



**FOR IMMEDIATE RELEASE**

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## **WWE® Reports Fiscal 2006 First Quarter Results**

STAMFORD, CONN., September 7, 2005 - World Wrestling Entertainment, Inc. (NYSE:WWE) today announced financial results for its first quarter ended July 29, 2005. Total revenues were \$93.8 million as compared to \$81.6 million in the prior year quarter, and operating income was \$15.8 million versus \$11.2 million in the prior year quarter. Net income was \$11.2 million, or \$0.16 per share, as compared to \$7.6 million, or \$0.11 per share, in the prior year quarter. EBITDA was \$18.5 million in the current quarter as compared to \$14.1 million in the prior year quarter.

During the quarter, the Company aired five pay-per-view events as compared to four events in the prior year quarter. The additional event, *Backlash®*, contributed approximately \$4.3 million in revenues, or \$2.1 million in profit contribution.

Linda McMahon, CEO, stated that she was pleased with the Company's financial results and the upward trends in key performance metrics in the first quarter. "One of the more significant items in our Live and Televised businesses for the quarter was the increase in pay-per-view buys. Each of the pay-per-view events produced in the quarter either met or exceeded the buys from the prior year," she said. "Another significant item was an increase in average attendance at our live events as the average attendance at both our North American and International live events was better than anticipated and surpassed last year's average by more than 18%."

Mrs. McMahon continued, "Regarding the Branded Merchandise businesses, our licensing programs continue to expand internationally with significantly better than anticipated sales in the toy and novelty categories. Our Home Video business also outperformed our estimates due in part to the success of our *WrestleMania®* 21 title, which sold approximately 202,000 DVD units to date in the U.S. alone, making it one of our all-time best sellers. These results show that our continued investment in areas such as global expansion and talent development are beginning to yield positive returns."

## Results By Business Segment

### Live and Televised Entertainment

Revenues from the Company's Live and Televised businesses were \$68.6 million as compared to \$65.2 million in the prior year quarter.

- **Pay-Per-View revenues** were \$21.6 million versus \$16.9 million in the prior year quarter. In the first quarter of fiscal 2006, five pay-per-view events were produced as compared to four events in the prior year quarter. The Company will produce 16 pay-per-view events in fiscal 2006, as compared to 14 events in fiscal 2005. The details for the number of buys (in 000's) are as follows:

| <u>Event</u>                                      | <u>Q1 FY06</u> | <u>Q1 FY05</u> |
|---|----------------|----------------|
| <i>Backlash</i> ®                                 | 273            | -              |
| <i>Judgment Day</i> ®                             | 236            | 220            |
| <i>ECW One Night Stand</i> ® / <i>Bad Blood</i> ® | 268            | 264            |
| <i>Great American Bash</i> ®                      | 233            | 233            |
| <i>Vengeance</i> ®                                | 320            | 232            |
| Prior period events                               | 115            | 173            |
| Total   | <u>1,445</u>   | <u>1,122</u>   |

- **Live Event revenues** were \$16.5 million as compared to \$17.9 million in the first quarter of last year.
  - There were 70 events during the quarter as compared to 89 events during the same period last year, including 7 international events held in fiscal 2006 as compared to 10 international events held in the prior year.
  - The average attendance at the Company's North American live events was approximately 4,600 as compared to approximately 3,800 in the prior year quarter, while the average international attendance was 10,700 as compared to 9,300 in the prior year quarter.
  - International events averaged approximately \$809,000 in net revenues and approximately \$228,000 in profit contribution during the current quarter. This is compared to domestic event net revenues that averaged approximately \$172,000 and approximately \$33,000 in profit contribution during this same period.
- **Television Advertising revenues** were \$10.4 million as compared to \$10.6 million in the prior year quarter. As previously announced, under our new agreement with USA Network, which will be effective October 2005, we will no longer participate in domestic advertising sales.
  - Average household ratings for the Company's *RAW*® program were 3.8 as compared to 3.7 in the prior year quarter and *SmackDown*® ratings were 3.1 for both the current and the prior year quarter.
- **Television Rights Fees revenues** were \$20.0 million as compared to \$19.8 million in the prior year quarter.

### **Branded Merchandise**

Revenues from the Company's Branded Merchandise businesses were \$25.2 million versus \$16.4 million in the prior year quarter.

- **Merchandise revenues** were \$5.2 million as compared to \$3.7 million in the prior year quarter. This increase in revenues is primarily driven by our WWE Shop website with the number of orders more than doubling from the prior year quarter from approximately 15,000 orders to approximately 41,000 orders.
- **Home Video revenues** were \$8.5 million as compared to \$5.7 million in the prior year quarter, with 722,000 units sold as compared to 495,000 units sold in the prior year quarter. The increase was due primarily to the release of *WrestleMania 21*, which sold approximately 202,000 units in the current quarter as compared to *WrestleMania XX*, which was released in Q4 of fiscal 2004 and sold 60,000 units in the year ago quarter. Other titles released in the quarter included *Greatest Wrestling Stars of the 80's*, which sold approximately 95,000 units, and *The Road Warriors*, which sold approximately 84,000 units.
- **Licensing revenues** were \$7.5 million as compared to \$3.0 million in the prior year quarter. The increase was due in part to increases in the Toy and Novelties categories, particularly in territories outside North America. In addition, licensing revenues for Video Games included sales of the *WrestleMania 21* game on the Xbox platform in the current quarter, while no titles were released in the prior year quarter.

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

Profit contribution for the quarter was \$41.3 million as compared to \$33.1 million in the prior year quarter. Profit contribution margin was approximately 44% as compared to 41% in the prior year quarter. The profit contribution margin increased in part due to the merchandise and licensing businesses.

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

SG&A expenses were \$22.2 million as compared to \$17.9 million in the prior year quarter. Included in the prior year quarter was a \$2.1 million reduction of sales tax expense due to a tax refund. Additionally, the current quarter reflects approximately \$1.4 million in severance pay related to certain restructuring plans implemented by the Company.

### **Fiscal 2006 Outlook**

Based on the first quarter results, which exceeded our plan, we have increased our full year forecast as follows: revenues for fiscal 2006 of between \$360.0 and \$375.0 million, EBITDA of between \$55.0 and \$60.0 million, and income from continuing operations of between \$32.0 and \$35.0 million, or \$0.46 to \$0.50 per share on a diluted basis.

Note: World Wrestling Entertainment, Inc. will host a conference call on Wednesday, September 7, 2005, at 11:00 a.m. ET to discuss the Company's first quarter earnings results for fiscal year 2006. All interested parties can access the conference call by dialing 800-895-0231 (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).

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. All other trademarks are the property of their respective owners.

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; 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.

**World Wrestling Entertainment, Inc.**  
**Consolidated Income Statements**  
(dollars and shares in thousands, except per share data)  
(Unaudited)

|   | <b>Three Months Ended</b> |                          |
|---|---------------------------|--------------------------|
|   | <b>July 29,<br/>2005</b>  | <b>July 30,<br/>2004</b> |
| Net revenues.....   | \$93,812                  | \$81,551                 |
| Cost of revenues .....  | 52,501                    | 48,416                   |
| Selling, general and administrative expenses.....             | 22,236                    | 17,875                   |
| Depreciation and amortization.....                            | 2,696                     | 2,920                    |
| Stock compensation costs .....                                | 579                       | 1,111                    |
| Operating income .....  | 15,800                    | 11,229                   |
| Investment income, net .....                                  | 1,872                     | 1,232                    |
| Interest expense .....  | 152                       | 167                      |
| Other (expense) income .....                                  | (73)                      | 217                      |
| Income from continuing operations before income taxes .....   | 17,447                    | 12,511                   |
| Provision for income taxes .....                              | 6,269                     | 4,754                    |
| Income from continuing operations.....                        | 11,178                    | 7,757                    |
| Income (loss) from discontinued operations, net of taxes..... | 2                         | (111)                    |
| Net income.....   | \$ 11,180                 | \$ 7,646                 |
| Earnings per share – basic and diluted:                       |                           |                          |
| Continuing operations.....                                    | \$ 0.16                   | \$ 0.11                  |
| Discontinued operations .....                                 | -                         | -                        |
| Net income .....  | \$ 0.16                   | \$ 0.11                  |
| Shares used in per share calculations:                        |                           |                          |
| Basic .....   | 68,899                    | 68,691                   |
| Diluted .....   | 69,627                    | 69,574                   |

**World Wrestling Entertainment, Inc.**  
**Consolidated Balance Sheets**  
(dollars in thousands)  
(Unaudited)

|  | <u>As of July 29,<br/>2005</u> | <u>As of April 30,<br/>2005</u> |
|--|--------------------------------|---------------------------------|
| <b>ASSETS</b>                                    |                                |                                 |
| CURRENT ASSETS:                                  |                                |                                 |
| Cash and cash equivalents .....                  | \$ 74,480                      | \$ 56,568                       |
| Short-term investments .....                     | 196,837                        | 201,487                         |
| Accounts receivable, net .....                   | 54,352                         | 61,901                          |
| Inventory, net.....                              | 1,285                          | 1,057                           |
| Prepaid expenses and other current assets .....  | 10,879                         | 15,191                          |
| Assets of discontinued operations .....          | <u>415</u>                     | <u>544</u>                      |
| Total current assets .....                       | 338,248                        | 336,748                         |
| PROPERTY AND EQUIPMENT - NET.....                | 64,703                         | 66,638                          |
| FEATURE FILM PRODUCTION ASSETS .....             | 30,723                         | 28,771                          |
| INTANGIBLE ASSETS - NET .....                    | 2,101                          | 2,608                           |
| OTHER ASSETS.....                                | 7,276                          | 6,640                           |
| TOTAL ASSETS.....                                | <u>\$ 443,051</u>              | <u>\$ 441,405</u>               |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>      |                                |                                 |
| CURRENT LIABILITIES:                             |                                |                                 |
| Current portion of long-term debt.....           | \$ 771                         | \$ 756                          |
| Accounts payable.....                            | 15,913                         | 15,669                          |
| Accrued expenses and other liabilities .....     | 21,418                         | 21,151                          |
| Deferred income.....                             | 18,132                         | 20,843                          |
| Liabilities of discontinued operations.....      | <u>259</u>                     | <u>254</u>                      |
| Total current liabilities.....                   | 56,493                         | 58,673                          |
| LONG-TERM DEBT .....                             | 7,000                          | 7,198                           |
| COMMITMENTS AND CONTINGENCIES                    |                                |                                 |
| STOCKHOLDERS' EQUITY:                            |                                |                                 |
| Class A common stock .....                       | 211                            | 210                             |
| Class B common stock .....                       | 479                            | 479                             |
| Additional paid-in capital.....                  | 256,066                        | 254,716                         |
| Accumulated other comprehensive loss .....       | (1,083)                        | (908)                           |
| Retained earnings.....                           | <u>123,885</u>                 | <u>121,037</u>                  |
| Total stockholders' equity.....                  | <u>379,558</u>                 | <u>375,534</u>                  |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY ..... | <u>\$ 443,051</u>              | <u>\$ 441,405</u>               |

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

|  | <b>Three Months Ended<br/>July 29,<br/>2005</b> | <b>July 30,<br/>2004</b> |
|--|---|--------------------------|
| <b>OPERATING ACTIVITIES:</b>   |   |                          |
| Net income.....  | \$ 11,180                                       | \$ 7,646                 |
| Adjustments to reconcile net income to net cash provided<br>by operating activities: |   |                          |
| (Income) loss from discontinued operations, net of taxes.....                        | (2)   | 111                      |
| Revaluation of warrants.....   | (639)   | (212)                    |
| Depreciation and amortization.....   | 2,696   | 2,920                    |
| Realized loss on sales of investments.....   | -   | 338                      |
| Amortization of investment income.....   | (263)   | (32)                     |
| Stock compensation costs.....  | 579   | 1,111                    |
| Provision for doubtful accounts.....   | 370   | 225                      |
| Provision for inventory obsolescence.....  | 307   | 46                       |
| Provision for deferred income taxes.....   | 308   | 581                      |
| Changes in assets and liabilities:   |   |                          |
| Accounts receivable.....   | 7,179   | 11,188                   |
| Inventory.....   | (534)   | (11)                     |
| Prepaid expenses and other assets.....   | 200   | 1,302                    |
| Feature film production assets.....  | (1,952)   | (386)                    |
| Accounts payable.....  | 243   | (2,544)                  |
| Accrued expenses and other liabilities.....  | 4,537   | (12,300)                 |
| Deferred income.....   | (2,588)   | 1,078                    |
| Net cash provided by continuing operations.....                                      | 21,621  | 11,061                   |
| Net cash provided by (used in) discontinued operations.....                          | 136   | (794)                    |
| Net cash provided by operating activities.....                                       | 21,757  | 10,267                   |
| <b>INVESTING ACTIVITIES:</b>   |   |                          |
| Additions to property and equipment.....   | (255)   | (916)                    |
| Purchases of short-term investments.....   | (1,325)   | (1,257)                  |
| Proceeds from sales or maturities of short-term investments.....                     | 5,470   | 20,000                   |
| Net cash provided by continuing operations.....                                      | 3,890   | 17,827                   |
| Net cash used in discontinued operations.....  | -   | -                        |
| Net cash provided by investing activities.....                                       | 3,890   | 17,827                   |
| <b>FINANCING ACTIVITIES:</b>   |   |                          |
| Repayments of long-term debt.....  | (184)   | (171)                    |
| Dividends paid.....  | (8,267)   | (4,112)                  |
| Issuance of stock, net.....  | 187   | 171                      |
| Proceeds from exercise of stock options.....   | 529   | 37                       |
| Net cash used in continuing activities.....  | (7,735)   | (4,075)                  |
| Net cash used in discontinued operations.....  | -   | -                        |
| Net cash used in financing activities.....   | (7,735)   | (4,075)                  |
| NET INCREASE IN CASH AND EQUIVALENTS.....  | 17,912  | 24,019                   |
| CASH AND EQUIVALENTS, BEGINNING OF PERIOD.....                                       | 56,568  | 48,467                   |
| CASH AND EQUIVALENTS, END OF PERIOD.....   | \$74,480  | \$72,486                 |

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

(dollars in thousands)

(Unaudited)

|   | <b>Three Months Ended</b> |                          |
|---|---------------------------|--------------------------|
|   | <b>July 29,<br/>2005</b>  | <b>July 30,<br/>2004</b> |
| Net income reported on U.S. GAAP basis.....           | \$ 11,180                 | \$7,646                  |
| (Income) loss from discontinued operations, net ..... | (2)                       | 111                      |
| Provision for income taxes.....                       | 6,269                     | 4,754                    |
| Interest and other, net.....                          | (1,647)                   | (1,282)                  |
| Depreciation and amortization.....                    | 2,696                     | 2,920                    |
| EBITDA .....  | <b>\$18,496</b>           | <b>\$14,149</b>          |

Non-GAAP Measure:

EBITDA is defined as earnings from continuing operations before interest, 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<br/>July 29,<br/>2005</b> | <b>July 30,<br/>2004</b> |
|--|---|--------------------------|
| Net cash provided by continuing operations ..... | \$21,621  | \$11,061                 |
| Less cash used in capital expenditures:          |   |                          |
| Purchase of property and equipment .....         | (255)   | (916)                    |
| Free Cash Flow .....                             | \$ 21,366                                       | \$10,145                 |

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.