



**FOR IMMEDIATE RELEASE**

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## **WWE® Reports Fiscal 2005 Fourth Quarter Results**

**STAMFORD, Conn., June 30, 2005** - World Wrestling Entertainment, Inc. (NYSE:WWE) today announced financial results for its fourth quarter ended April 30, 2005. The Company reported net revenues of \$118.3 million as compared to \$126.7 million in the prior year quarter. Operating income for the quarter was \$22.5 million versus \$32.8 million in the prior year. Net income was \$16.1 million, or \$0.23 per share, as compared to net income of \$19.7 million, or \$0.28 per share, in the prior year quarter.

Major contributors to the fourth quarter revenue were the continued success of our international live events and *WrestleMania*® 21. In the current quarter, the Company produced 23 international live events in Asia, Australia and Europe. The fourth quarter concluded with a sold-out international tour playing 14 live events before more than 100,000 people in the United Kingdom, Italy, Germany and Ireland. Our premier annual pay-per-view event, *WrestleMania 21*, achieved an estimated 983,000 pay-per-view buys, an 11% increase from the *WrestleMania XX* buys recorded in fourth quarter 2004. These successes, however, did not offset the lower pay-per-view buys in the quarter, due in part to the fact that the Company aired only three pay-per-view events in the current quarter as compared to four events in the year ago quarter.

EBITDA was \$25.4 million in the current quarter as compared to \$36.3 million in the prior year quarter. In the prior year quarter EBITDA included the reversal of \$7.9 million accrued licensing agent commissions associated with litigation. Excluding this item, the comparison would be \$25.4 million for the current quarter as compared to \$28.4 million, a decrease of 11%.

Linda McMahon, Chief Executive Officer said, "Our fourth quarter results demonstrated the continued appeal of *WrestleMania* and that we have made significant strides to solidify our global presence in closing out fiscal 2005. We have established an ongoing presence in key territories such as the UK, Australia, Italy and Japan and can now more fully leverage our various business lines in these regions."

Mrs. McMahon continued, "In fiscal 2006, our focus will be on new and emerging businesses, such as our *WWE 24/7*™ SVOD service, the expansion of our digital media product, theatrical films through WWE Films, and our new WWE Legends initiative that uses former Superstars as the basis for new product lines and activities. All these provide new opportunities to expand the WWE brand to new fans, and to reconnect with casual and former fans. On the international front, we will continue our expansion and plan to bring our live event tours to new territories, including New Zealand and Central America. On the domestic front, we are excited about the move of our flagship cable program, *Monday Night RAW*®, to its new home on the USA network in October, and the opportunities afforded by the move of WWE *SmackDown!*® to Friday nights on UPN."

## Results By Business Segment

### Live and Televised Entertainment

Revenues from the Company's Live and Televised segment were \$97.5 million for the current quarter as compared to \$101.0 million in the prior year quarter.

- **Pay-Per-View revenues** were \$34.6 million versus \$43.7 million in the prior year quarter. There were three pay-per-view events produced in the current quarter as compared to four events in the prior year quarter. The details for the number of buys (in 000s) are as follows:

<u>Event</u>	<u>Q4 FY05</u>	<u>Q4 FY04</u>
<i>Royal Rumble®</i>	564	582
<i>No Way Out®</i>	239	266
<i>WrestleMania®</i>	983	886
<i>Backlash®</i>	-	290
Prior period events	198	378
Total	<u>1,984</u>	<u>2,402</u>

- *Backlash* was held on Sunday, May 1, 2005 and is estimated to have achieved 270,000 buys. The revenues from this event will be recorded in the first quarter of fiscal 2006.
- **Live Event revenues** were \$29.4 million as compared to \$22.2 million in the fourth quarter of last year.
  - There were 76 events, including 23 international events, during the quarter as compared to 87 events, including 12 international events, during the same period last year.
  - International events averaged approximately \$698,000 in net revenues and averaged approximately \$202,500 in profit contribution during the current quarter. This is compared to domestic event net revenues that averaged approximately \$252,200 and averaged approximately \$68,200 in profit contribution during this same period.
  - Average attendance for our North American live events was approximately 5,900 this quarter as compared to approximately 5,000 in the prior year quarter.
  - Average attendance for our international live events was 8,700 in the current quarter as compared to 8,400 in the prior year quarter.
- **Television Advertising revenues** were \$12.5 million as compared to \$13.6 million in the prior year quarter.
  - Average household rating for the quarter for our *RAW* program was 4.0 as compared to 3.9 in the prior year quarter while average household rating for our *SmackDown!* program was 3.4 as compared to 3.3 in the prior year quarter.
- **Television Rights Fees revenues** were \$20.4 million as compared to \$20.9 million in the prior year quarter.

### **Branded Merchandise**

Revenues from the Company's Branded Merchandise segment were \$20.8 million versus \$25.7 million in the prior year quarter.

- **Home Video revenues** were \$5.1 million as compared to \$11.1 million in the prior year quarter. The number of total domestic units sold was approximately 434,000 in the current quarter as compared to approximately 813,000 in the prior year quarter. The decrease is partially due to the release of two very successful DVDs in the prior year quarter.
  - In the prior year quarter, *The Monday Night War* was released and sold 118,000 units and *WrestleMania XX*, which went on sale in April, sold 114,000 units. The release date for *WrestleMania 21* was May 10, 2005, subsequent to our fiscal year-end, and has sold approximately 120,000 units.
- **Licensing revenues** were \$3.7 million for both quarters.
- **Publishing revenues** were \$3.6 million as compared to \$3.1 million in the prior year quarter. The increase was due in part to a higher cover price and increased advertising related revenues.
- **Merchandise revenues** were \$6.1 million as compared to \$5.8 million in the prior year quarter.

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

Profit contribution for the quarter was \$50.4 million as compared to \$65.2 million in the prior year quarter. Total profit contribution margin was approximately 43% for the current quarter as compared to 51% for the prior year quarter.

- The profit contribution margin from our Live and Televised segment was approximately 42% for the current quarter as compared to 47% in the prior year quarter. The decrease is due in part to the lower number of pay-per-view buys.
- The profit contribution margin from our Branded Merchandise segment was approximately 46% for the current quarter as compared to 68% in the prior year quarter. The prior year quarter included the reversal of \$7.9 million of accrued licensing agent commissions associated with litigation. In addition, the prior year quarter also included a \$2.9 million impairment charge for our e-commerce engine. Excluding these items, the profit contribution margin for the prior year quarter was 49% as compared to 46% in the current quarter. This decrease reflects lower revenue contribution from the high-margin home video business.

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

SG&A expenses were \$24.4 million for the current quarter as compared to \$26.5 million for the prior year quarter.

- Decreased advertising and promotion expenses and lower employee costs, including management bonuses, were offset by an increase in professional fees related to Sarbanes-Oxley compliance.

### **Stock compensation costs**

Stock compensation costs were \$0.5 million in the current quarter as compared to \$2.3 million for the prior year quarter.

- Stock compensation costs decreased primarily due to a charge of \$1.1 million recorded in the prior year quarter related to the accelerated vesting of restricted stock units previously awarded to certain employees based upon the Company achieving EBITDA related targets under its Long-Term Incentive Plan.

### **Depreciation and amortization**

Depreciation and amortization was \$2.9 million for the current quarter as compared to \$3.5 million for the prior year quarter.

### **Year ended results**

Total revenues for fiscal 2005 were \$366.4 million as compared to \$374.9 million in the prior year. EBITDA was \$62.2 million for the current year as compared to \$85.9 million in the prior year. EBITDA for the prior year included \$13.8 million of favorable adjustments comprised of the reversal of \$7.9 million accrued licensing agent commissions associated with litigation and \$5.9 million related to the favorable settlement of litigation. Excluding these items, EBITDA was \$62.2 million in the current year as compared to \$72.1 million in the prior year. Operating income for the current year was \$50.3 million versus \$73.6 million in the prior year. Net income was \$39.1 million, or \$0.56 per share, as compared to net income of \$48.2 million, or \$0.70 per share, in the prior year.

### **Outlook for Fiscal Year 2006**

The Company has provided the following outlook for fiscal year 2006. This outlook is subject to various risks and uncertainties outlined in the forward-looking statements included in this release and other Securities and Exchange Commission filings of the Company. While the Company has provided a “range” for each estimate this in no way precludes actual results from being more or less than the range suggested by this outlook.

	<u>Range</u>
Total Revenues .....	\$355 - \$370 million
EBITDA: .....	\$53 - \$58 million
Income from Continuing Operations .....	\$31 - \$34 million
Earnings Per Share from Continuing Operations - Diluted .....	\$0.44 – \$0.48

Note: World Wrestling Entertainment, Inc. will host a conference call on Thursday, June 30, 2005 at 11:00 a.m. ET to discuss the Company’s fourth quarter earnings results for fiscal year 2005. 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 in thousands, except per share data)  
(Unaudited)

	Three Months Ended		Year Ended	
	April 30, 2005	April 30, 2004	April 30, 2005	April 30, 2004
Net revenues .....	\$ 118,305	\$ 126,733	\$ 366,431	\$ 374,909
Cost of revenues.....	67,953	61,578	213,289	207,121
Selling, general and administrative expenses.....	24,447	26,535	86,874	78,170
Stock compensation costs.....	476	2,348	4,101	3,675
Depreciation and amortization.....	2,899	3,510	11,874	12,363
Operating income .....	22,530	32,762	50,293	73,580
Investment income, net.....	1,755	1,436	5,362	5,906
Interest expense .....	153	182	642	767
Other (loss) income, net .....	(221)	262	1,346	1,275
Income before income taxes .....	23,911	34,278	56,359	79,994
Provision for income taxes .....	7,882	13,130	18,581	30,421
Income from continuing operations.....	16,029	21,148	37,778	49,573
Income (loss) from discontinued operations.....	104	(1,413)	1,369	(1,381)
Net income .....	<u>\$ 16,133</u>	<u>\$ 19,735</u>	<u>\$ 39,147</u>	<u>\$ 48,192</u>
Earnings per share - Basic:				
Continuing operations .....	\$ 0.23	\$ 0.31	\$ 0.55	\$ 0.72
Discontinued operations.....	-	(0.02)	0.02	(0.02)
Net income .....	<u>\$ 0.23</u>	<u>\$ 0.29</u>	<u>\$ 0.57</u>	<u>\$ 0.70</u>
Earnings per share - Diluted:				
Continuing operations .....	\$ 0.23	\$ 0.30	\$ 0.54	\$ 0.72
Discontinued operations.....	-	(0.02)	0.02	(0.02)
Net income .....	<u>\$ 0.23</u>	<u>\$ 0.28</u>	<u>\$ 0.56</u>	<u>\$ 0.70</u>
Weighted average common shares outstanding:				
Basic .....	68,847	68,413	68,617	68,621
Diluted.....	69,379	69,424	69,376	69,036

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

	<u>As of April 30, 2005</u>	<u>As of April 30, 2004</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 56,568	\$ 48,467
Short-term investments .....	201,487	224,824
Accounts receivable, net.....	61,901	62,703
Inventory, net.....	1,057	856
Prepaid expenses and other current assets.....	15,191	13,596
Assets of discontinued operations.....	<u>544</u>	<u>691</u>
Total current assets.....	336,748	351,137
PROPERTY AND EQUIPMENT - NET .....	66,638	71,369
FEATURE FILM PRODUCTION ASSETS .....	28,771	431
INTANGIBLE ASSETS - NET.....	2,608	4,492
OTHER ASSETS.....	6,640	6,212
ASSETS OF DISCONTINUED OPERATIONS.....	<u>-</u>	<u>20,703</u>
TOTAL ASSETS.....	<u>\$ 441,405</u>	<u>\$ 454,344</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt.....	\$ 756	\$ 700
Accounts payable.....	15,669	13,118
Dividends payable.....	-	4,106
Accrued expenses and other liabilities.....	21,151	42,131
Deferred income.....	20,843	23,512
Liabilities of discontinued operations .....	<u>254</u>	<u>2,401</u>
Total current liabilities .....	58,673	85,968
LONG-TERM DEBT .....	7,198	7,955
LIABILITIES OF DISCONTINUED OPERATIONS .....	-	7,316
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A common stock.....	210	136
Class B common stock.....	479	548
Additional paid-in capital .....	254,716	250,775
Accumulated other comprehensive loss .....	(908)	(1,120)
Retained earnings.....	<u>121,037</u>	<u>102,766</u>
Total stockholders' equity.....	<u>375,534</u>	<u>353,105</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....	<u>\$ 441,405</u>	<u>\$ 454,344</u>

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

	Year Ended	
	April 30, 2005	April 30, 2004
OPERATING ACTIVITIES:		
NET INCOME	\$ 39,147	\$ 48,192
Adjustments to reconcile net income to net cash provided by operating activities:		
(Income) loss from discontinued operations, net of tax.....	(1,369)	1,381
Depreciation and amortization .....	11,874	12,363
Realized losses on sales of investments.....	1,039	-
Amortization of investment income.....	(424)	(1,052)
Stock compensation costs.....	4,084	2,814
Unrealized gain on value of warrants .....	(714)	(671)
Provision for doubtful accounts.....	655	(2,295)
Provision for inventory obsolescence.....	1,549	237
Provision for deferred income taxes.....	1,190	5,087
Impairment of long-lived asset .....	-	2,942
Changes in assets and liabilities:		
Accounts receivable .....	385	(11,332)
Inventory .....	(1,749)	(255)
Prepaid expenses and other assets .....	519	3,301
Feature film production assets.....	(28,340)	(431)
Accounts payable .....	2,552	(1,070)
Accrued expenses and other liabilities .....	(5,902)	7,917
Deferred income .....	(2,176)	(1,737)
Net cash provided by continuing operations .....	22,320	65,391
Net cash used in discontinued operations.....	(5,830)	(3,477)
Net cash provided by operating activities.....	16,490	61,914
INVESTING ACTIVITIES:		
Purchase of property and equipment .....	(5,060)	(5,266)
Purchase of corporate aircraft .....	-	(20,122)
Purchase of other assets.....	(195)	(1,641)
Purchases of short-term investments.....	(61,471)	(238,014)
Proceeds from sales or maturities of short-term investments.....	82,553	154,051
Net cash provided by / (used in) continuing operations .....	15,827	(110,992)
Net cash used in discontinued operations.....	-	-
Net cash provided by / (used in) investing activities .....	15,827	(110,992)
FINANCING ACTIVITIES:		
Repayment of long-term debt .....	(700)	(1,248)
Stock issuance (repurchase), net.....	496	(19,031)
Dividends paid.....	(24,716)	(10,954)
Net proceeds from exercise of stock options .....	704	305
Net cash used in continuing operations.....	(24,216)	(30,928)
Net cash provided by discontinued operations.....	-	-
Net cash used in financing activities .....	(24,216)	(30,928)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS .....	8,101	(80,006)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	48,467	128,473
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 56,568	\$ 48,467

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

	Three Months Ended		Year Ended	
	April 30, 2005	April 30, 2004	April 30, 2005	April 30, 2004
Net income reported on U.S. GAAP basis .....	\$ 16,133	\$ 19,735	\$ 39,147	\$ 48,192
(Income) / loss from discontinued operations .....	(104)	1,413	(1,369)	1,381
Provision for income taxes.....	7,882	13,130	18,581	30,421
Interest and other, net .....	(1,381)	(1,516)	(6,066)	(6,414)
Depreciation and amortization .....	2,899	3,510	11,874	12,363
EBITDA.....	<u>\$ 25,429</u>	<u>\$ 36,272</u>	<u>\$ 62,167</u>	<u>\$ 85,943</u>

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 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 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>Twelve Months Ended</b>	
	April 30, 2005	April 30, 2004	April 30, 2005	April 30, 2004
Net cash provided by continuing operations .....	\$ 7,178	\$ 13,729	\$ 22,320	\$ 65,391
Less cash used for capital expenditures:				
Purchase of property and equipment .....	(1,202)	(1,781)	(5,060)	(5,266)
Purchase of corporate aircraft .....	-	-	-	(20,122)
Purchase of other assets.....	(35)	-	(195)	(1,641)
Free Cash Flow.....	\$ 5,941	\$ 11,948	\$ 17,065	\$ 38,362

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.