



**FOR IMMEDIATE RELEASE**

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**World Wrestling Entertainment, Inc. Reports Q3 Results:**

- **E.P.S. Rises 44% to \$0.13**
- **Increases Full-Year EBITDA Guidance**

**STAMFORD, Conn., Feb. 17, 2004** - World Wrestling Entertainment, Inc. (NYSE:WWE®) today announced financial results for its third quarter ended January 23, 2004. The Company reported income from continuing operations of \$8.9 million, or \$0.13 per share, versus \$6.0 million, or \$0.09 cents per share in the prior year.

Revenues totaled \$79.1 million as compared to \$92.6 million in the prior year quarter, a decline of approximately 15%. A significant portion of the decrease is due to the fact that during the fiscal quarter, the Company aired only two pay-per-view events as compared to three in the year-ago quarter. Revenues for our January 25, 2004 pay-per-view event, *Royal Rumble*®, which will be recorded in our fiscal fourth quarter, are estimated to be approximately \$8.8 million. In addition, revenues from our live events were down approximately 27% primarily as a result of lower attendance, due in part to fewer events held during the current quarter.

EBITDA was \$15.1 million in the current quarter as compared to \$11.4 million in the prior year quarter. The increase in EBITDA was attributable to a significant reduction in our selling, general and administrative costs as well as increased profitability across much of our branded merchandise businesses and the change in our arrangement with UPN for our *SmackDown!*<sup>TM</sup> program. EBITDA attributable to our January 2004 pay-per-view event, *Royal Rumble*, which will be reflected in our fiscal fourth quarter, is estimated to be approximately \$5.3 million.

“Results for the third quarter exceeded our expectations. Improved operating results across our television, advertising and home video businesses coupled with a continued decrease in our overhead contributed to a strong and profitable quarter. Management remains focused on execution and continuing to improve our profitability,” said Linda McMahon, WWE CEO. “The success of the *Royal Rumble* pay-per-view, coupled with the buzz being generated around *WrestleMania*® XX, our much anticipated, sold-out pay-per-view event at Madison Square Garden on March 14, indicates significant momentum going into our fourth quarter. We’ve had a solid fiscal year so far, and I’m excited by the prospects of a strong fourth quarter. In particular, *WrestleMania XX* is shaping up to be something special and a must-see event in 2004.”

Operating income for the quarter was \$12.2 million versus \$8.8 million in the prior year quarter. Net income was \$8.9 million, or \$0.13 per share, as compared to a net loss of \$16.0 million, or a net loss of \$0.23 per share, in the prior year quarter. Included in the prior year quarter was an impairment charge of \$32.9 million (\$20.4 million, net of tax) related to the Company's New York restaurant.

## **Results By Business Segment**

### **Live and Televised Entertainment**

Revenues from the Company's Live and Televised businesses were \$55.6 million for the current quarter as compared to \$71.0 million in the prior year quarter.

- **Pay-Per-View revenues** were \$13.2 million versus \$21.2 million in the prior year quarter. In the third quarter of fiscal 2004, two pay-per-view events were produced as compared to three in the prior year quarter due to the timing of our third quarter end as compared to the air date of our January program. The Company will produce 12 pay-per-view events in fiscal 2004.
  - Total domestic pay-per-view buys for the quarter were 0.8 million as compared to 1.3 million in the prior year quarter.
  - Buys for our November 2003 event *Survivor Series*® were 0.4 million as compared to 0.3 million in the prior year while buys for *Armageddon*® in December 2003 were 0.2 million as compared to 0.3 million in the prior year.
  - Buys for our January 2004 event, *Royal Rumble*, are currently estimated to be approximately 0.5 million and will be recorded in our fourth fiscal quarter as compared to 0.4 million in the prior year third quarter.
- **Live Event revenues** were \$11.7 million as compared to \$16.0 million in the third quarter of last year.
  - There were 74 events, including 3 international events, during the quarter as compared to 79 events, including 7 international events, during the same period last year.
  - Average attendance for our domestic live events was approximately 4,000 this quarter as compared to approximately 4,300 in the prior year quarter while average attendance for our international live events was 8,700 in the current quarter as compared to 9,100 in the prior year quarter.
  - The average ticket price decreased to approximately \$37.90 as compared to approximately \$41.70 in the prior year quarter.
- **Television Advertising revenues** were \$11.7 million as compared to \$17.5 million in the prior year quarter. Commencing with the new television season, which began September 29, 2003, UPN began to sell the inventory related to our *SmackDown!* program and to pay us a rights fee. The decline in advertising revenues was due to this new arrangement, offset partially by increased advertising revenues from our Spike TV programming.
  - Average household ratings for our *RAW*® program were 3.6 for the current quarter as compared to 3.5 for the prior year quarter.
  - Average household ratings for our *SmackDown!* program remained consistent with a 3.4 for the current quarter and the prior year quarter.

- *Raw* continues to be the top rated regularly scheduled primetime program on ad-supported cable television while *SmackDown!* has consistently been the top rated program on UPN since its premiere in 1999.
- **Television Rights Fees revenues** were \$19.0 million as compared to \$16.2 million in the prior year quarter. The increase was due primarily to rights fees received under the new UPN contract as well as from new international distribution contracts. The prior year quarter included approximately \$2.7 million related primarily to rights fees from our former MTV reality series, *Tough Enough*<sup>®</sup>, executive producer fees for a feature film and one additional television special.

### **Branded Merchandise**

Revenues from the Company's Branded Merchandise businesses were \$23.5 million versus \$21.6 million in the prior year quarter.

- **Merchandise revenues** were \$4.3 million as compared to \$5.0 million in the prior year quarter. The decrease was due in part to a change that occurred in fiscal 2004 from the direct sale of our merchandise to a licensing arrangement for merchandise sold at our Canadian and International events. In addition, revenues decreased due to the fewer live events held in the quarter as compared to the prior year.
- **Publishing revenues** were \$3.0 million as compared to \$4.0 million in the prior year quarter. The decrease was due to a decrease in both newsstand and subscription units sold for our *RAW* and *SmackDown!* branded magazines.
- **Home Video revenues** were \$3.7 million as compared to \$2.7 million in the prior year quarter, the increase due primarily to a 29% increase in units sold.
  - Our recent 3 DVD set titled *The Ultimate Ric Flair™ Collection* sold approximately 89,000 units during the current quarter.
- **Licensing revenues** were \$10.9 million as compared to \$8.4 million in the prior year quarter. The increase was due primarily to increased book publishing revenues.
  - Titles released this quarter included *The Stone Cold Truth*, which has spent the last three months on the New York Times Best-Seller list, and *Unscripted*, a glossy photo coffee table book.

### **Profit Contribution (Net revenues less cost of revenues)**

Profit contribution for the quarter was \$35.0 million as compared to \$35.9 million in the prior year quarter. Total profit contribution margin was approximately 44% for the current quarter as compared to 39% for the prior year quarter.

The profit contribution margin for the Live and Televised businesses was approximately 40% for the current quarter as compared to 37% in the prior year quarter. The profit margin for the current period was favorably impacted by the change in our UPN agreement and decreased television production costs.

The profit contribution margin for the Branded Merchandise businesses was approximately 54% for the current quarter as compared to 45% in the prior year quarter. The increase is due primarily to higher licensing, merchandise and home video margins.

### **Selling, general and administrative expenses**

SG&A expenses decreased by \$5.5 million for the quarter to \$18.9 million as compared to \$24.4 million in the prior year quarter. SG&A expenses decreased primarily due to lower professional fees and, to a lesser extent, the favorable impact of the cost cutting measures taken during fiscal 2003. The prior year included a \$1.5 million expense for a proposed litigation settlement as well as \$0.7 million related to the termination of a lease for additional office space.

### **Stock compensation costs**

Stock compensation costs were \$1.0 million for the current quarter. During the third quarter, we completed an exchange offer that gave all active employees and independent contractors that held options with a grant price of \$17 or higher the ability to exchange options, at a 6 to 1 ratio, for restricted stock units, or, for holders with fewer than 25,000 options, for cash at a 25% discounted rate. Overall, 4.2 million options were eligible for the offer, of which 4.1 million were exchanged for either cash or restricted stock units. As a result of the offer, we will record a total charge of \$6.7 million, of which approximately \$0.9 million was recorded in the current quarter and the remaining charge will be amortized over the 24-month vesting period of the restricted stock units. As of January 23, 2004, after the exchange offer, there were approximately 3.1 million options outstanding at an average exercise price of \$12.60 and there were approximately 0.8 million restricted stock units outstanding.

### **Depreciation and amortization**

Depreciation and amortization was \$2.9 million for the current quarter as compared to \$2.6 million for the prior year quarter.

- In January 2004, the Company paid \$20.1 million to pay off a lease on our corporate jet. The lease, which was the Company's only synthetic lease, had previously been accounted for as an operating lease. The transaction will be accounted for as a capital acquisition in the current period. In addition, this transaction should result in a reduction in the Company's net financing costs.
- The purchase price of the jet, net of a \$9.5 million estimated residual value, will be depreciated over a 10 year period commencing in February 2004.

### **Discontinued Operations**

The discontinued operations of *The World*® was a loss of \$0.1 million, after tax, as compared to a loss of \$22.0 million, after tax, in the prior year quarter. Included in the prior year quarter was a charge of \$32.9 million (\$20.4 million, net of tax) as a result of impairment tests conducted on goodwill and other long-lived assets related to *The World*.

### **Nine months ended results**

Total revenues through the first nine months of fiscal 2004 were \$248.2 million as compared to \$268.3 million in the prior year period. EBITDA was \$49.7 million for the nine month period as compared to \$22.0 million in the prior year period. EBITDA for the current year period included \$5.9 million related to the favorable settlement of litigation.

EBITDA for the prior year period included \$3.9 million in net unfavorable settlements of litigation. Operating income for the current period was \$41.1 million versus \$15.3 million in the prior year period. Net income was \$28.7 million, or \$0.42 per share, as compared to a net loss of \$15.1 million, or \$0.21 per share, in the prior year period. Included in net loss for the prior year was a \$25.2 million loss after tax from discontinued operations related to the Company's New York restaurant.

Free cash flow (net cash provided by continuing operations less cash used for capital expenditures) for the nine months ended January 23, 2004 was \$46.5 million as compared to \$15.1 million for the prior year.

### **Fiscal 2004 Outlook**

The Company has updated its outlook for fiscal 2004 and accordingly, now anticipates that its net revenue results will be between \$335.0 and \$350.0 million as compared to \$325.0 and \$350.0 million previously. The Company's EBITDA range was increased by \$2.5 million and is currently estimated to be between \$57.5 and \$62.5 million; and income from continuing operations is currently estimated to be between \$32.0 and \$34.5 million, or between \$0.48 and \$0.50 per share, an increase from \$0.45 to \$0.48 per share.

Note: World Wrestling Entertainment, Inc. will host a conference call on Wednesday, February 18, 2004 at 1:00 p.m. ET to discuss the Company's third quarter earnings results for fiscal year 2004. All interested parties can access the conference call by dialing 800-895-0198 (conference ID: WWE). Please reserve a line 15 minutes prior to the start time of the conference call. A presentation that will be referenced during the call can be found at the Company web site at [corporate.wwe.com](http://corporate.wwe.com). A replay of the call will be available approximately three hours after the conference call concludes, and can be accessed at [corporate.wwe.com](http://corporate.wwe.com).

**World Wrestling Entertainment, Inc.** (NYSE: WWE) is an integrated media and entertainment company headquartered in Stamford, Conn. Additional information on the Company can be found at [wwe.com](http://wwe.com) and [corporate.wwe.com](http://corporate.wwe.com). For additional information on WrestleMania XX, to be broadcast live on pay-per-view from Madison Square Garden in New York City on March 14, 2004, go to [wrestlemania.wwe.com](http://wrestlemania.wwe.com). Information on television ratings and community activities can be found at [parents.wwe.com](http://parents.wwe.com).

Trademarks: The names of all World Wrestling Entertainment televised and live programming, talent names, images, likenesses, slogans and wrestling moves and all World Wrestling Entertainment logos are trademarks which are the exclusive property of World Wrestling Entertainment, Inc.

Forward-Looking Statements: This news release 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; 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.

**World Wrestling Entertainment, Inc.**  
**Consolidated Statements of Operations**  
(dollars in thousands, except per share data)  
(Unaudited)

|   | Three Months Ended  |                     | Nine Months Ended   |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | January 23,<br>2004 | January 24,<br>2003 | January 23,<br>2004 | January 24,<br>2003 |
| Net revenues .....                                    | \$ 79,070           | \$ 92,565           | \$ 248,176          | \$ 268,337          |
| Cost of revenues .....                                | 44,055              | 56,711              | 145,543             | 175,501             |
| Selling, general and administrative expenses .....    | 18,873              | 24,409              | 51,635              | 70,831              |
| Stock compensation costs.....                         | 1,011               | -                   | 1,327               | -                   |
| Depreciation and amortization .....                   | 2,942               | 2,641               | 8,538               | 6,731               |
| Operating income .....                                | 12,189              | 8,804               | 41,133              | 15,274              |
| Interest and other, net .....                         | 2,111               | 668                 | 4,898               | 680                 |
| Income before income taxes .....                      | 14,300              | 9,472               | 46,031              | 15,954              |
| Provision for income taxes .....                      | 5,372               | 3,484               | 17,411              | 5,851               |
| Income from continuing operations .....               | 8,928               | 5,988               | 28,620              | 10,103              |
| (Loss) income from discontinued operations .....      | (76)                | (21,988)            | 32                  | (25,178)            |
| Net income (loss) .....                               | \$ 8,852            | \$ (16,000)         | \$ 28,652           | \$ (15,075)         |
| Earnings (loss) per share - Basic and Diluted:        |                     |                     |                     |                     |
| Continuing operations .....                           | \$ 0.13             | \$ 0.09             | \$ 0.42             | \$ 0.14             |
| Discontinued operations .....                         | -                   | \$ (0.31)           | -                   | \$ (0.36)           |
| Net income (loss) .....                               | \$ 0.13             | \$ (0.23)           | \$ 0.42             | \$ (0.21)           |
| Weighted average common and common equivalent shares: |                     |                     |                     |                     |
| Basic .....   | 68,394,341          | 70,407,085          | 68,602,818          | 70,633,799          |
| Diluted .....   | 68,767,927          | 70,407,085          | 68,822,331          | 70,633,799          |

**World Wrestling Entertainment, Inc.**  
**Consolidated Balance Sheets**

(dollars in thousands)

(Unaudited)

|   | <b>As of<br/>January 23,<br/>2004</b> | <b>As of<br/>April 30,<br/>2003</b> |
|---|---------------------------------------|-------------------------------------|
| <b>ASSETS</b>   |                                       |                                     |
| CURRENT ASSETS:   |                                       |                                     |
| Cash and cash equivalents .....                         | \$ 70,367                             | \$ 128,473                          |
| Short-term investments .....                            | 196,321                               | 142,641                             |
| Accounts receivable, net .....                          | 39,048                                | 49,729                              |
| Inventory, net .....                                    | 999                                   | 839                                 |
| Prepaid expenses and other current assets .....         | 19,065                                | 18,443                              |
| Assets of discontinued operations .....                 | <u>20,844</u>                         | <u>21,129</u>                       |
| Total current assets .....                              | 346,644                               | 361,254                             |
| PROPERTY AND EQUIPMENT - NET .....                      | 74,895                                | 59,325                              |
| INTANGIBLE ASSETS - NET .....                           | 12,735                                | 12,055                              |
| OTHER ASSETS .....                                      | 4,890                                 | 4,623                               |
| <b>TOTAL ASSETS .....</b>                               | <b><u>\$ 439,164</u></b>              | <b><u>\$ 437,257</u></b>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>             |                                       |                                     |
| CURRENT LIABILITIES:                                    |                                       |                                     |
| Current portion of long-term debt .....                 | \$ 821                                | \$ 777                              |
| Accounts payable .....                                  | 15,771                                | 14,188                              |
| Accrued expenses and other liabilities .....            | 41,232                                | 34,991                              |
| Deferred income .....                                   | 20,496                                | 24,662                              |
| Liabilities of discontinued operations .....            | <u>8,867</u>                          | <u>11,554</u>                       |
| Total current liabilities .....                         | 87,187                                | 86,172                              |
| LONG-TERM DEBT .....                                    | 8,506                                 | 9,126                               |
| COMMITMENTS AND CONTINGENCIES                           |                                       |                                     |
| STOCKHOLDERS' EQUITY:                                   |                                       |                                     |
| Class A common stock .....                              | 136                                   | 182                                 |
| Class B common stock .....                              | 548                                   | 548                                 |
| Treasury stock .....                                    | -                                     | (30,569)                            |
| Additional paid-in capital .....                        | 248,143                               | 297,315                             |
| Accumulated other comprehensive (loss) income .....     | (30)                                  | 243                                 |
| Retained earnings .....                                 | <u>94,674</u>                         | <u>74,240</u>                       |
| Total stockholders' equity .....                        | <u>343,471</u>                        | <u>341,959</u>                      |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY .....</b> | <b><u>\$ 439,164</u></b>              | <b><u>\$ 437,257</u></b>            |

**World Wrestling Entertainment, Inc.**  
**Consolidated Statements of Cash Flows**  
(dollars in thousands)  
(Unaudited)

|   | <b>Nine Months Ended</b>    |                             |
|---|-----------------------------|-----------------------------|
|   | <b>January 23,<br/>2004</b> | <b>January 24,<br/>2003</b> |
| <b>OPERATING ACTIVITIES:</b>  |                             |                             |
| NET INCOME (LOSS)   | \$ 28,652                   | \$ (15,075)                 |
| Adjustments to reconcile net income (loss) to net cash provided<br>by operating activities: |                             |                             |
| (Income) loss from discontinued operations, net of tax .....                                | (32)                        | 25,178                      |
| Depreciation and amortization .....   | 8,538                       | 6,731                       |
| Amortization of warrants .....  | (836)                       | (952)                       |
| Stock compensation costs.....   | 469                         | -                           |
| Change in value of warrants .....   | (422)                       | -                           |
| Recoveries, net of provision for doubtful accounts.....                                     | (1,994)                     | 1,353                       |
| Provision for inventory obsolescence.....   | 19                          | 618                         |
| Changes in assets and liabilities:  |                             |                             |
| Accounts receivable .....   | 12,675                      | 10,806                      |
| Inventory .....   | (179)                       | (314)                       |
| Prepaid expenses and other assets .....   | 1,628                       | (2,688)                     |
| Accounts payable .....  | 1,583                       | (4,562)                     |
| Accrued expenses and other liabilities .....  | 6,530                       | 200                         |
| Deferred income .....   | <u>(4,969)</u>              | <u>2,732</u>                |
| Net cash provided by continuing operations.....   | 51,662                      | 24,027                      |
| Net cash used in discontinued operations .....  | <u>(2,370)</u>              | <u>(7,842)</u>              |
| Net cash provided by operating activities .....   | <u>49,292</u>               | <u>16,185</u>               |
| <b>INVESTING ACTIVITIES:</b>  |                             |                             |
| Purchase of property and equipment .....  | (3,485)                     | (8,885)                     |
| Buyout of corporate aircraft lease.....   | (20,122)                    | -                           |
| Purchase of other assets .....  | (1,641)                     | -                           |
| (Purchase) sale of short-term investments, net .....  | <u>(54,239)</u>             | <u>93,124</u>               |
| Net cash (used in) provided by continuing operations .....                                  | (79,487)                    | 84,239                      |
| Net cash used in discontinued operations .....  | -                           | <u>(2,344)</u>              |
| Net cash (used in) provided by investing activities .....                                   | <u>(79,487)</u>             | <u>81,895</u>               |
| <b>FINANCING ACTIVITIES:</b>  |                             |                             |
| Repayment of long-term debt .....   | (576)                       | (444)                       |
| Purchase of treasury stock.....   | (19,182)                    | (29,477)                    |
| Dividends paid.....   | (8,218)                     | -                           |
| Net proceeds from exercise of stock options .....   | <u>65</u>                   | <u>405</u>                  |
| Net cash used in continuing operations .....  | (27,911)                    | (29,516)                    |
| Net cash provided by discontinued operations .....  | -                           | <u>322</u>                  |
| Net cash used in financing activities .....   | <u>(27,911)</u>             | <u>(29,194)</u>             |
| <br>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS .....                              | <br>(58,106)                | <br>68,886                  |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD .....  | 128,473                     | 86,397                      |
| CASH AND CASH EQUIVALENTS, END OF PERIOD .....  | <u>\$ 70,367</u>            | <u>\$ 155,283</u>           |
| <br><b>SUPPLEMENTAL CASH FLOW INFORMATION</b>   |                             |                             |
| Cash paid during the period for income taxes, net of refunds .....                          | 9,771                       | 3,369                       |
| Cash paid during the period for interest .....  | 585                         | 574                         |

**World Wrestling Entertainment, Inc.**  
**Supplemental Information - EBITDA**

(dollars in thousands)

(Unaudited)

|  | Three Months Ended  |                     | Nine Months Ended   |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | January 23,<br>2004 | January 24,<br>2003 | January 23,<br>2004 | January 24,<br>2003 |
| Net income (loss) reported on U.S. GAAP basis..... | \$ 8,852            | \$ (16,000)         | \$ 28,652           | \$ (15,075)         |
| Loss (income) from discontinued operations .....   | 76                  | 21,988              | (32)                | 25,178              |
| Provision for income taxes .....                   | 5,372               | 3,484               | 17,411              | 5,851               |
| Interest and other, net .....                      | (2,111)             | ( 668)              | (4,898)             | (680)               |
| Depreciation and amortization .....                | 2,942               | 2,641               | 8,538               | 6,731               |
| EBITDA .....                                       | <u>\$ 15,131</u>    | <u>\$ 11,445</u>    | <u>\$ 49,671</u>    | <u>\$ 22,005</u>    |

Non-GAAP Measure:

We define EBITDA as earnings from continuing operations before interest and other, net, income taxes, depreciation and amortization. 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 cash flow. 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 income from continuing operations, 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.

**World Wrestling Entertainment, Inc.**  
**Supplemental Information- Free Cash Flow**  
(dollars in thousands)  
(Unaudited)

|  | <b>Three Months Ended</b>   |                             | <b>Nine Months Ended</b>    |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | <b>January 23,<br/>2004</b> | <b>January 24,<br/>2003</b> | <b>January 23,<br/>2004</b> | <b>January 24,<br/>2003</b> |
| Net cash provided by continuing operations ..... | \$ 17,825                   | \$ 12,738                   | \$ 51,662                   | \$ 24,027                   |
| Less cash used for capital expenditures (1):     |                             |                             |                             |                             |
| Purchase of property and equipment .....         | (1,027)                     | (3,712)                     | (3,485)                     | (8,885)                     |
| Purchase of other assets.....                    | (1,641)                     | -                           | (1,641)                     | -                           |
| Free Cash Flow .....                             | <u>\$ 15,157</u>            | <u>\$ 9,026</u>             | <u>\$ 46,536</u>            | <u>\$ 15,142</u>            |

(1) During the three and nine months ended January 23, 2004, the Company paid \$20,122 to pay off a lease on its corporate jet. This amount, which is an unusual, non-recurring item, has been excluded from the calculation.

**Non-GAAP Measure:**

We define Free Cash Flow as net cash provided by continuing operations less cash used for capital expenditures. Although it is not a recognized measure of performance 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.