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World Wrestling Entertainment, Inc. Reports 2006 Transition Period Results

STAMFORD, Conn., February 13, 2007 - World Wrestling Entertainment, Inc. (NYSE:WWE) today announced financial results for its eight month transition period ended December 31, 2006. Revenues totaled \$262.9 million as compared to \$247.7 million in the comparable prior year period. Operating income was \$39.2 million as compared to \$44.2 million in the prior year period. Net income was \$31.6 million, or \$0.44 per share, as compared to \$29.8 million, or \$0.43 per share, in the prior year period.

“Revenues increased 6%, despite the absence of nearly \$14 million in domestic cable TV advertising. Growth was led by our live events, venue merchandise and home video businesses,” stated Linda McMahon, Chief Executive Officer.

“We are excited about our two major events in April. *WrestleMania*® 23 airs live on Pay-Per-View on Sunday, April 1 from Ford Field in Detroit. Our third feature film, *The Condemned*™, starring fan favorite Stone Cold Steve Austin is scheduled for domestic release on April 27,” continued Mrs. McMahon.

Comparability of Results

Based on our decision to change the financial reporting to a calendar year basis, we are reporting an eight month transition period from May 1, 2006 through December 31, 2006, which is referred to as the 2006 Transition Period. To facilitate comparison, in this press release we have presented operating results from the corresponding eight month prior year period, May 1, 2005 through December 31, 2005. Management feels this comparison is appropriate as operating activities within the two periods were consistent. The current period reflects the absence of all domestic cable advertising revenues under our arrangement with USA Network, which accounted for revenues of approximately \$13.7 million in the prior year period. The prior year period also included approximately \$3.4 million in positive legal settlements. Our effective tax rate of 31% in the current transition period was significantly lower than the 39% rate in the prior period, primarily due to increased tax-exempt income, increased tax benefits from domestic production activities and the favorable settlement of income tax examinations. We modified our business segment reporting to include four reportable segments in the fourth quarter of Fiscal 2006. Results from the prior year have been adjusted for comparability to the new segment reporting structure.

Results By Business Segment for the Eight Month Transition Period

The following chart reflects net revenues and profit contribution by segment for the eight month periods ended December 31, 2006 and December 31, 2005. (Dollars in millions)

<u>Net Revenues</u>	Eight Months Ended	
	December 31, 2006	December 31, 2005
Live and Televised Entertainment	\$ 183.0	\$ 181.6
Consumer Products	59.2	50.6
Digital Media.....	20.7	15.5
WWE Films.....	-	-
Total	<u>\$ 262.9</u>	<u>\$ 247.7</u>

<u>Profit Contribution</u>	Eight Months Ended	
	December 31, 2006	December 31, 2005
Live and Televised Entertainment	\$ 68.1	\$ 73.1
Consumer Products	30.5	29.0
Digital Media.....	7.2	6.2
WWE Films.....	-	-
Total profit contribution	<u>\$ 105.8</u>	<u>\$ 108.3</u>
Profit contribution margin	<u>40%</u>	<u>44%</u>

Live and Televised Entertainment

Revenues from our Live and Televised Entertainment businesses were \$183.0 million for the current period as compared to \$181.6 million in the prior year period.

- **Live Event revenues** were \$52.3 million as compared to \$43.7 million in the prior year period, primarily due to an increase in North American average attendance.
 - There were 246 events, including 34 international events and 38 ECW® branded events, during the current eight month period. There were 199 events, including 25 international events, produced in the prior year period.
 - North American average attendance was approximately 4,900 in the current period as compared to 4,500 in the prior year period. Excluding the ECW events, our North American average attendance was 5,700 as compared to 4,500 in the prior year. The ECW live events generated approximately \$1.1 million with an average ticket price of approximately \$25.00 and average attendance of approximately 1,100.

- **Pay-Per-View revenues** were \$53.4 million as compared to \$54.5 million in the prior year period. There were eleven Pay-Per-View events produced in each period.

The details for the number of buys (in 000's) are as follows:

<u>Events (in chronological order)</u>	<u>Eight Months Ended December 31, 2006</u>	<u>Eight Months Ended December 31, 2005</u>
Backlash®.....	-	308
Judgment Day®.....	252	266
ECW® One Night Stand.....	304	333
Vengeance®.....	337	429
Great American Bash®.....	232	279
SummerSlam®.....	541	634
Unforgiven®.....	307	240
No Mercy®.....	197	224
Cyber Sunday™ /Taboo Tuesday®.....	228	207
Survivor Series®.....	383	375
December to Dismember™.....	90	-
Armageddon®.....	239	280
Prior events.....	177	210
Total.....	<u>3,287</u>	<u>3,785</u>

- Beginning in Q1 of the 2006 Transition Period, the North American retail price of our Pay-Per-View events was increased by \$5.00 to \$39.95 in order to bring the price more in line with similar events. This increase in price partially offset the decline in the number of buys reported in the current period.
- International buys comprised approximately 39% of total buys in the current period as compared to 37% of total buys in the prior year period.
- **Venue Merchandise revenues** were \$12.1 million as compared to \$8.4 million in the eight month period last year, primarily reflecting the increase in North American attendance and an increase in per capita spending by our fans of approximately \$0.70 to \$10.90 in the current year period.
- **Television Rights Fees revenues** were \$58.7 million as compared to \$54.7 million in the prior year. This increase is primarily due to the rights fees received from our ECW telecasts in the current year.
- **Television Advertising revenues** were \$4.5 million as compared to \$19.8 million in the prior year period. This decline was due to our television distribution agreement with USA Network, which became effective in October 2005. Due to this change, we no longer participate in domestic television advertising sales. Advertising revenues in the current period include sales of advertising on our Canadian television programs.

Consumer Products

Revenues from our Consumer Products businesses were \$59.2 million versus \$50.6 million in the prior year period, a 17% increase.

- **Home Video net revenues** were \$35.5 million as compared to \$28.1 million in the prior year period, reflecting a 55% increase in gross DVD units sold. This success was highlighted by the release of *WrestleMania 22*, which sold over 425,000 gross units in the transition period, representing the best selling title in our history.
- **Licensing revenues** were \$14.7 million as compared to \$14.9 million in the prior year period, reflecting decreases in videogame and novelty related sales. The decline in videogame revenues primarily reflects the timing of new videogame releases. Revenue for the current period reflects no new titles as compared to two new videogames in the prior year period.
- **Magazine publishing net revenues** were \$8.5 million as compared to \$7.3 million in the prior year period. In July 2006 we began publishing *WWE® Magazine*, which replaced our two former magazines, *Raw®* and *SmackDown®*. The increase in revenues reflects higher newsstand sales.

Digital Media

Revenues from our Digital Media related businesses were \$20.7 million as compared to \$15.5 million in the prior year, a 34% increase.

- **WWE.com revenues** were \$7.3 million as compared to \$5.9 million in the prior year period, reflecting additional revenues from web-based advertising and wireless content.
- **WWEShop revenues** were \$13.0 million as compared to \$8.7 million in the prior year period, primarily due to a 54% increase in the number of orders processed during the current period. The average amount spent by our customers per order was approximately \$53.00, which was consistent with the prior year period.

WWE Films™

During the eight month 2006 transition period we released two feature films, *See No Evil™* and *The Marine™*, to theaters in widespread distribution. *See No Evil* was released domestically in theaters in May 2006 and on DVD in November 2006. *The Marine* was released domestically in theaters in October 2006 and on DVD in January 2007, subsequent to year end. During the current transition period we incurred approximately \$16.9 million in capitalized production costs for our third feature film, *The Condemned™*, which is scheduled for release in April 2007. WWE does not participate in any revenues associated with these film projects until the print and advertising costs incurred by our distributors have been recouped and the results have been reported to us. Accordingly, no revenues have been recorded in the 2006 transition period.

Profit Contribution (Net revenues less cost of revenues)

Profit contribution for the 2006 transition period was \$105.8 million as compared to \$108.3 million in the prior year period. Total profit contribution margin was approximately 40% for the current period as compared to 44% for the prior year. The decline in the profit contribution is due in part to the absence of domestic television advertising revenues in our Live and Televised Entertainment segment and the increases in revenues from businesses with lower profit margins than advertising, such as live events and venue merchandise.

Selling, general and administrative expenses

SG&A expenses were \$61.0 million for the current period as compared to \$56.9 million in the prior year period. The prior year period included approximately \$3.4 million in positive legal settlements.

EBITDA

EBITDA was approximately \$44.8 million in the current period as compared to \$51.5 million in the prior year period.

Summary Income Statements

The following chart reflects a summary income statement for the eight month periods ended December 31, 2006 and December 31, 2005:

(Dollars in millions, except per share data)

	<u>Eight Months Ended</u>		<u>Eight Months Ended</u>	
	<u>December 31, 2006</u>		<u>December 31, 2005</u>	
Net revenues	\$	262.9	\$	247.7
Operating income	\$	39.2	\$	44.2
Income taxes	\$	14.5	\$	18.9
Net income.....	\$	31.6	\$	29.8
Earnings per share (Diluted).....	\$	0.44	\$	0.43

Cash Flows

Net cash provided by operating activities was \$22.3 million for the eight months ended December 31, 2006 as compared to \$67.1 million in the prior year period. In the 2006 transition period we spent approximately \$17.5 million on the production of feature films as compared to \$5.3 million in the prior year period.

Change in Fiscal Year

As previously disclosed, the Company switched to a calendar year basis beginning with calendar year 2007.

The financial statements included in the attached supplemental schedules show the results of the eight month 2006 transition period and the twelve months ended April 30, 2006, consistent with the presentation required in Form 10-K.

Business Outlook

The Company is committed to complete a comprehensive strategic review with the objective of identifying sustainable, multi-year growth rates. We expect to communicate our financial objectives within the near term. As such, our management has decided not to provide specific guidance on near-term results. In lieu of providing such financial guidance, we are expanding the depth of our business metrics, and will make these available to investors on a monthly basis on our corporate website – corporate.wwe.com. As a specific point of reference, the Company has targeted 2007 EBITDA growth of approximately 12% over the prior calendar year for the payout of management bonuses.

Note: World Wrestling Entertainment, Inc. will host a conference call on February 13, 2007 at 11:00 a.m. ET to discuss the Company's earnings results for the 2006 transition period. All interested parties can access the conference call by dialing 800-862-9098 (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. A replay of the call will be available approximately three hours after the conference call concludes, and can be accessed at 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 and corporate.wwe.com.

Trademarks: All World Wrestling Entertainment, Inc. programming, talent names, images, likenesses, slogans, wrestling moves, and logos are the exclusive property of World Wrestling Entertainment, Inc. and its subsidiaries. All other trademarks, logos and copyrights 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, 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.

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

	<u>Eight Months Ended December 31, 2006</u>	<u>Twelve Months Ended April 30, 2006</u>
Net revenues	\$ 262,937	\$ 400,051
Cost of revenues	157,094	227,172
Selling, general and administrative expenses	61,043	91,867
Depreciation and amortization	<u>5,557</u>	<u>10,472</u>
Operating income.....	39,243	70,540
Investment income, net	6,440	7,390
Interest expense.....	421	587
Other income, net	<u>884</u>	<u>553</u>
Income from continuing operations before income taxes	46,146	77,896
Provision for income taxes	<u>14,529</u>	<u>47,012</u>
Income from continuing operations	<u>31,617</u>	<u>47,012</u>
Income from discontinued operations, net of taxes	-	35
Net income	<u>\$ 31,617</u>	<u>\$ 47,047</u>
Earnings per share – basic :		
Continuing operations.....	\$ 0.45	\$ 0.68
Discontinued operations.....	0.00	0.00
Net income	<u>\$ 0.45</u>	<u>\$ 0.68</u>
Earnings per share – diluted:		
Continuing operations.....	\$ 0.44	\$ 0.67
Discontinued operations.....	0.00	0.00
Net income	<u>\$ 0.44</u>	<u>\$ 0.67</u>
Shares used in per share calculations:		
Basic	<u>70,899</u>	<u>69,361</u>
Diluted	<u>71,596</u>	<u>70,176</u>

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

	<u>As of December 31, 2006</u>	<u>As of April 30, 2006</u>
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$ 86,267	\$ 175,203
Short-term investments	161,889	105,655
Accounts receivable, net	52,113	67,775
Inventory, net	3,049	1,788
Prepaid expenses and other current assets	13,334	11,140
Assets of discontinued operations	469	457
Total current assets	317,121	362,018
PROPERTY AND EQUIPMENT, NET	67,972	67,570
FEATURE FILM PRODUCTION ASSETS	53,560	36,094
INTANGIBLE ASSETS, NET	3,328	1,461
OTHER ASSETS	11,304	12,247
TOTAL ASSETS	\$ 453,285	\$ 479,390
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 862	\$ 817
Accounts payable	14,909	19,826
Accrued expenses and other liabilities	25,535	36,017
Deferred income	20,166	19,874
Liabilities of discontinued operations	302	294
Total current liabilities	61,774	76,828
LONG-TERM DEBT	5,800	6,381
STOCKHOLDERS' EQUITY:		
Class A common stock	231	227
Class B common stock	479	479
Additional paid-in capital	286,985	277,693
Accumulated other comprehensive income	666	355
Retained earnings	97,350	117,427
Total stockholders' equity	385,711	396,181
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 453,285	\$ 479,390

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

	December 31, 2006	April 30, 2006
OPERATING ACTIVITIES:		
Net income.....	\$ 31,617	\$ 47,047
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations, net of taxes.....	-	(35)
Revaluation of warrants.....	(839)	(1,474)
Depreciation and amortization.....	5,557	10,472
Realized loss on sale of investments.....	105	1,820
Amortization of investment income.....	(329)	(1,702)
Stock compensation costs.....	4,843	4,694
Provision for doubtful accounts.....	(1,574)	494
Provision for inventory obsolescence.....	1,429	1,894
Provision (benefit) for deferred income taxes.....	2,442	(1,661)
Excess tax benefit from stock-based payment arrangements.....	(712)	-
Changes in assets and liabilities:		
Accounts receivable.....	17,237	(6,368)
Inventory.....	(2,689)	(2,625)
Prepaid expenses and other assets.....	(2,764)	(2,658)
Feature film production assets.....	(17,466)	(7,323)
Accounts payable.....	(4,917)	4,156
Accrued expenses and other liabilities.....	(10,273)	20,849
Deferred income.....	621	(478)
Net cash provided by continuing operations.....	22,288	67,102
Net cash provided by discontinued operations.....	-	162
Net cash provided by operating activities.....	22,288	67,264
INVESTING ACTIVITIES:		
Purchase of property and equipment.....	(5,099)	(9,376)
Purchase of other assets.....	(2,726)	(881)
Purchase of short-term investments.....	(77,436)	(53,765)
Proceeds from sales or maturities of short-term investments.....	20,850	148,908
Net cash (used in) provided by continuing operations.....	(64,411)	84,886
Net cash used in discontinued operations.....	-	-
Net cash (used in) provided by investing activities.....	(64,411)	84,886
FINANCING ACTIVITIES:		
Repayments of long-term debt.....	(537)	(757)
Dividends paid.....	(51,017)	(50,064)
Issuance of stock, net.....	350	483
Proceeds from exercise of stock options.....	3,679	16,823
Excess tax benefit from stock-based compensation arrangements.....	712	-
Net cash used in continuing operations.....	(46,813)	(33,515)
Net cash used in discontinued operations.....	-	-
Net cash used in financing activities.....	(46,813)	(33,515)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	(88,936)	118,635
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....	175,203	56,568
CASH AND CASH EQUIVALENTS, END OF PERIOD.....	\$ 86,267	\$ 175,203

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

	<u>Eight Months Ended December 31, 2006</u>	<u>Twelve Months Ended April 30, 2006</u>
Net income reported on U.S. GAAP basis	\$ 31,617	\$ 47,047
Income from discontinued operations, net	-	(35)
Provision for income taxes	14,529	30,884
Interest and other, net	(6,903)	(7,356)
Depreciation and amortization	5,557	10,472
EBITDA.....	<u>\$ 44,800</u>	<u>\$ 81,012</u>

Non-GAAP Measure:

EBITDA is defined as net income from continuing operations before interest and other income, 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 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)

	Eight Months Ended December 31, 2006	Twelve Months Ended April 30, 2006
Net cash provided by continuing operations	\$ 22,288	\$ 67,102
Less cash used in capital expenditures:		
Purchase of property and equipment	(5,099)	(9,376)
Purchase of other film library assets	(2,726)	(881)
Free Cash Flow	\$ 14,463	\$ 56,845

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 liquidity under U.S. GAAP, Free Cash Flow provides useful information regarding the amount of cash our continuing business is generating after capital expenditures, available for reinvesting in the business and for payment of dividends.