter
 - Expanded distribution in France, Australia, Spain and Germany also contributed to the year-over-year increase in revenue
- Licensing revenue increased 13% (\$1.2 million) over the prior year quarter with growth led by video game and music sales
 - *SmackDown vs. RAW 2008* (released in November 2007) sold nearly 500,000 units in the quarter, representing a 71% increase in unit sales from the prior release in the comparable period last year. Growth was led by sales on the PS3, Wii and Nintendo DS platforms
 - International revenue increased 45% and accounted for the majority of the quarter-over-quarter growth



Operational Highlights: Digital Media

- Digital Media, our Internet based operations including online ad sales, mobile content and e-commerce, generated \$7.9M in revenue, representing a 3% increase over the prior year quarter
- WWE.com revenue, principally from online ad sales and premium services, declined 13% to \$4.0M in the quarter
 - WWE.com averaged 14.2 million unique users per month and 22 million video streams in the period
 - During the quarter, we expanded the reach of our digital content, launching a Portuguese language website, completing a deal for a Mandarin website in China, and announcing a new website for young fans (Ages 6-14) – WWEKids.com
- WWEShop.com's revenue increased 26% to \$3.9M, reflecting a 23% increase in the number of orders processed to approximately 70,000 (vs. 57,000 online orders in the third quarter last year.) The average revenue per order was approximately \$54.72 compared to \$53.58 in the prior year quarter



Operational Highlights: WWE Studios

- WWE Studios recognized \$5.6 million in revenue from its portfolio of released films compared to \$12.8 million in the prior year quarter
 - The performance reflected higher than anticipated revenue from our films *The Marine* and *The Condemned*
 - The current quarter results compare to a prior year quarter which benefited from sales of *The Marine* in domestic DVD markets
 - During the current quarter, we recorded a \$1.9 million charge related to revised expectations for *See No Evil*



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

Profit Contribution decreased 5% to \$42.5 million impacted by the performance of our Pay-Per-View and WWE.com businesses

- Profit contribution margin was 39% compared to 41% in the prior year quarter. Higher costs of production impacted lower margins in WWE's live events, pay-per-view and WWE.com businesses. Segment profit margins are as follows:

	Three months ended September 30,		
	2008	2007	Growth %
Live & Televised Entertainment	31%	38%	(7%) pts.
Consumer Products	62%	64%	(2%) pts.
Digital Media	29%	45%	(16%) pts.
WWE Films	39%	22%	17% pts.

Selling, General and Admin. expense increased to \$31.3 vs. \$28.9 in Q3 2007 reflecting increases in advertising and promotion, staff related costs and professional fees

- Advertising expenses increased \$0.7 million primarily to support initiatives in international markets

Operating Income was \$7.9 vs. \$13.4 in Q3 2007

Net Income was \$5.3 vs. \$8.5 in Q3 2007

- Non-operating income declined \$1 million in the current quarter reflecting lower average investment balances and the revaluation of warrants in certain licensing partners.

Free cash flow of \$10.5 in Q3 2008 vs. \$18.7 in Q3 2007

- Free cash flow reflects both lower operating results and unfavorable changes in working capital requirements



Financial Review: Third Quarter Revenue

(\$s in millions)

Q3 2008 Revenue	\$108.8
vs. Q3 2007	\$
	+\$0.7
	%
	1%

Home Video (35% increase in DVD shipments; 7 new title releases vs. 3 in Q3 '07)	+\$5.3
Television (led by contractual increases per domestic and international agreements)	+\$1.6
Licensing (primarily increased sales of video games and music)	+\$1.2
Live Events/ Venue Merchandise:	
N. America (primarily due to higher total attendance from 77 vs. 63 events in Q3 '07)	+\$2.0
International (28% decline in avg. attendance to 6,600 and 12 vs. 15 events in Q3 '07)	-\$1.8
Venue Merchandise (sales per event attendee)	+\$0.3
<i>Subtotal</i>	+\$0.5
WWE Studios (primarily reflects timing of DVD sales from <i>The Marine</i> in Q3 '07)	-\$7.2
Pay-per-view (7% decline in PPV Buys for the 3 events produced in Q3 '08 vs Q3 '07)	-\$2.4
All other:	
Magazine Publishing (primarily increased newsstand sales, additional issues)	+\$0.8
TV Advertising, Appearances and Digital Media	+\$0.9
Total	+\$0.7



Financial Review: Third Quarter Operating Income

(\$s in millions)

Q3 2008 Operating Income	\$7.9
vs. Q3 2007 \$	- \$5.5
%	(41%)
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Home Video (primarily 93% increase in revenue)	+\$3.3
WWE Studios (excluding film impairment)	+\$1.3
Licensing (primarily video game and music sales)	+\$0.9
Pay-per-view (7% decline in buys and increased production costs)	-\$3.7
Digital Media (primarily online advertising and mobile content)	-\$1.2
Live Events/Venue Merchandise	-\$0.7
All other	
SG&A (primarily increased advertising & promotion, professional fees and staff related costs)	-\$2.4
Other (includes depreciation and amortization)	-\$1.1
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Subtotal (excluding film impairment)	-\$3.6
vs. Q3 2007 %	(27%)
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Film Impairment - <i>See No Evil</i>	-\$1.9
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Total	-\$5.5



Financial Overview: Consolidated Balance Sheets

(\$s in millions)

	As of <u>September 30, 2008</u>	As of <u>December 31, 2007</u>
<u>Assets</u>		
Cash & short-term investments	\$ 175.9	\$ 266.4
Accounts receivable	68.6	56.6
Other current assets	39.7	24.7
Total current assets	<u>284.2</u>	<u>347.7</u>
Net fixed assets	88.9	77.8
Feature film production assets	32.1	21.9
Investment Securities	33.3	-
Other assets	12.3	22.7
Total assets	<u>\$ 450.8</u>	<u>\$ 470.1</u>
<u>Liabilities & Stockholders' Equity</u>		
Current liabilities	\$ 72.0	\$ 71.6
Long-term debt	4.1	4.9
Other long-term liabilities	6.8	10.2
Total liabilities	<u>82.9</u>	<u>86.7</u>
Total stockholders' equity	367.9	383.4
Total equity & liabilities	<u>\$ 450.8</u>	<u>\$ 470.1</u>



APPENDIX

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Appendix

(\$s in millions)

Reconciliation of Net Income to Normalized EBITDA

	Three Months Ended September 30		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income reported on GAAP basis	\$ 5.3	\$ 8.5	\$ 31.8	\$ 30.6
Addback:				
Provision for income taxes	2.4	5.7	15.7	18.0
Investment income and other, net	0.2	(0.8)	(0.5)	(4.9)
Depreciation and amortization	3.3	2.4	9.5	7.0
EBITDA	\$ 11.2	\$ 15.8	\$ 56.5	\$ 50.7
Film Impairment	1.9	-	1.9	15.7
Legal Settlements	-	-	-	(0.9)
McMahon Promotion (\$3M non-cash)	-	-	3.5	-
Normalized EBITDA	<u>\$13.1</u>	<u>\$15.8</u>	<u>\$61.9</u>	<u>\$65.5</u>



Appendix

(\$s in millions)

Reconciliation of cash provided by operating activities to free cash flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net cash provided by operating activities	\$ 14.6	\$ 24.3	\$ 17.7	\$ 73.1
Less cash used for capital expenditures:				
Purchase of property and equipment	(4.1)	(5.4)	(19.6)	(8.0)
Purchase of other film library assets	-	(0.2)	(0.2)	(0.3)
Total capital expenditures	(4.1)	(5.6)	(19.8)	(8.3)
Free Cash Flow	<u>\$ 10.5</u>	<u>\$ 18.7</u>	<u>\$ (2.1)</u>	<u>\$ 64.8</u>