



World Wrestling Entertainment, Inc.

Third Quarter – 2009

Conference Call

November 5, 2009



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; 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. In addition to these risks and uncertainties, our dividend is based on a number of factors, including our liquidity and historical and projected cash flow, strategic plan, our financial results and condition, contractual and legal restrictions on the payment of dividends and such other factors as our board of directors may consider relevant.



Agenda

- **Overview**
- **Operational Highlights**
- **Financial Overview**
- **Business Outlook**
- **Q&A**



Overview

Summary Income Statement

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2009	2008	Growth %	2009	2008	Growth %
Revenue	\$111.3	\$108.8	2%	\$357.9	\$401.1	(11%)
Operating Income	\$14.5	\$7.9	84%	\$59.3	\$47.0	26%
Net Income	\$8.9	\$5.3	68%	\$39.1	\$31.8	23%
Earnings Per Share (diluted)	\$0.12	\$0.07	72%	\$0.53	\$0.43	23%
Memo:						
EBITDA	\$18.1	\$11.2	62%	\$70.3	\$56.5	24%

- For the first nine months of 2009, EBITDA and Operating Income included approximately \$2.2 million of restructuring related expenses associated with our headcount reduction that occurred in January 2009.
- For Q3 2008, EBITDA and Operating Income included 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 \$2.3 million reduction to Net Income and \$0.03 to EPS.
- For the first nine months of 2008, EBITDA and Operating Income included 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.



Operational Highlights

Third Quarter

- Our third quarter was highlighted by solid performance including ongoing improvements in our operating efficiency
 - Operating income increased 84% with a 2% increase in revenue to \$111.3 million
 - EBITDA increased 62% from the prior year quarter
- Consumer interest in our content remains strong
 - Average attendance at our North American events increased 9% to 5,800 and is up 3% on a year-to-date basis
 - TV ratings for *RAW* (US) were up 23% for the quarter from the prior year quarter
- Operating efficiency improved significantly over prior year quarter
 - Profit margins improved to 46% from 39% led by changes in television production and marketing
 - Operating income increased 26% for the first nine months of 2009
- Advanced key initiatives
 - International – successful tour in Asia Pacific
 - Digital Media – online advertising increased 10%



Financial Review

Third Quarter Summary (\$ millions)

	Three Months Ended September 30,		B/(W) vs. 2008	
	2009	2008	\$	%
Revenue				
Live Events/ Venue Merch.	\$ 31.5	\$ 24.5	\$ 7.0	29%
Pay-Per-View	14.5	16.4	(1.9)	(12%)
Television	28.3	24.4	3.9	16%
Digital Media	7.4	7.9	(0.5)	(6%)
Licensing	7.9	10.6	(2.7)	(25%)
Home Video	11.2	11.0	0.2	2%
WWE Studios	3.0	5.6	(2.6)	(46%)
Other ¹	7.5	8.4	(0.9)	(11%)
Total Revenue	\$ 111.3	\$ 108.8	\$ 2.5	2%
Profit Contribution				
Live Events/ Venue Merch.	\$ 9.9	\$ 6.1	3.8	62%
Pay-Per-View	8.3	8.3	-	0%
Television	12.2	6.3	5.9	94%
Digital Media	3.2	2.3	0.9	39%
Licensing	6.0	8.1	(2.1)	(26%)
Home Video	5.9	7.1	(1.2)	(17%)
WWE Studios	1.7	2.2	(0.5)	(23%)
Other ¹	4.0	2.1	1.9	90%
Total Profit Contribution	\$ 51.2	\$ 42.5	\$ 8.7	20%
Profit Margin	46%	39%		
S,G & A	33.1	31.3	(1.8)	(6%)
Depreciation	3.6	3.3	(0.3)	(10%)
Operating Income	\$ 14.5	\$ 7.9	\$ 6.6	84%
Margin %	13%	7%		

Notes:

¹ Other includes Magazine publishing, TV Advertising, WWE Classics On Demand, Appearances and Other items



Operational Highlights

Live Events

- Revenue from North American live events increased primarily due to higher average attendance
 - Average paid attendance increased 9% to 5,800 on quarter-over-quarter basis
 - Average ticket prices decreased approximately 5% to \$36.26
- Revenue from international live events increased compared to the prior year quarter with a 38% increase in average attendance and the addition of 5 events (17 in Q3 2009 vs. 12 in Q3 2008). The quarter was highlighted by:
 - A strong 6-event tour in Australia/ New Zealand, which averaged over 12,000 fans
 - France continued to emerge as a potent market for WWE, with 2 sold out shows in Paris that attracted over 14,000 fans per event

- Key Drivers:**

	Third Quarter			Nine Months		
	2009	2008	Growth %	2009	2008	Growth %
<u>North America</u>						
Average Event Attendance	5,800	5,300	9%	6,500	6,300	3%
Number of live events	77	77	-	211	195	8%
<u>International</u>						
Average Event Attendance	9,100	6,600	38%	8,500	8,500	-
Number of live events	17	12	42%	48	51	-6%



Operational Highlights

Pay-Per-View

▪ Key Drivers:

	Third Quarter			Nine Months		
	2009	2008	Growth %	2009	2008	Growth %
Total Pay-Per-View buys (000s)	836	926	(10%)	3,473	4,023	(14%)
Current period buys	805	884	(9%)	3,435	3,795	(9%)
Prior period buys	31	42	(26%)	38	228	(83%)
Number of events	3	3	-	10	10	-

- Revenue decline of approximately 12% to \$14.5 million reflects a 10% decline in total buys and a higher percentage of international buys, which are generally lower in price
 - International buys comprised 38% of the current period buys compared to 31% in the prior year quarter
 - For the comparable pay-per-view events which occurred in both the current and prior year quarters, pay-per-view buys declined 22% in the quarter. As a reminder, *Night of Champions* was shifted to the third quarter and *The Bash*, typically a third quarter event, was produced in the second quarter
 - On a year-to-date basis, total buys declined 14% and current period buys declined 9%



Operational Highlights

Television

- Revenues from the distribution of our television programming increased by 16%, or \$3.9 million, due to higher rights fees from our global television contracts and the addition of our new *WWE Superstars* television show on WGN America
- *RAW* remained one of the most watched regularly scheduled programs on cable television
 - *RAW* is seen by 5.5 million viewers each week
- *SmackDown* was MyNetworkTV's top rated program among all key demographics
 - *SmackDown* is seen by 3.3 million viewers each week
- *ECW* was among SyFy's most watched programs and ranks among the top Tuesday night cable programs among male viewers
 - *ECW* is seen by 1.7 million viewers each week
- *WWE Superstars* was WGN America's most watched regularly scheduled program among all key demographics
 - *Superstars* is seen by 1.2 million viewers each week including replays

Key Drivers:

TV Ratings (THH):	Third Quarter			Nine Months		
	2009	2008	Growth %	2009	2008	Growth %
RAW	3.8	3.1	23%	3.3	3.4	(3%)
SmackDown	2.0	2.4	(17%)	2.0	2.5	(20%)
ECW	1.3	1.4	(7%)	1.3	1.3	-
Superstars	1.3	-	n/m	1.4	-	n/m

Source: Nielsen Media Research, Galaxy Explorer 7/1/09-9/30/09 & 1/1/09-9/30/09 Live+7 Day Data; WWE Superstars represents multi-telecast cumulative rating



Operational Highlights

Consumer Products

- Licensing revenue decreased 25% to \$7.9 million over the prior year quarter
 - Sales of our new videogame title, *Legends of WrestleMania*, partially offset declines from our *SmackDown vs. RAW* videogame and toy products
 - *Legends of WrestleMania* (released in March) sold 120,000 units
 - *SmackDown vs. RAW 2009* (released last November) sold 320,000 units in the quarter, representing a 35% decrease in unit sales from the prior year quarter
- Home Video revenue increased 2% to \$11.2 million from the prior year quarter
 - DVD shipments increased 16% to approximately 847,000 units
 - *The Rise and Fall of WCW* shipped more than 100,000 units in the quarter
 - Increased shipments were offset by a 21% reduction in effective prices reflecting incentive programs and promotional offers
- Magazine Publishing revenues decreased approximately 28% to \$3.4 million primarily due to a 6% combined reduction in subscription and newsstand revenue
 - Publication of one fewer WWE Magazine issue in the current quarter also negatively impacted revenues



Operational Highlights

Digital Media

- Digital Media, our Internet based operations including online advertising sales, mobile content and e-commerce, generated \$7.4 million in revenue and was down 6% compared to the prior year quarter
- WWE.com revenue increased 13% to \$4.5 million in the quarter led by a 10% increase in online advertising and expanded licensing of our website for international markets
 - WWE.com averaged 13.4 million unique users per month and 18 million video streams in the current quarter
 - Page views averaged 385 million per month for the quarter
- WWEShop's revenue declined 26% to \$2.9 million reflecting a 21% decrease in the number of online merchandise orders to approximately 55,000 and an 8% decline in average sales per order to \$50.46



Operational Highlights

WWE Studios

- WWE Studios recognized \$3.0 million in revenue related to four previously released films as compared to \$5.6 million in the prior year quarter related to *See No Evil*, *The Marine*, and *The Condemned*
 - During the first quarter of 2009 we released our fourth feature film, *12 Rounds*, as well as a Direct-to-DVD film, *Behind Enemy Lines: Colombia*. *12 Rounds* generated approximately \$12.2 million in gross domestic box office receipts and was released on DVD on June 30, 2009
 - As of September 30, 2009, WWE had approximately \$28.8 million in capitalized production costs on our balance sheet, primarily associated with our theatrical release *12 Rounds* as well as our Direct-to-DVD projects, *Behind Enemy Lines: Colombia* and *The Marine 2*. *The Marine 2* is scheduled for release in December 2009



Financial Overview

Profit Contribution and S,G&A

- Profit contribution increased 20% to \$51.2 million driven by ongoing cost reductions
 - Profit contribution margins increased to 46% from 39% in the prior year quarter driven by improved profitability in our Live and Televised Entertainment segment. These improvements reflected reduced operating expenses associated with our television production and brand marketing

	Three months ended September 30,		
	2009	2008	Growth %
Live & Televised Entertainment	43%	31%	12% pts.
Consumer Products	55%	62%	(7%) pts.
Digital Media	43%	29%	14% pts.
WWE Studios	57%	39%	17% pts.

- Selling, general and administrative expenses increased to \$33.1 million from \$31.3 million in the prior year quarter reflecting increases in accrued expenses related to the Company's incentive compensation and additional reserves for bad debt
 - The expenses were partially offset by lower advertising, legal and professional fees
- Operating Income increased 84% to \$14.5 million compared to \$7.9 million in prior year quarter
 - Cost reductions more than offset the increase in selling, general and administrative expenses
- Net Income was \$8.9 million vs. \$5.3 million in third quarter of 2008
 - The effective tax rate of 42% compares to 32% in the same quarter last year
- Free cash flow of \$17.0 million compares to \$10.5 million in the prior year quarter
 - Timing of feature films investments and favorable changes in working capital, including changes in the Company's tax position contributed to the increase. Capital expenditures decreased to \$0.8 million as compared to \$4.2 million in the prior year quarter



Financial Overview

Third Quarter Revenue (\$ millions)

Q3 2009 Revenue	\$111.3
vs. Q3 2008	\$
	+\$2.5
	%
	2%
Live Events/ Venue Merchandise (increased average attendance of 9% in N. America and 38% internationally partially offset by lower ticket prices)	+\$7.0
Television (rights fees from WWE Superstars and contractual increases in global contracts)	+\$3.9
Licensing (primarily reflects a 35% decrease in <i>SmackDown</i> vs. <i>RAW</i> videogame units and reduced toy sales)	-\$2.7
WWE Studios (primarily reflects timing of releases)	-\$2.6
Pay-per-view (10% decline in total buys and higher percentage of international buys as compared to prior year)	-\$1.9
All other (includes Home Video, TV Advertising, Classics On Demand and Digital Media)	-\$1.2
Total	+\$2.5



Financial Overview

Third Quarter Operating Income (\$ millions)

Q3 2009 Operating Income	\$14.5
vs. Q3 2008 \$	+\$6.6
%	84%
Television (rights fees from WWE Superstars and contractual increases in global contracts)	+\$5.9
Live Events/Venue Merchandise (increased average attendance of 9% in N. America and 38% internationally partially offset by lower ticket prices)	+\$3.8
Licensing (primarily reflects a 35% decrease in <i>SmackDown</i> vs. <i>RAW</i> videogame units and reduced toy sales)	-\$2.1
Home Video (16% increase in DVD shipments offset by impact of incentive programs and promotional offers)	-\$1.2
WWE Studios (primarily reflects timing of releases)	-\$0.5
All other	
SG&A (increased expenses related to incentive compensation and reserves for bad debt)	-\$1.8
Other (includes depreciation and amortization)	+\$2.5
Total	+\$6.6



Financial Overview

Consolidated Balance Sheets (\$ millions)

	As of <u>September 30, 2009</u>	As of <u>December 31, 2008</u>
<u>Assets</u>		
Cash & short-term investments	\$ 205.8	\$ 177.3
Accounts receivable	60.6	60.1
Other current assets	26.5	42.6
Total current assets	<u>292.9</u>	<u>280.0</u>
Net fixed assets	86.0	92.4
Feature film production assets	28.8	31.7
Investment Securities	22.9	22.3
Other assets	2.1	3.0
Total assets	<u>\$ 432.7</u>	<u>\$ 429.4</u>
<u>Liabilities & Stockholders' Equity</u>		
Current liabilities	\$ 70.4	\$ 58.3
Long-term debt	3.1	3.9
Other long-term liabilities	15.5	7.2
Total liabilities	<u>89.0</u>	<u>69.4</u>
Total stockholders' equity	343.7	360.0
Total equity & liabilities	<u>\$ 432.7</u>	<u>\$ 429.4</u>



Business Outlook

Long-term Financial Objectives

- The Company has completed a comprehensive review of its businesses, and evaluated significant growth opportunities for WWE
- Over the 2009-12 period, WWE is targeting average annual earnings growth of 15% - 20%
- Business outlook highlighted by:
 - Planned revenue growth exceeds projected economic growth in each of our global markets
 - Targeted earnings growth surpasses consensus earnings estimates for a majority of our entertainment peers
- Expect growth to reflect leverage in WWE business model, led by:
 - Strengthening global television distribution
 - Exploiting new licensing agreement with Mattel
 - Continuing to manage costs and improve operating efficiency



APPENDIX



Appendix

(\$ millions)

Reconciliation of Net Income to EBITDA

	Three Months Ended September 30		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net income reported on GAAP basis	\$ 8.9	\$ 5.3	\$ 39.1	\$ 31.8
Addback:				
Provision for income taxes	6.4	2.4	22.7	15.7
Investment, interest and other income (expense), net	(0.8)	0.2	(2.5)	(0.5)
Depreciation and amortization	3.6	3.3	11.0	9.5
EBITDA	\$ 18.1	\$ 11.2	\$ 70.3	\$ 56.5



Appendix

(\$ millions)

Reconciliation of Cash Provided by Operating Activities to Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net cash provided by operating activities	\$ 17.8	\$ 14.6	\$ 92.8	\$ 17.7
Less cash used for capital expenditures:				
Purchase of property and equipment and other assets	(0.8)	(4.1)	(3.7)	(19.8)
Free Cash Flow	\$ 17.0	\$ 10.5	\$ 89.1	\$ (2.1)