



World Wrestling Entertainment, Inc.

Second Quarter – 2009

Conference Call

August 6, 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 Review**
- **Financial Objectives**
- **Q&A**



Overview

Summary Income Statement

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

	Three Months Ended June 30,					Six Months Ended June 30,		
	2009	2009 Pro forma ¹	2008	2009 Growth %	2009 Pro forma Growth % ¹	2009	2008	Growth %
	Revenue	\$138.8	\$106.6	\$129.7	7%	(18%)	\$246.6	\$292.3
Operating Income	\$28.1	\$13.1	\$12.0	134%	9%	\$44.8	\$39.1	15%
Net Income	\$19.9	\$10.2	\$7.0	184%	46%	\$30.2	\$26.5	14%
Earnings Per Share (diluted)	\$0.27	\$0.14	\$0.10	170%	40%	\$0.41	\$0.36	14%
Memo:								
EBITDA	\$31.7	\$16.7	\$15.7	102%	6%	\$52.2	\$45.3	15%

Note:

¹ Excluding *WrestleMania XXV*

- *WrestleMania XXV*, occurred on April 5, 2009 and is included in our second quarter 2009 results. *WrestleMania XXV* contributed approximately \$32.2 million of revenues and \$15.0 million of profit contribution (\$9.7 million, net of tax) and \$0.13 of EPS for the second quarter 2009.
- *WrestleMania XXIV* occurred on March 30, 2008 and is included in our first quarter 2008 results. *WrestleMania XXIV* contributed approximately \$31.3 million of revenues and \$7.1 million of profit contribution (\$4.6 million, net of tax) to our results for the first quarter of 2008.
- For the first six 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 Q2 2008 and the first six months of 2008, EBITDA and Operating Income include a \$3.5 million charge (\$3 million non-cash) related to a promotional campaign funded by WWE's Chairman.



Operational Highlights

Second Quarter

- Our second quarter results were highlighted by solid profit growth reflecting our ongoing commitment to manage operating costs and to improve operating efficiency
 - After adjusting for the impact of *WrestleMania XXV*:
 - Operating income increased 9% despite top-line decline of approx. 18%
 - Gross profit margin improved to 45% from 41%
 - *WrestleMania XXV* more than doubled profits to \$9.7 (net of tax) million compared to *WrestleMania XXIV* event held in Q1 2008
- Consumer demand for our products remains strong
 - *WrestleMania* attracted more than 70,000 fans and achieved nearly 1 million pay-per-view buys
 - Excluding *WrestleMania*, average attendance at our North American events increased 4% to 7,200 and was essentially flat on a year-to-date basis
 - TV ratings for *RAW* (US) were up 12% for the quarter and 9% year-to-date
- Operating efficiency improved significantly over prior year quarter
 - Gross profit and operating margins expanded across various WWE businesses especially Television and Pay-per-view
 - Q2 S,G&A expenses declined 17% (\$6.3 million) to \$31.3 million from the prior year quarter. The prior year included a \$3.5 million charge for the *McMahon's Million Dollar Mania™* promotional campaign
- Advanced key initiatives
 - Developed international opportunities – launched pay-per-view service in Mexico



Financial Review

Second Quarter Summary (\$ millions)

Revenue	Three Months Ended			2009 B/(W) vs. 2008		Pro forma 2009 ¹ B/(W) vs. 2008	
	June 30,			\$	%	\$	%
	2009	Pro Forma 2009 ¹	2008				
Live Events/ Venue Merch.	\$ 40.7	\$ 30.9	\$ 40.5	\$ 0.2	-	\$ (9.6)	(24%)
Pay-Per-View	35.6	14.6	17.9	17.7	99%	(3.3)	(18%)
Television	28.3	28.3	24.7	3.6	15%	3.6	15%
Digital Media	7.9	7.9	7.9	-	-	-	-
Licensing	9.0	9.0	9.0	-	-	-	-
Home Video	8.6	8.6	18.5	(9.9)	(54%)	(9.9)	(54%)
WWE Studios	0.8	0.8	2.6	(1.8)	(69%)	(1.8)	(69%)
Other ²	7.9	6.5	8.6	(0.7)	(8%)	(2.1)	(24%)
Total Revenue	\$ 138.8	\$ 106.6	\$ 129.7	\$ 9.1	7%	\$ (23.1)	(18%)
Profit Contribution							
Live Events/ Venue Merch.	\$ 14.8	\$ 9.9	\$ 12.5	2.3	18%	(2.6)	(21%)
Pay-Per-View	20.2	10.5	10.1	10.1	100%	0.4	4%
Television	10.2	10.2	4.7	5.5	117%	5.5	117%
Digital Media	3.4	3.4	3.4	-	-	-	-
Licensing	7.0	7.0	6.5	0.5	8%	0.5	8%
Home Video	5.1	5.1	10.8	(5.7)	(53%)	(5.7)	(53%)
WWE Studios	(0.2)	(0.2)	2.2	(2.4)	(109%)	(2.4)	(109%)
Other ²	2.5	2.1	3.1	(0.6)	(19%)	(1.0)	(32%)
Total Profit Contribution	\$ 63.0	\$ 48.0	\$ 53.3	\$ 9.7	18%	\$ (5.3)	(10%)
Profit Margin	45%	45%	41%				
S,G & A	31.3	31.3	37.6	6.3	17%	6.3	17%
Depreciation	3.6	3.6	3.7	0.1	3%	0.1	3%
Operating Income	\$ 28.1	\$ 13.1	\$ 12.0	\$ 16.1	134%	\$ 1.1	9%
Margin %	20%	12%	9%				

Note:

¹ Excluding *WrestleMania XXV*

² 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 the timing of *WrestleMania*. Excluding *WrestleMania*:
 - Average paid attendance increased 4% to 7,200 on quarter-over-quarter basis
 - Average ticket prices decreased approximately 14% to \$34.47
- Revenue from international live events declined compared to prior year quarter due to changes in our touring schedule, a weak global economy and adverse changes in foreign exchange rates
 - Average ticket prices declined 35% to \$62.77
 - Average attendance decreased 11% to 8,100
 - Four fewer international events in the quarter (27 in Q2 2009 vs. 31 in Q2 2008)

▪ Key Drivers:

	Second Quarter			Six Months		
	2009	2008	Growth %	2009	2008	Growth %
<u>North America</u>						
Average Event Attendance	8,200	6,900	19% *	6,900	7,000	(1%)
Number of live events	51	52	(2%)	134	118	14%
<u>International</u>						
Average Event Attendance	8,100	9,100	(11%)	8,200	9,100	(10%)
Number of live events	27	31	(13%)	31	39	(21%)

* Excluding impact of *WrestleMania* in Q2 2009, average attendance increased 4% to 7,200



Operational Highlights

Pay-Per-View

▪ Key Drivers:

	Second Quarter			Six Months		
	2009	2008	Growth %	2009	2008	Growth %
Total Pay-Per-View buys (000s)	1,819	1,063	71% *	2,637	3,097	(15%)
Current period buys	1,761	919	92%	2,518	2,888	(13%)
Prior period buys	58	144	(60%)	119	209	(43%)
Number of current year events	5	4	25%	7	7	-%

- Excluding the impact of *WrestleMania*, revenue declined 18% reflecting a change in the event schedule and a 4% decline in buys for the 3 comparable events in both the current and prior year quarter
 - *Night of Champions*, a relatively strong event, was rescheduled to the third quarter; and *The Bash*, typically a third quarter event, was staged in the second quarter
- *WrestleMania XXV* occurred on April 5th, 2009
 - *WrestleMania XXV* generated \$21.0 million in pay-per-view revenue based on approximately 960,000 buys in the quarter

* Excluding the impact of *WrestleMania*, total PPV buys in the second quarter declined 19% and current period buys declined 13% from the prior year quarter



Operational Highlights

Television

- Revenues from the distribution of our television programming increased by 15%, or \$3.6 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* remains one of the most watched regularly scheduled programs on cable television
 - *RAW* is seen by 5.6 million viewers each week
- In the second quarter, *SmackDown* was MyNetworkTV's top rated program among all key demographics
 - *SmackDown* is seen by 3.1 million viewers each week
- *ECW* was the top rated program on Syfy and ranks among the top Tuesday night cable programs among various male demographics
 - *ECW* is seen by 1.6 million viewers each week
- *WWE Superstars* was WGN America's most watched regularly scheduled program among all key demographics
 - *WWE Superstars* is seen by 1.4 million viewers each week including replays

Key Drivers:

TV Ratings (THH):	Second Quarter			Six Months		
	2009	2008	Growth %	2009	2008	Growth %
RAW	3.8	3.4	12%	3.8	3.5	9%
SmackDown	1.9	2.4	(21%)	2.1	2.6	(19%)
WWE Superstars	1.4	-	n/m	1.4	-	n/m
ECW	1.2	1.2	0%	1.3	1.3	0%



Operational Highlights

Consumer Products

- Licensing revenue remained flat at \$9.0 million over the prior year quarter
 - Sales of our new videogame title, *Legends of WrestleMania*, offset declines from our *Smackdown vs. RAW* videogame and toy products
 - *Legends of WrestleMania* (released in March) sold 650,000 units in the quarter
 - *SmackDown vs. RAW 2009* (released in November) sold 460,000 units in the quarter, representing a 34% decrease in unit sales from the prior year quarter
- Home Video revenue decreased 54% to \$8.6 million from the prior year quarter primarily due to lower sales of new release and catalog titles in conjunction with a broader industry decline. In addition, there were two fewer titles released in the current quarter
 - DVD shipments declined 36% to approximately 833,000 units
 - Q2 2009 had 5 new title releases vs. 7 in Q2 2008
 - *WrestleMania XXV*, *Greatest Wrestling Stars of the 90's* and *Macho Madness: The Randy Savage Ultimate Collection* each shipped more than 100,000 units
- Magazine Publishing revenues decreased approximately 30% to \$3.0 million primarily due to a reduction in newsstand and subscription sales and the publication of two fewer special issues in the current quarter
 - Advertising and international licensing revenues increased 45% in aggregate as compared to prior year quarter



Operational Highlights

Digital Media

- Digital Media, our Internet based operations including online advertising sales, mobile content and e-commerce, generated \$7.9 million in revenue and was essentially flat compared to the prior year quarter
- WWE.com revenue increased 13% to \$4.5 million in the quarter principally from a 16% (\$0.4 million) increase in online advertising revenue
 - WWE.com averaged 15.3 million unique users per month and 22 million video streams in the current quarter
 - Internet traffic, as measured by page views, trended favorably during the quarter. Page views increased 19% to an average 503 million per month for the quarter compared to Q1 2009
 - Recently, new advertising/sponsorship agreements were announced with 7-Eleven and Pepsi Max
- WWEShop's revenue declined 13% to \$3.4 million reflecting a comparable decrease in the number of online merchandise orders to approximately 62,000 and a 2% decline in average sales per order to \$51.97



Operational Highlights

WWE Studios

- WWE Studios recognized \$0.8 million in revenue related to two of our theatrical releases, *See No Evil* and *The Condemned*, compared to \$2.6 million in the prior year quarter
 - 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 June 30, 2009, WWE had approximately \$29.7 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*



Financial Overview

Profit Contribution and S,G&A

- Profit contribution was \$63.0 million. Excluding the impact of *WrestleMania*, “adjusted” profits declined 10% driven by lower home video sales, international live events attendance and pay-per-view buys
 - On an adjusted basis, profit contribution margins increased to 45% from 41% in the prior year driven by improved profitability in our Live and Televised Entertainment segment. These improvements were led by reduced operating expenses associated with our television production and brand marketing

	Three months ended June 30,					
	2009	Pro forma 2009 ¹	2008	Growth (pts)	Pro forma	Growth (pts)
Live & Televised Entertainment	43%	41%	34%	9%		7%
Consumer Products	62%	62%	57%	5%		5%
Digital Media	43%	43%	43%	-%		-%
WWE Studios	(25%)	(25%)	85%	n/m		n/m

- Selling, general and administrative expenses decreased to \$31.3 million from \$37.6 million in the prior year quarter reflecting our continuing focus on managing costs and improving operating efficiency
 - SG&A declines 17% principally from decreased advertising, legal and professional fees, partially offset by increased bad debt reserves associated with international customers. Additionally, Q2 2008 included a \$3.5 million charge for the *McMahon's Million Dollar Mania* promotional campaign
- Operating Income increased 134% to \$28.1 million compared to \$12.0 million in prior year quarter
 - Excluding *WrestleMania*, Q2 2009 Operating Income was \$13.1 million reflecting a 9% increase from same period last year
- Net Income was \$19.9 million (\$10.2 million pro forma) vs. \$7.0 million in second quarter of 2008
 - The effective tax rate of 35% compares to 40% in the same quarter last year
- Free cash flow of \$26.3 million compares to a deficit of \$(17.9) million in the prior year quarter
 - Timing of *WrestleMania*, lower investment in feature films and changes in working capital, including changes in the company's tax position contributed to the increase. Capital expenditures decreased to \$1.4 million as compared to \$5.9 million in the prior year period

¹ Excluding *WrestleMania XXIV*



Financial Overview

Second Quarter Revenue (\$ millions)

Q2 2009 Revenue	\$138.8
vs. Q2 2008 \$	+\$9.1
%	7%

Impact of *WrestleMania* Timing

Live Events/ Venue Merchandise	-\$9.8
Pay-Per-View	-\$21.0
Other	-\$1.4
<i>Subtotal</i>	<u>-\$32.2</u>

Q2 2009 Pro forma Revenue (Excluding <i>WrestleMania</i>)	\$106.6
vs. Q2 2008	-\$23.1
%	(18%)

Underlying Trends (Excluding *WrestleMania*)

Home Video (36% decrease in DVD shipments to 833,000 units; 5 titles in Q2 2009 vs. 7 in Q2 2008)	-\$9.9
Live Events/Venue Merch	
Live Events (lower average ticket prices and attendance at international live events)	-\$9.3
Venue Merch (lower sales per event)	-\$0.3
<i>Subtotal</i>	<u>-\$9.6</u>
Pay-per-view (change in event schedule and 4% decline in buys for comparable events)	-\$3.3
WWE Studios (timing of release slate)	-\$1.8
Magazine Publishing (primarily a reduction in newsstand and subscription sales; 1 vs. 3 special issues in Q2 2008)	-\$1.3
Television (Rights fees from <i>WWE Superstars</i> and contractual increases in global contracts)	+\$3.6
All Other	-\$0.8
Total	<u>-\$23.1</u>



Financial Overview

Second Quarter Operating Income (\$ millions)

Q2 2009 Operating Income	\$28.1
vs. Q2 2008 \$	+\$16.1
%	134%

Items impacting comparability

WrestleMania timing (impact on profit contribution)

Live Events/ Venue Merchandise	-\$4.9
Pay-Per-View	-\$9.7
Other	-\$0.4
<i>Subtotal</i>	-\$15.0

Q2 2009 Pro forma Operating Income (Excluding <i>WrestleMania</i>)	\$13.1
vs. Q2 2008	+\$1.1
%	9%

Home Video (36% decrease in DVD shipments to 833,000 units; 5 titles in Q2 2009 vs. 7 in Q2 2008)	-\$5.7
Live Events/Venue Merchandise (lower average ticket prices and attendance at international live events)	-\$2.6
WWE Studios (timing of release slate)	-\$2.4
Pay-Per-View (19% decline in current and prior period buys)	+\$0.4
Licensing (<i>Legends of WrestleMania</i> offset 34% decrease in <i>Smackdown vs. Raw2009</i> and reduced sales of toy products)	+\$0.5
TV Production (rights fees from WWE Superstars and contractual increases in global contracts)	+\$5.5
SG&A (principally decreased advertising, legal and professional fees partially offset by increased reserves for bad debt)	+\$6.3
All other	-\$0.9
Total	+\$1.1



Financial Overview

Consolidated Balance Sheets (\$ millions)

	<u>As of</u> <u>June 30, 2009</u>	<u>As of</u> <u>December 31, 2008</u>
<u>Assets</u>		
Cash & short-term investments	\$ 208.3	\$ 177.3
Accounts receivable	59.1	60.1
Other current assets	18.7	42.6
Total current assets	<u>286.1</u>	<u>280.0</u>
Net fixed assets	88.6	92.4
Feature film production assets	29.7	31.7
Investment Securities	22.7	22.3
Other assets	3.7	3.0
Total assets	<u>\$ 430.8</u>	<u>\$ 429.4</u>
<u>Liabilities & Stockholders' Equity</u>		
Current liabilities	\$ 65.6	\$ 58.3
Long-term debt	3.3	3.9
Other long-term liabilities	8.4	7.2
Total liabilities	<u>77.3</u>	<u>69.4</u>
Total stockholders' equity	353.5	360.0
Total equity & liabilities	<u>\$ 430.8</u>	<u>\$ 429.4</u>



APPENDIX



Appendix

(\$ millions)

Reconciliation of Net Income to EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income reported on GAAP basis	\$ 19.9	\$ 7.0	\$ 30.2	\$ 26.5
Addback:				
Provision for income taxes	10.7	4.7	16.3	13.3
Interest income and other, net	(2.5)	0.3	(1.7)	(0.7)
Depreciation and amortization	3.6	3.7	7.4	6.2
EBITDA	\$ 31.7	\$ 15.7	\$ 52.2	\$ 45.3



Appendix

(\$ millions)

Reconciliation of cash provided by operating activities to free cash flow

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net cash (used in) provided by operating activities	\$ 27.7	\$ (12.0)	\$ 75.0	\$ 3.1
Less cash used for capital expenditures:				
Purchase of property and equipment	(1.4)	(5.9)	(2.9)	(15.6)
Free Cash Flow	<u>\$ 26.3</u>	<u>\$ (17.9)</u>	<u>\$ 72.1</u>	<u>\$ (12.5)</u>