



World Wrestling Entertainment, Inc.

Fourth Quarter – 2009

Conference Call

February 11, 2010



Forward Looking Statements

This presentation 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 risks relating to maintaining and renewing key agreements, including television distribution agreements; the need for continually developing creative and entertaining programming; the continued importance of key performers and the services of Vincent McMahon; the conditions of the markets in which we compete; acceptance of the Company's brands, media and merchandise within those markets; uncertainties relating to regulatory and litigation matters; risks resulting from the highly competitive nature of our markets; the importance of protecting our intellectual property and complying with the intellectual property rights of others; risks associated with producing live events both domestically and internationally; uncertainties associated with international markets; risks relating to our film business and any new business initiative which we may undertake; risks relating to the large number of shares of common stock controlled by members of the McMahon family; 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, our dividend is significant and is dependent on a number of factors, including, among other things, our liquidity and historical and projected cash flow, strategic plan (including alternative uses of capital), our financial results and condition, contractual and legal restrictions on the payment of dividends, general economic and competitive conditions and such other factors as our Board of Directors may consider relevant, including a waiver by the McMahon family of a portion of the dividends.



Agenda

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



Overview: Summary Income Statement

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

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2009	2008	Growth %	2009	2008	Growth %
Revenue	\$117.3	\$125.4	(6%)	\$475.2	\$526.5	(10%)
Operating Income	\$17.8	\$23.3	(24%)	\$77.1	\$70.3	10%
Net Income	\$11.2	\$13.6	(18%)	\$50.3	\$45.4	11%
Earnings Per Share (diluted)	\$0.15	\$0.18	(17%)	\$0.68	\$0.62	10%
Memo: EBITDA	\$21.3	\$26.8	(20%)	\$91.6	\$83.4	10%

- For Q4 2009, EBITDA and Operating Income included a charge of \$6.4 million associated with the write-down of the receivable due from a prior business partner and \$5.8 million of tax credits received related to our television and digital media production activities, which were recorded as a reduction of expense in these areas
- For Q4 2008, EBITDA and Operating Income included the recognition of a \$6.4 million advance related to a multi-year contract with a book publisher
- For the full year 2009, EBITDA and Operating Income included the benefit of \$8.3 million in tax credits associated with our television and digital media production, an increase of \$7.4 million in bad debt expense related to a prior business partner and a \$2.2 million restructuring charge associated with a 10% reduction in staff. As previously disclosed, the prior year results included the recognition of a \$6.4 million advance related to a multi-year contract with a book publisher, an expense of \$3.5 million associated with our *McMahon's Million Dollar Mania* brand awareness campaign and a \$1.9 million charge for our film *See No Evil*.



Operational Highlights

Fourth Quarter and Full Year

Comparability of Results

- Several items impact the comparability of results on a year-over-year basis. As indicated in our earnings release and in the supplemental schedules (p20-21) following, these items include:

In Q4 2009:

- \$6.4M charge associated with the write-down of the receivable due from a prior business partner
- \$5.8M of tax credits received related to our television and digital media production activities, which were recorded as a reduction of expense in these areas

In Q4 2008:

- Recognition of a \$6.4M advance related to a multi-year contract with a book publisher

- To clarify the trends in the business, the following discussion focuses on “adjusted” performance, which excludes the impact of these items
- See Schedules of Adjustments on pages 20-21 for a listing of items that impact the comparison of full year performance and for a reconciliation to GAAP measures



Operational Highlights

Fourth Quarter and Full Year

- Fourth quarter results highlighted by revenue and profit growth in our live events, pay-per-view and television businesses
 - Q4 Adjusted EBITDA increased 7%; Q4 Net Income declined 18%
 - Full Year Adjusted EBITDA increased 13%; Net Income increased 11%
- For 2009, fulfilled our commitment to improve operating efficiency
 - Reduced expense base by more than the \$20M target
- For 2009, advanced other strategic initiatives while maintaining focus on productivity
 - Enhanced business model by affirming relationships with strong business partners, such as Mattel, Vivendi Entertainment and THQ
 - Expect these partners to increase product innovation and further the distribution of our toy, video and video game products
 - Strengthened global television platform
 - Renewed key television distribution agreements, such as with BSkyB in the UK
 - Debuted new program, *WWE Superstars* on WGN America
 - Increased US attendance and *RAW* program ratings with compelling content and creative marketing
 - Total attendance increased for fifth consecutive year to over 2.3M
 - *RAW* garnered largest average weekly audience since 2001



Financial Review

Fourth Quarter Summary (\$ millions)

Financial results shown below are presented on an adjusted basis, excluding items that impact comparability on a year-over-year basis. Reconciliations of adjusted results to reported GAAP measures are shown in supplemental schedules on pages 20 and 21.

	Three Months Ended		B/(W) vs. 2008	
	December 31,			
<u>Adjusted Revenue</u>	2009	2008	\$	%
Live Events/ Venue Merch.	\$ 33.8	\$ 29.0	\$ 4.8	17%
Pay-Per-View	16.3	15.9	0.4	3%
Television	30.4	27.6	2.8	10%
Digital Media	10.6	10.9	(0.3)	(3%)
Licensing	8.0	8.3	(0.3)	(4%)
Home Video	10.4	15.0	(4.6)	(31%)
Magazine Publishing	3.6	3.5	0.1	3%
WWE Studios	0.2	5.0	(4.8)	(96%)
Other ¹	4.0	3.8	0.2	5%
Total Adjusted Revenue	\$ 117.3	\$ 119.0	\$ (1.7)	(1%)
<u>Adjusted Profit Contribution</u>				
Live Events/ Venue Merch.	\$ 10.5	\$ 8.8	1.7	19%
Pay-Per-View	10.4	9.9	0.5	5%
Television	10.3	9.4	0.9	10%
Digital Media	3.0	2.8	0.2	7%
Licensing	6.0	6.3	(0.3)	(5%)
Home Video	5.3	8.7	(3.4)	(39%)
Magazine Publishing	0.5	(0.3)	0.8	n/m
WWE Studios	0.0	2.6	(2.6)	n/m
Other ¹	4.1	1.7	2.4	n/m
Total Adjusted Profit Contribution	\$ 50.1	\$ 49.9	\$ 0.2	0%
Profit Margin	43%	42%		
S,G & A	28.2	29.4	1.2	4%
Depreciation	3.5	3.6	0.1	1%
Adjusted Operating Income	\$ 18.4	\$ 16.9	\$ 1.5	9%
Margin %	16%	14%		

Notes:

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



Operational Highlights

Live Events

- Revenue from Live Events increased \$4.8M (17%) led by the addition of 10 events in North America as well as favorable changes in foreign exchange rates

For our North American events:

- Average paid attendance decreased 4% to 6,600 from Q4 2008 and increased 2% to 6,500 for the full year
 - Average ticket prices decreased 7% for the quarter to approximately \$36 and 8% for the year to approximately \$38
- Revenue from International live events reflected a rise in average attendance and favorable impact from foreign exchange
 - Average attendance at international live events increased 2% to 8,500 and remained flat for the full year

Key Drivers:

	Fourth Quarter			Twelve Months		
	2009	2008	Growth %	2009	2008	Growth %
<u>North America</u>						
Average Event Attendance	6,600	6,900	(4%)	6,500	6,400	2%
Number of live events	57	47	21%	268	242	11%
<u>International</u>						
Average Event Attendance	8,500	8,300	2%	8,500	8,500	-
Number of live events	26	26	-	74	77	(4%)



Operational Highlights

Pay-Per-View

▪ Key Drivers:

	Fourth Quarter			Twelve Months		
	2009	2008	Growth %	2009	2008	Growth %
Total Pay-Per-View buys (000s)	1,017	1,012	n/m	4,490	5,034	(11%)
Current period buys	927	926	n/m	4,450	4,799	(7%)
Prior period buys	90	86	5%	40	235	(83%)
Number of events	4	4	-%	14	14	-%

- Pay-per-view revenue increased 3% from the fourth quarter last year reflecting 14% increase in international buys and the favorable impact of foreign exchange
- Continue to work on stabilizing our Pay-Per-View business
 - Overall, pay-per-view buys increased slightly over the prior year quarter
 - Three of the four events produced in the quarter had increased buys vs. the comparable events in the prior year
- To promote pay-per-view events more effectively, we have decreased the number of events to 13 in 2010
 - Implemented a price increase from \$39.95 to \$44.95 in 2010 (for our non-*WrestleMania* events)



Operational Highlights

Television

- Revenue from television distribution increased 10% to \$30.4M reflecting our new *WWE Superstars* television show and contractual increases from our existing programs
- *RAW* remains one of the most watched regularly scheduled programs on cable television
 - *RAW* is regularly seen by 5.1M viewers each week
- In 4th quarter, *SmackDown* was *MyNetworkTV*'s top rated program for all key demographic categories and was the top rated TV program on Friday nights among males under 55 years of age
 - *SmackDown* is seen by more than 3.6M viewers each week
- *ECW* is the top rated program on SyFy among young male demographics
 - *ECW* is watched by 1.4M viewers each week
- *WWE Superstars* is consistently the most watched program on WGN America
 - *WWE Superstars* is watched by 1.3M viewers each week
- Key Drivers:

TV Ratings (THH):	Fourth Quarter			Twelve Months		
	2009	2008	Growth %	2009	2008	Growth %
RAW	3.5	3.3	6%	3.7	3.4	9%
SmackDown	2.1	2.1	-%	2.0	2.4	(17%)
ECW	1.1	1.3	(15%)	1.2	1.3	(8%)
WWE Superstars	1.3	-	n/m	1.4	-	n/m

Source: Nielsen Media Research 1/1/08-12/31/08 & 1/1/09-12/31/09; Live + 7 Day data



Operational Highlights

Consumer Products

- Licensing revenue (on an adjusted basis) declined slightly with lower domestic sales of toy products
- Home Video revenue declined 31% (\$4.6M) as an increase in DVD shipments was more than offset by the impact of incentive programs and promotional offers
 - DVD shipments increased 6% to approximately 940,000 units
 - Q4 2009 marked the second consecutive quarter with year-over-year growth in unit shipments
 - Q4 2009 had 10 new title releases vs. 7 in Q4 2008
 - The average effective DVD price fell 14% due to the promotional activity in the quarter
- Magazine Publishing revenue remained relatively flat as increased newsstand sales were offset by lower advertising and subscription performance



Operational Highlights

Digital Media

- Digital Media, our Internet based operations including online advertising sales, mobile content and e-commerce, generated \$10.6M in revenue
Digital Media revenue declined 3% primarily due to the performance of our e-commerce business, WWEShop
- WWE.com generated \$3.9M in revenue, which was essentially flat to the prior year reflecting comparable performance from our online advertising sales
 - WWE.com averaged 13.2M unique users per month and 19M video streams in the quarter
- WWEShop revenue declined 6% to \$6.7M primarily due to an 8% decline in the average revenue per order to about \$53. In contrast, the number of online purchases increased 3% to 123,000 orders



Operational Highlights: WWE Studios

- WWE Studios recognized \$0.2M in revenue from its portfolio of released films compared to \$5.0M in the prior year quarter
 - The fourth quarter 2009 primarily from the Direct-to-DVD film, *Behind Enemy Lines: Colombia*
 - The fourth quarter 2008 reflected the performance of *The Marine*
- As of the quarter-end, we had approximately \$37M in capitalized film production costs on our balance sheet, primarily associated with our theatrical release *12 Rounds*, our Direct-to-Video releases and our initial theatrical projects under our new film model
- The first project to be distributed under our new films business model will be released in summer 2010. The film's current working title is "*Legendary*" (previously referred to as "*Brother's Keeper*")



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

- Adjusted Profit Contribution of \$50.1M was essentially flat to the prior year quarter. Increased contribution from live events and television distribution were offset by lower contribution from home video reflecting challenging industry conditions. Adjusted Profit Contribution Margins increased to 43% from 42%, reflecting the following changes by business segment:

	Three months ended December 31,		
	2009	2008	Growth %
Live & Televised Entertainment	43%	39%	4%
Consumer Products	52%	55%	(3%)
Digital Media	28%	26%	2%

- Adjusted Selling, General and Admin. expense declined 4% to \$28.2M
 - A reduction in various expenses exceeded an increase in accrued management incentive compensation (\$2.1M)
- Adjusted Operating Income increased 9% to \$18.4M vs. Q4 2008 reflecting the reduction in SG&A expense
- Net Income was \$11.2M vs. \$13.6M in Q4 2008 reflecting impact of bad debt reserves
- Free cash flow was \$110.9M for the full year 2009 vs. \$9.7M for the full year 2008
 - The increase was driven by favorable changes in working capital, including a \$13.2M advance from a business partner and an \$11.0M tax refund
 - Capital expenditures were \$5.4M vs. \$26.3M in prior year, which included an approx. \$9.5M investment in HD equipment and \$3.9M for our planned Media Center initiative



Financial Overview

Fourth Quarter Revenue (\$ millions)

Q4 2009 Revenue	\$117.3
vs. Q4 2008 \$	-\$8.1
%	(6%)

Adjustments

Licensing Revenue - Q4 2008 recognition of advance related to multi-year contract with book publisher +\$6.4

Q4 2009 Revenue	\$117.3
vs. Q4 2008 (Excluding book advance)	(\$1.7)
%	(1%)

Performance on adjusted basis:

WWE Studios (timing of film releases) -\$4.8

Home Video (6% increase in DVD shipments more than offset by 14% decline in effective pricing) -\$4.6

Television (license fees received from our new *WWE Superstars* television show and contractual increases from our existing programs) +\$2.8

Live Events/ Venue Merchandise:

N. America (10 add'l events partially offset by 4% decline in avg. attendance to 6,600 and 4% decline in avg. ticket price) +\$1.3

International (2% increase in average attendance to 8,500 and favorable changes in F/X rates) +\$2.4

Venue Merchandise (additional events and increased total attendance) +\$1.1

Subtotal +\$4.8

All other -

Total	-\$1.7
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Financial Overview

Fourth Quarter Operating Income (\$ millions)

Q4 2009 Operating Income	\$17.8
vs. Q4 2008 \$	(\$5.5)
%	(24%)

Items impacting comparability

Production tax credits - Q4 2009	+\$5.8
Recognition of advance related to multi-year contract with book publisher	- \$6.4
Bad debt reserves associated with the write-down of a receivable due from a prior business partner	<u>- \$6.4</u>
<i>Subtotal - impact to year-over-year comparison</i>	- \$7.0

Q4 2009 Adjusted Operating Income	\$18.4
vs. Q4 2008 Adjusted Operating Income	\$1.5
%	9%

Performance on adjusted basis:

Home Video (6% increase in DVD shipments more than offset by 14% decline in effective pricing)	- \$3.4
WWE Studios (timing of film releases)	- \$2.6
Live Events/ Venue Merchandise (increase in the number of domestic events as compared to the prior year quarter as well as favorable changes in foreign exchange rates)	+\$1.7
Television (incremental license fees for <i>WWE Superstars</i> program and contractual increases)	+\$0.9
Pay-per-view (increased international ppv buys and favorable impact of changes in F/X)	+\$0.5
SG&A (reduction in various expense categories)	+\$1.2
All Other (Various items)	+\$3.2

Total	\$1.5
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Financial Overview

Consolidated Balance Sheets (\$ millions)

	As of <u>December 31, 2009</u>	As of <u>December 31, 2008</u>
<u>Assets</u>		
Cash & short-term investments	\$ 208.2	\$ 177.3
Accounts receivable	62.7	60.1
Other current assets	24.0	42.6
Total current assets	<u>294.9</u>	<u>280.0</u>
Net fixed assets	84.4	92.4
Feature film production assets	37.1	31.7
Investment securities	22.4	22.3
Other assets	1.8	3.0
Total assets	<u>\$ 440.6</u>	<u>\$ 429.4</u>
<u>Liabilities & Stockholders' Equity</u>		
Current liabilities	\$ 72.1	\$ 58.3
Long-term debt	2.8	3.9
Other long-term liabilities	28.7	7.2
Total liabilities	<u>103.6</u>	<u>69.4</u>
Total stockholders' equity	337.0	360.0
Total equity & liabilities	<u>\$ 440.6</u>	<u>\$ 429.4</u>



Business Outlook

Long-term Financial Objectives (\$ millions)

- Over the 2009-12 period, WWE is targeting average annual earnings growth of 15% - 20%
- The range of our targeted average annual growth is comparable across alternative measures of earnings:

	2009	Target Average Annual Growth % 2009 - 2012
Net Income	\$50.3	15% - 20%
EBITDA	\$91.6	15% - 20%
Adjusted EBITDA	\$92.9	15% - 20%

- 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

Definition of Non-GAAP Financial Measures

Non-GAAP Measure: EBITDA

EBITDA is defined as net income before investment, interest and other (income) expense, income taxes, depreciation and amortization. The Company's definition of EBITDA does not adjust its U.S. GAAP basis earnings for the amortization of Feature Film production assets. Although it is not a recognized measure of performance under U.S. GAAP, EBITDA is presented because it is a widely accepted financial indicator of a company's performance. The Company uses EBITDA to measure its own performance and to set goals for operating managers. EBITDA should not be considered as an alternative to net income, cash flows from operations or any other indicator of World Wrestling Entertainment Inc.'s performance or liquidity, determined in accordance with U.S. GAAP.

Non-GAAP Measures: Adjusted Profit Contribution, Adjusted Selling, general and administrative expenses, Adjusted Operating Income and Adjusted EBITDA

Adjusted Profit Contribution, Adjusted Selling, general and administrative expenses, Adjusted Operating Income and Adjusted EBITDA excludes certain unusual items, which otherwise would impair the comparability of results between periods. Such items include restructuring expenses, film impairments, incremental (income)/expense as listed above and described elsewhere in this release. These should not be considered as an alternative to net income, cash flows from operations or any other indicator of World Wrestling Entertainment Inc.'s performance or liquidity, determined in accordance with U.S. GAAP.

Non-GAAP Measure: Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less cash used for capital expenditures. Although it is not a recognized measure of liquidity under U.S. GAAP, Free Cash Flow provides useful information regarding the amount of cash our continuing business is generating after capital expenditures, available for reinvesting in the business and for payment of dividends. This should not be considered as an alternative to net income, cash flows from operations or any other indicator of World Wrestling Entertainment Inc.'s performance or liquidity, determined in accordance with U.S. GAAP.



Schedule of Adjustments By Line of Business (\$ millions)

Three Months Ended December 31,

	2009			2008		
	2009	Adjustments ¹	Adjusted	2008	Adjustments ²	Adjusted
Revenue						
Live Events/ Venue Merch.	\$ 33.8	\$ -	\$ 33.8	\$ 29.0	\$ -	\$ 29.0
Pay-Per-View	16.3	-	16.3	15.9	-	15.9
Television	30.4	-	30.4	27.6	-	27.6
Digital Media	10.6	-	10.6	10.9	-	10.9
Licensing	8.0	-	8.0	14.7	(6.4)	8.3
Home Video	10.4	-	10.4	15.0	-	15.0
Magazine Publishing	3.6	-	3.6	3.5	-	3.5
WWE Studios	0.2	-	0.2	5.0	-	5.0
Other	4.0	-	4.0	3.8	-	3.8
Total Revenue	\$ 117.3	\$ -	\$ 117.3	\$ 125.4	\$ (6.4)	\$ 119.0
Profit Contribution						
Live Events/ Venue Merch.	\$ 10.5	\$ -	\$ 10.5	\$ 8.8	\$ -	\$ 8.8
Pay-Per-View	10.4	-	10.4	9.9	-	9.9
Television	12.2	(1.9)	10.3	9.4	-	9.4
Digital Media	3.9	(0.9)	3.0	2.8	-	2.8
Licensing	6.0	-	6.0	12.7	(6.4)	6.3
Home Video	5.3	-	5.3	8.7	-	8.7
Magazine Publishing	0.5	-	0.5	(0.3)	-	(0.3)
WWE Studios	0.0	-	0.0	2.6	-	2.6
Other	4.9	(0.8)	4.1	1.7	-	1.7
Total Profit Contribution	\$ 53.7	\$ (3.6)	\$ 50.1	\$ 56.3	\$ (6.4)	\$ 49.9
Profit Margin	46%		43%	45%		42%
S,G & A	32.4	4.2	28.2	29.4	-	29.4
Depreciation	3.5	-	3.5	3.6	-	3.6
Operating Income	\$ 17.8	\$ 0.6	\$ 18.4	\$ 23.3	\$ (6.4)	\$ 16.9
Margin %	15%		16%	19%		14%
EBITDA	\$ 21.3	\$ 0.6	\$ 21.9	\$ 26.8	\$ (6.4)	\$ 20.5
Margin %	18%		19%	21%		17%

¹ For Q4 2009, Profit Contribution includes \$3.6 million in tax credits related to our television and digital media production activities, which were recorded as a reduction of expense in the lines of business as shown above. SG&A includes \$2.2 million of production tax credits and a charge of \$6.4 million associated with the write-down of the receivable due from a prior business partner. Adjusted Profit Contribution, Adjusted SG&A, Adjusted Operating Income and Adjusted EBITDA exclude these items as shown above

² For Q4 2008, Profit Contribution, Operating Income and EBITDA include a \$6.4 million advance from a multi-year contract with a book publisher. Adjusted Profit Contribution, Adjusted SG&A, Adjusted Operating Income and Adjusted EBITDA exclude these items as shown above

See Definition of Non-GAAP measures on page 19



Schedule of Adjustments By Revenue and Income Category (\$ millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
Profit Contribution	\$ 53.7	\$ 56.3	\$ 219.3	\$ 214.7
Adjustments (Added back):				
Production tax credits	(3.6)	-	(5.0)	-
Recognition of advance from a book publisher	-	(6.4)	-	(6.4)
Film impairment	-	-	-	1.9
Adjusted Profit Contribution *	\$ 50.1	\$ 49.9	\$ 214.3	\$ 210.2
Selling, general and administrative expenses	32.4	29.4	127.7	131.3
Adjustments (Added back):				
Production tax credits	2.2	-	3.3	-
Bad debt reserves for prior business partner	(6.4)	-	(7.4)	-
Restructuring	-	-	(2.2)	-
McMahon's Million Dollar Mania - marketing promotion	-	-	-	(3.5)
Adjusted Selling, general and administrative expenses *	\$ 28.2	\$ 29.4	\$ 121.4	\$ 127.8
Depreciation and amortization	3.5	3.6	14.5	13.1
Operating income	\$ 17.8	\$ 23.3	\$ 77.1	\$ 70.3
Adjusted Operating Income *	\$ 18.4	\$ 16.9	\$ 78.4	\$ 69.3
Depreciation and amortization (Added back)	3.5	3.6	14.5	13.1
EBITDA	\$ 21.3	\$ 26.8	\$ 91.6	\$ 83.4
Adjusted EBITDA *	\$ 21.9	\$ 20.5	\$ 92.9	\$ 82.4

* Note: A definition of adjusted financial measures is provided on page 19



Appendix

(\$ millions)

Reconciliation of cash provided by operating activities to free cash flow

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2009	2008	2009	2008
Net cash provided by operating activities	\$ 23.6	\$ 18.5	\$ 116.4	\$ 36.2
Less cash used for capital expenditures:				
Purchase of property and equipment and other assets	(1.8)	(6.7)	(5.5)	(26.5)
Free Cash Flow *	<u>\$ 21.8</u>	<u>\$ 11.8</u>	<u>\$ 110.9</u>	<u>\$ 9.7</u>

* Note: Free Cash Flow is a non-GAAP financial measure. A definition of this financial measure is provided on page 19