

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2020
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number: 001-16131

WORLD WRESTLING ENTERTAINMENT, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

04-2693383
(I.R.S. Employer Identification No.)

**1241 East Main Street
Stamford, CT 06902
(203) 352-8600**
*(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)*

Securities registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Trading Symbol(s)</i>	<i>Name of each exchange on which registered</i>
Class A Common Stock, par value \$0.01 per share	WWE	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At April 21, 2020, the number of shares outstanding of the Registrant's Class A common stock, par value \$.01 per share, was 46,316,133 and the number of shares outstanding of the Registrant's Class B common stock, par value \$.01 per share, was 31,099,011.

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WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Net revenues	\$ 291,009	\$ 182,448
Operating expenses	175,389	135,450
Marketing and selling expenses	22,677	23,144
General and administrative expenses	28,750	24,293
Depreciation and amortization	10,900	6,420
Operating income (loss)	53,293	(6,859)
Interest expense	8,151	6,339
Other (expense) income, net	(10,420)	1,849
Income (loss) before income taxes	34,722	(11,349)
Provision for (benefit from) income taxes	8,549	(2,953)
Net income (loss)	\$ 26,173	\$ (8,396)
Earnings (loss) per share: basic	\$ 0.34	\$ (0.11)
Earnings (loss) per share: diluted	\$ 0.31	\$ (0.11)
Weighted average common shares outstanding:		
Basic	77,336	78,040
Diluted	85,100	78,040
Dividends declared per common share (Class A and B)	\$ 0.12	\$ 0.12

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Net income (loss)	\$ 26,173	\$ (8,396)
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(426)	33
Unrealized holding gains (losses) on available-for-sale debt securities (net of tax (benefit) expense of \$(506) and \$230, respectively)	(1,602)	727
Total other comprehensive (loss) income	(2,028)	760
Comprehensive income (loss)	<u>\$ 24,145</u>	<u>\$ (7,636)</u>

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	As of	
	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 158,520	\$ 90,447
Short-term investments, net	132,999	160,034
Accounts receivable (net of allowance for doubtful accounts and returns of \$1,115 and \$818, respectively)	136,315	124,771
Inventory, net	8,259	8,252
Prepaid expenses and other current assets	25,759	20,806
Total current assets	461,852	404,310
PROPERTY AND EQUIPMENT, NET	172,891	174,752
FINANCE LEASE RIGHT-OF-USE ASSETS, NET	318,227	289,932
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	15,685	20,811
CONTENT PRODUCTION ASSETS, NET	17,495	20,045
INVESTMENT SECURITIES	16,374	28,106
DEFERRED INCOME TAX ASSETS, NET	8,057	7,217
OTHER ASSETS, NET	47,065	47,060
TOTAL ASSETS	\$ 1,057,646	\$ 992,233
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 2,416	\$ 3,613
Finance lease liabilities	9,344	7,945
Operating lease liabilities	3,623	6,586
Convertible debt	190,158	188,667
Accounts payable and accrued expenses	84,294	80,592
Deferred income	62,406	56,941
Total current liabilities	352,241	344,344
LONG-TERM DEBT	22,000	22,098
FINANCE LEASE LIABILITIES	368,696	335,465
OPERATING LEASE LIABILITIES	12,177	14,571
OTHER NON-CURRENT LIABILITIES	445	429
Total liabilities	755,559	716,907
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A common stock: (\$0.01 par value; 180,000,000 shares authorized; 46,311,161 and 46,181,320 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively)	463	462
Class B convertible common stock: (\$0.01 par value; 60,000,000 shares authorized; 31,099,011 and 31,099,011 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively)	311	311
Additional paid-in capital	417,257	405,353
Accumulated other comprehensive income	836	2,864
Accumulated deficit	(116,780)	(133,664)
Total stockholders' equity	302,087	275,326
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,057,646	\$ 992,233

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

Three Months Ended March 31, 2020								
	Common Stock				Additional Paid - in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Class A		Class B					
	Shares	Amount	Shares	Amount				
Balance, December 31, 2019	46,181	\$ 462	31,099	\$ 311	\$ 405,353	\$ 2,864	\$ (133,664)	\$ 275,326
Net income	—	—	—	—	—	—	26,173	26,173
Other comprehensive loss	—	—	—	—	—	(2,028)	—	(2,028)
Stock issuances, net	130	1	—	—	1,411	—	—	1,412
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(2,572)	—	—	(2,572)
Cash dividends declared	—	—	—	—	—	—	(9,289)	(9,289)
Stock-based compensation	—	—	—	—	13,065	—	—	13,065
Balance, March 31, 2020	46,311	\$ 463	31,099	\$ 311	\$ 417,257	\$ 836	\$ (116,780)	\$ 302,087

Three Months Ended March 31, 2019								
	Common Stock				Additional Paid - in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
	Class A		Class B					
	Shares	Amount	Shares	Amount				
Balance, December 31, 2018	43,721	\$ 437	34,303	\$ 343	\$ 415,281	\$ 1,502	\$ (101,326)	\$ 316,237
Net loss	—	—	—	—	—	—	(8,396)	(8,396)
Other comprehensive income	—	—	—	—	—	760	—	760
Stock issuances, net	18	—	—	—	1,157	—	—	1,157
Taxes paid related to net settlement upon vesting of equity awards	—	—	—	—	(51)	—	—	(51)
Cash dividends declared	—	—	—	—	2	—	(9,368)	(9,366)
Stock-based compensation	—	—	—	—	12,828	—	—	12,828
Balance, March 31, 2019	43,739	\$ 437	34,303	\$ 343	\$ 429,217	\$ 2,262	\$ (119,090)	\$ 313,169

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
OPERATING ACTIVITIES:		
Net income (loss)	\$ 26,173	\$ (8,396)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization and impairments of content production assets	8,911	8,952
Depreciation and amortization	12,093	8,003
Other amortization	4,268	3,496
Loss on equity investments	11,718	194
Services provided in exchange for equity instruments	(231)	(760)
Stock-based compensation	13,065	12,828
Benefit from deferred income taxes	(840)	(780)
Other non-cash adjustments	4,767	1,035
Cash (used in)/provided by changes in operating assets and liabilities:		
Accounts receivable	(21,372)	23,989
Inventory	(503)	(1,018)
Prepaid expenses and other assets	6,696	(9,425)
Content production assets	(9,277)	(4,836)
Accounts payable, accrued expenses and other liabilities	4,760	(38,757)
Deferred income	5,668	12,224
Net cash provided by operating activities	<u>65,896</u>	<u>6,749</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment and other assets	(8,318)	(16,831)
Purchases of short-term investments	(8,685)	(13,398)
Proceeds from sales and maturities of short-term investments	33,535	20,478
Purchase of investment securities	—	(120)
Net cash provided by (used in) investing activities	<u>16,532</u>	<u>(9,871)</u>
FINANCING ACTIVITIES:		
Repayment of long-term debt	(1,295)	(1,268)
Repayment of finance leases	(2,611)	(2,043)
Dividends paid	(9,289)	(9,366)
Taxes paid related to net settlement upon vesting of equity awards	(2,572)	(51)
Proceeds from issuance of stock	1,412	1,157
Net cash used in financing activities	<u>(14,355)</u>	<u>(11,571)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,073	(14,693)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	90,447	167,457
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 158,520</u>	<u>\$ 152,764</u>
NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Purchases of property and equipment recorded in accounts payable		
and accrued expenses (See Note 12)	\$ 4,531	\$ 10,325

See accompanying notes to consolidated financial statements.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

1. Basis of Presentation and Business Description

The accompanying consolidated financial statements include the accounts of WWE. “WWE” refers to World Wrestling Entertainment, Inc. and its subsidiaries, unless the context otherwise requires. References to “we,” “us,” “our” and the “Company” refer to WWE.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying consolidated financial statements are unaudited. All adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations, and cash flows at the dates and for the periods presented have been included. The results of operations of any interim period are not necessarily indicative of the results of operations for the full year. All intercompany balances are eliminated in consolidation.

Certain information and note disclosures normally included in annual financial statements have been condensed or omitted from these interim financial statements; these financial statements should be read in conjunction with the financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2019.

We are an integrated media and entertainment company, principally engaged in the production and distribution of wrestling entertainment content through various channels, including our premium over-the-top subscription network (“WWE Network”), content rights agreements, pay-per-view event programming, filmed entertainment, live events, licensing of various WWE themed products, and the sale of consumer products featuring our brands. Our operations are organized around the following principal activities:

Media:

- The Media segment reflects the production and monetization of long-form and short-form video content across various platforms, including WWE Network, broadcast and pay television, digital and social media, as well as filmed entertainment. Across these platforms, revenues principally consist of content rights fees, subscriptions to WWE Network, and advertising and sponsorships.

Live Events:

- Live events provide ongoing content for our media platforms. Live Event segment revenues consist primarily of ticket sales, including primary and secondary distribution, revenues from events for which we receive a fixed fee, as well as the sale of travel packages associated with the Company’s global live events.

Consumer Products:

- The Consumer Products segment engages in the merchandising of WWE branded products, such as video games, toys and apparel, through licensing arrangements and direct-to-consumer sales. Revenues principally consist of royalties and licensee fees related to WWE branded products, and sales of merchandise distributed at our live events and through eCommerce platforms.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

2. Significant Accounting Policies

Our significant accounting policies are detailed in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements within our Annual Report on Form 10-K for the year ended December 31, 2019. During the first quarter of 2020, the Company adopted new accounting guidance related to improvements to the accounting for film costs. Refer to Note 9, *Content Production Assets, Net*, for a description of the updated accounting policy. Additionally, the Company adopted new accounting guidance related to the measurement of credit losses for certain financial instruments. Refer to Note 10, *Investment Securities and Short-Term Investments*, for details on the adoption. Additional details related to these adoptions are described further below in *Recent Accounting Pronouncements*.

Operating Expenses

Operating expenses consist of our production costs associated with developing our content, costs associated with operating our WWE Network, venue rental and related costs associated with the staging of our live events, compensation costs for our talent, and material and related costs associated with our consumer product merchandise sales. In addition, operating expenses include certain business operating support function costs, including our talent development, data analytics, data engineering, business strategy and real estate and facilities functions, as these activities directly support the operations of our segments.

Included within Operating expenses are the following:

	Three Months Ended	
	March 31,	
	2020	2019
Amortization and impairment of content production assets	\$ 8,911	\$ 8,952
Depreciation and amortization of WWE Network content delivery and technology assets	1,125	1,582
Amortization of right-of-use assets - finance leases of equipment	2,559	1,996
Depreciation on equipment used directly in revenue generating activities	136	—
Total depreciation and amortization included in operating expenses	<u>\$ 12,731</u>	<u>\$ 12,530</u>

Costs to produce our live event programming are expensed when the event is first broadcast, and are not included in the amortization table noted above.

Recent Accounting Pronouncements

In March 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2019-02, *Improvements to Accounting for Costs of Films and License Agreements for Program Materials*, in order to align the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. The amendments also require that an entity reassess estimates of the use of a film in a film group and account for any changes prospectively. In addition, the amendments require that an entity test films and license agreements for program material for impairment at a film group level when the film or license agreements are predominantly monetized with other films and license agreements. The Company evaluated its portfolio of content assets in order to determine the predominant monetization strategies which now dictates the appropriate impairment model to apply. In general, the Company’s content assets related to original programming content airing on the WWE Network are predominantly monetized as a film group through monthly subscription fees collected from WWE Network subscribers, while the Company’s other content assets comprised largely of feature films and episodic television series which are licensed or sold to distributors are predominantly monetized individually through the underlying rights fees collected under the distribution arrangements. The Company previously provided separate captions within noncurrent assets on the face of the consolidated balance sheet for episodic television production assets and feature film production assets. With the adoption of the amendments, the Company now presents both episodic television and feature film production assets under one combined caption, Content production assets, net, within the noncurrent assets section of the consolidated balance sheet. To conform to the current period presentation, the Content productions assets, net balance of \$20,045 as of December 31, 2019 is comprised of \$15,873 of feature film production assets and \$4,172 of television production assets. ASU 2019-02 is effective for fiscal years beginning after December 15, 2019. The Company adopted the amendments on January 1, 2020 with no material impact to our consolidated financial statements upon adoption. Refer to Note 9, *Content Production Assets, Net*, for further details.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808) – Clarifying the Interaction between Topic 808 and Topic 606*. The amendments in this ASU clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606, Revenue from Contracts with Customers, when the collaborative arrangement participant is a customer in the context of a unit of account and precludes recognizing as revenue consideration received

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

from a collaborative arrangement participant if the participant is not a customer. The new guidance is effective for fiscal years beginning after December 15, 2019. The Company adopted the amendment on January 1, 2020 with no impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, “*Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.*” The new guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in this update. The new guidance is effective for fiscal years beginning after December 15, 2019. The Company adopted the amendments on January 1, 2020 and applied the amendments prospectively to all implementation costs incurred after the date of adoption.

In August 2018, the FASB issued ASU No. 2018-13, “*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*”, which modifies the disclosure requirements on fair value measurements. The new guidance is effective for fiscal years beginning after December 15, 2019. Upon the effective date, certain provisions are to be applied prospectively, while others are to be applied retrospectively to all periods presented. The amendments eliminated certain disclosure requirements such as the elimination of disclosing the valuation process for Level 3 fair value measurements. Other amendments in the update did not largely impact the Company. The Company adopted the amendments on January 1, 2020 with no impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” (“ASU 2016-13”), which requires an entity to assess impairment of its financial instruments based on its estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve and clarify the implementation guidance. The provisions of ASU 2016-13 and the related amendments are effective for fiscal years beginning after December 15, 2019. Entities are required to apply these changes through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company evaluated its financial instruments and determined that its trade accounts receivables are subject to the new current expected credit loss model and the Company’s available-for-sale debt securities are subject to the new modified credit impairment guidance. Based upon the application of the new current expected credit loss model on our opening balance of accounts receivable as of January 1, 2020, we determined that no material incremental credit loss reserve is needed and accordingly did not record a cumulative effect adjustment. As of the adoption date on January 1, 2020, the Company applied the new credit impairment guidance for available-for-sale debt securities on a prospective basis. Refer to Note 10, *Investment Securities and Short-Term Investments*, for further information on our available-for-sale debt securities.

3. Segment Information

The Company currently classifies its operations into three reportable segments: Media, Live Events and Consumer Products. Segment information is prepared on the same basis that our chief operating decision maker manages the segments, evaluates financial results, and makes key operating decisions.

Certain business support functions including sales and marketing, our international offices and talent development are allocated to the three reportable segments based primarily on a percentage of revenue contribution. The remaining unallocated corporate expenses largely relate to corporate functions such as finance, legal, human resources, facilities and information technology. The Company does not allocate these costs to its business segments, as they do not directly relate to revenue generating activities. These unallocated corporate expenses will be shown, as applicable, as a reconciling item in tables where segment and consolidated results are both shown. Revenues from transactions between our operating segments are not material.

The Company presents Adjusted OIBDA as the primary measure of segment profit (loss). The Company defines Adjusted OIBDA as operating income before depreciation and amortization, excluding stock-based compensation, certain impairment charges and other non-recurring material items. Adjusted OIBDA includes depreciation and amortization expenses directly related to our revenue generating activities, including content production asset amortization, depreciation and amortization of costs related to content delivery and technology assets utilized for our WWE Network, as well as amortization of right-of-use assets related to finance leases of equipment used to produce and broadcast our live events. The Company believes the presentation of Adjusted OIBDA is relevant and useful for investors because it allows investors to view our segment performance in the same manner as the primary method used by management to evaluate segment performance and make decisions about allocating resources. Additionally, we believe that Adjusted OIBDA is a primary measure used by media investors, analysts and peers for comparative purposes.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

We do not disclose assets by segment information. We do not provide assets by segment information to our chief operating decision maker, as that information is not typically used in the determination of resource allocation and assessing business performance of each reportable segment.

The following tables present summarized financial information for each of the Company's reportable segments:

	Three Months Ended March 31,	
	2020	2019
Net revenues:		
Media	\$ 256,558	\$ 135,447
Live Events	17,529	26,239
Consumer Products	16,922	20,762
Total net revenues	\$ 291,009	\$ 182,448
Adjusted OIBDA:		
Media	\$ 102,636	\$ 28,500
Live Events	(2,643)	794
Consumer Products	3,845	6,020
Corporate	(26,580)	(22,925)
Total Adjusted OIBDA	\$ 77,258	\$ 12,389

Reconciliation of Total Operating Income (Loss) to Total Adjusted OIBDA

	Three Months Ended March 31,	
	2020	2019
Total operating income (loss)	\$ 53,293	\$ (6,859)
Depreciation and amortization (1)	10,900	6,420
Stock-based compensation	13,065	12,828
Other adjustments	—	—
Total Adjusted OIBDA	\$ 77,258	\$ 12,389

- (1) Depreciation and amortization for the three months ended March 31, 2020 includes \$2,266 of amortization related to the right-of-use asset for the Company's new global headquarters lease, which commenced on July 1, 2019 and is accounted for as a finance lease.

4. Revenues

Revenues are generally recognized when control of the promised goods or services is transferred to our customers either at a point in time or over time, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Most of our contracts have one performance obligation and all consideration is allocated to that performance obligation. Our revenues do not include material amounts of variable consideration. The variable consideration contained in our contracts relate primarily to sales or usage-based royalties earned on consumer product licensing contracts. The variability related to these sales or usage-based royalties will be resolved in the periods when the licensee generates sales related to the intellectual property license. As it relates to our Consumer Products segment, the Company accounts for shipping and handling activities as fulfillment activities.

We derive our revenues principally from the following sources: (i) content rights fees associated with the distribution of WWE's media content, (ii) subscriptions to WWE Network, (iii) fees for viewing our pay-per-view programming, (iv) feature film distribution, (v) advertising and sponsorship sales, (vi) live event ticket sales, (vii) consumer product licensing royalties from the sale by third-party licensees of WWE branded merchandise, (viii) direct-to-consumer sales of merchandise at our live event venues, and (ix) direct-to-consumer sales of our merchandise through eCommerce platforms.

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WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

Disaggregated Revenues

The following table presents our revenues disaggregated by primary revenue sources. Sales and usage-based taxes are excluded from revenues.

	Three Months Ended	
	March 31,	
	2020	2019
Net revenues:		
Media Segment:		
Network (including pay-per-view)	\$ 43,535	\$ 47,013
Core content rights fees (1)	133,197	68,096
Advertising and sponsorships	17,348	10,873
Other (2)	62,478	9,465
Total Media Segment net revenues	256,558	135,447
Live Events Segment:		
North American ticket sales	15,206	24,160
International ticket sales	210	193
Advertising and sponsorships	66	405
Other (3)	2,047	1,481
Total Live Events Segment net revenues	17,529	26,239
Consumer Products Segment:		
Consumer product licensing	7,719	9,428
eCommerce	6,008	6,577
Venue merchandise	3,195	4,757
Total Consumer Products Segment net revenues	16,922	20,762
Total net revenues	\$ 291,009	\$ 182,448

- (1) Core content rights fees consist primarily of licensing revenues earned from the distribution of our flagship programs, *RAW* and *SmackDown*, as well as our *NXT* programming, through global broadcast, pay television and digital platforms.
- (2) Other revenues within our Media segment reflect revenues earned from the distribution of other WWE content, including, but not limited to, certain live in-ring programming in international markets, scripted, reality and other programming, as well as theatrical and direct-to-home video releases.
- (3) Other revenues within our Live Events segment primarily consists of the sale of travel packages associated with the Company's global live events and commissions earned through secondary ticketing, as well as revenues from events for which the Company receives a fixed fee.

Except for our WWE Network subscriptions revenues, which are recorded over time during the subscription term and our consumer product licensing revenues which are recorded over time during the licensing period, our other revenue streams identified in the table above are generally recognized at a point-in-time when the performance obligations are satisfied.

Payment Terms and Other

Our revenues do not include material amounts of variable consideration, other than the sale or usage-based royalties earned related to our consumer product licensing and certain other content rights contracts. Our payment terms vary by the type of products or services offered, and may be subject to contractual payment terms, which may include advance payment requirements. The time between invoicing and when payment is due is not significant, generally within 30 to 60 days. We have elected the practical expedient to not adjust the total consideration within a contract to reflect a financing component when the duration of the financing is one year or less. Our contracts do not generally include a significant financing component. Our contracts with customers do not generally result in significant obligations associated with returns, refunds or warranties.

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Remaining Performance Obligations

As of March 31, 2020, for contracts greater than one year, the aggregate amount of the transaction price allocated to remaining performance obligations is \$3,565,491, comprised of our multi-year content distribution, consumer product licensing and sponsorship contracts. We will recognize rights fees related to our multi-year content distribution contracts as content is delivered to the distributors during the periods 2020 through 2027. We will recognize the revenues associated with the minimum guarantees on our multi-year consumer product licensing arrangements by the end of the licensing periods, which range from 2020 through 2025. For our multi-year sponsorship arrangements, we will recognize sponsorship revenues as the sponsorship obligations are satisfied during the periods 2020 through 2027. The transaction price related to these future obligations do not include any variable consideration, which generally consists of sales or usage-based royalties earned on consumer product licensing and certain other content rights contracts. The variability related to these sales or usage-based royalties will be resolved in the periods when the licensee generates sales related to the intellectual property license.

Contract Assets and Contract Liabilities (Deferred Revenues)

A contract asset results when goods or services have been transferred to the customer, but payment is contingent upon a future event, other than the passage of time (i.e. type of unbilled receivable). The Company does not have any material unbilled receivables, therefore, does not have any contract assets, only accounts receivable as disclosed on our Consolidated Balance Sheets.

We record deferred revenues (also referred to as contract liabilities under ASC Topic 606) when cash payments are received or due in advance of our performance. Our deferred revenue balance primarily relates to advance payments received related to our content distribution rights agreements, our consumer product licensing agreements, and our sponsorship and advertising arrangements. The Company's deferred revenue (i.e. contract liabilities) as of March 31, 2020 and December 31, 2019 was \$62,462 and \$57,025, respectively, and are included within Deferred income and Other non-current liabilities on our Consolidated Balance Sheets.

The net increase in the deferred revenue balance for the three months ended March 31, 2020 of \$5,437 is primarily driven by licensing advances received, partially offset by revenue recognized during the period as a result of satisfying our performance obligations.

Contract Costs (Costs of Obtaining a Contract)

Except for certain multi-year television content arrangements, we generally expense sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within Marketing and selling expenses within our Consolidated Statements of Operations. Capitalized commission fees of \$800 and \$825 at March 31, 2020 and December 31, 2019, respectively, relate primarily to incremental costs of obtaining our long-term television content arrangements and these costs are being amortized over the duration of the underlying content agreements on a straight-line basis to marketing and selling expense. During the three months ended March 31, 2020 and 2019, the amount of amortization was \$25 and \$345, respectively, and there was no impairment in relation to the costs capitalized.

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5. Earnings (Loss) Per Share

For purposes of calculating basic and diluted earnings (loss) per share, we used the following weighted average common shares outstanding (in thousands):

	Three Months Ended March 31,	
	2020	2019
Net income (loss)	\$ 26,173	\$ (8,396)
Weighted average basic common shares outstanding	77,336	78,040
Dilutive effect of restricted and performance stock units (1)	638	—
Dilutive effect of convertible debt instruments (1)	7,116	—
Dilutive effect of employee share purchase plan (1)	10	—
Weighted average dilutive common shares outstanding	85,100	78,040
Earnings (loss) per share:		
Basic	\$ 0.34	\$ (0.11)
Diluted	\$ 0.31	\$ (0.11)
Anti-dilutive shares (excluded from per-share calculations):		
Shares issued under Convertible Notes and Warrants	—	11,429
Net shares received on purchased call of convertible debt hedge	(4,181)	(6,072)
Outstanding restricted and performance stock units	—	1,798

(1) Due to a net loss during the three months ended March 31, 2019, zero incremental shares are included because the effect would be antidilutive.

Effect of Convertible Notes and Related Convertible Note Hedge and Warrants

In connection with the issuance of the Convertible Notes, the Company entered into Convertible Note Hedge and Warrant transactions as described further in Note 13, *Convertible Debt*. The collective impact of the Convertible Note Hedge and Warrants effectively eliminates any economic dilution that may occur from the actual conversion of the Convertible Notes between the conversion price of \$24.91 per share and the strike price of the Warrants of \$31.89 per share.

For reporting periods with net income, the denominator of our diluted earnings per share calculation includes the effect of additional shares issued using the treasury stock method since the average price of our common stock exceeded the conversion price of the Convertible Notes of \$24.91 per share. In addition, the denominator also includes the additional shares issued related to the Warrants using the treasury stock method since the average price of our common stock exceeded the strike price of the Warrants of \$31.89 per share. The dilution from the Convertible Notes had a \$0.03 impact on diluted earnings per share for the three months ended March 31, 2020. Due to a net loss during the three months ended March 31, 2019, there was no impact on diluted earnings per share as the effect would have been antidilutive. Prior to actual conversion, the Convertible Note Hedges are not considered for purposes of the calculation of diluted earnings per share, as their effect would be anti-dilutive.

6. Stock-based Compensation

Our 2016 Omnibus Incentive Plan (the “2016 Plan”) provides for the grant of incentive or non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and performance awards to eligible participants as determined by the Compensation Committee of the Board of Directors. Awards may be granted as incentives and rewards to encourage officers, employees, consultants, advisors and independent contractors of the Company and its affiliates and to non-employee directors of the Company to participate in our long-term success.

Stock-based compensation costs, which includes costs related to RSUs, PSUs, PSU-TSRs, the Company's qualified employee stock purchase plan and shares issued to the Company's Board of Directors, totaled \$13,065 and \$12,828 for the three months ended March 31, 2020 and 2019, respectively.

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During the first quarter of 2020, certain executives of the Company who received PSUs and PSU-TSRs departed the Company, and therefore forfeited their respective shares. The Company estimates forfeitures on our stock-based compensation awards based on historical trends when recognizing compensation expense and adjust the estimate of forfeitures when they are expected to differ or as forfeitures occur. The units associated with these awards are included in the respective tables below.

Restricted Stock Units

The Company grants restricted stock units ("RSUs") to officers and employees under the 2016 Plan. Stock-based compensation costs associated with our RSUs are determined using the fair market value of the Company's common stock on the date of the grant. These costs are recognized over the requisite service period using the graded vesting method, net of estimated forfeitures. RSUs have a service requirement typically over a 3.5 years vesting schedule and vest in equal annual installments. We estimate forfeitures based on historical trends when recognizing compensation expense and adjust the estimate of forfeitures when they are expected to differ or as forfeitures occur. Unvested RSUs accrue dividend equivalents at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying RSUs.

During the first quarter of 2020, the Compensation Committee approved the grant of RSUs to eligible employees for an aggregate value of \$7,758. These awards vary from the typical RSU grant in that the awards vested immediately upon grant. The units associated with these awards are included in the table below.

The following table summarizes the RSU activity during the three months ended March 31, 2020:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2020	272,407	\$ 45.41
Granted	303,385	\$ 50.21
Vested	(154,585)	\$ 50.25
Forfeited	(5,973)	\$ 47.48
Dividend equivalents	1,444	\$ 47.08
Unvested at March 31, 2020	<u>416,678</u>	\$ 47.09

Performance Stock Units

The Company grants performance stock units ("PSUs") to officers and employees under the 2016 Plan. Stock-based compensation costs associated with our PSUs are initially determined using the fair market value of the Company's common stock on the date the awards are approved by our Compensation Committee (service inception date). The vesting of these PSUs are subject to certain performance conditions and a service requirement of typically 3.5 years. Until the performance conditions are met, stock compensation costs associated with these PSUs are re-measured each reporting period based upon the fair market value of the Company's common stock and the estimated performance attainment on the reporting date. The ultimate number of PSUs that are issued to an employee is the result of the actual performance of the Company at the end of the performance period compared to the performance conditions. Stock compensation costs for our PSUs are recognized over the requisite service period using the graded vesting method, net of estimated forfeitures. We estimate forfeitures based on historical trends when recognizing compensation expense and adjust the estimate of forfeitures when they are expected to differ or as forfeitures occur. Unvested PSUs accrue dividend equivalents once the performance conditions are met at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying PSUs.

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The following table summarizes the PSU activity during the three months ended March 31, 2020:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2020	721,398	\$ 67.97
Granted	249,564	\$ 33.93
Achievement adjustment	(40,509)	\$ 44.50
Forfeited	(96,545)	\$ 62.82
Dividend equivalents	2,039	\$ 65.24
Unvested at March 31, 2020	<u>835,947</u>	<u>\$ 55.89</u>

During the year ended December 31, 2019, we granted 155,872 PSUs, which were subject to performance conditions. During the first quarter of 2020, it was determined that the performance conditions related to these PSUs were partially met, which resulted in an achievement adjustment decrease of 40,509 PSUs in 2020 relating to the initial 2019 PSU grant.

Performance Stock Units with a Market Condition Tied to Relative Total Shareholder Return

In March 2018, the Compensation Committee approved certain agreements to grant PSUs with a market condition (“PSU-TSRs”) where vesting is conditioned upon the total shareholder return performance of the Company’s stock relative to the performance of a peer group over five distinct performance periods from 2018 through 2024. Each fixed performance period begins in March 2018, but has an increasing performance period duration. The five distinct performance periods end in March from 2020 to 2024, with the awards for each performance period vesting in July of each year. The payout for each performance period can vest at between 50% and 175% of the target award based on the percentile ranking of WWE’s total shareholder return performance with vesting capped at 100% if WWE’s absolute total shareholder return is negative. The grant date fair value of the award was calculated using a Monte-Carlo simulation model which factors in the number of awards to be earned based on the achievement of the market condition. This model simulates the various stock price movements of the Company and peer group companies using certain assumptions, including the stock price of WWE and those of the peer group, stock price volatility, the risk-free interest rate, correlation coefficients, and expected dividend yield. The grant date fair value of the award is being amortized as compensation cost over the requisite service period using the graded vesting method.

The following table summarizes the PSU-TSR activity during the three months ended March 31, 2020:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2020	340,971	\$ 47.42
Granted	—	\$ —
Achievement adjustment	7,672	\$ 47.30
Vested	—	\$ —
Forfeited	(272,777)	\$ 47.96
Unvested at March 31, 2020	<u>75,866</u>	<u>\$ 47.30</u>

During the first quarter of 2020, it was determined that the percentile ranking of WWE’s total shareholder return performance related to the first performance period were met, which resulted in an achievement adjustment increase of 7,672 PSU-TSRs in 2020 relating to the initial 2018 PSU-TSR grant.

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7. Property and Equipment

Property and equipment consisted of the following:

	As of	
	March 31, 2020	December 31, 2019
Land, buildings and improvements	\$ 164,304	\$ 163,202
Equipment	149,094	139,137
Corporate aircraft	32,249	32,249
Vehicles	1,030	1,030
Projects in progress	13,511	16,931
	360,188	352,549
Less: accumulated depreciation and amortization	(187,297)	(177,797)
Total	<u>\$ 172,891</u>	<u>\$ 174,752</u>

Depreciation expense for property and equipment totaled \$9,566 and \$6,173 for the three months ended March 31, 2020 and 2019, respectively.

8. Leases*Information about the Nature of WWE's Lease Portfolio*

As of March 31, 2020, the Company's lease portfolio consists of operating and finance real estate leases for its sales offices, performance centers, warehouses and corporate related facilities. In addition, we have various live event production service arrangements that contain operating and finance equipment leases. With the exception of our new global headquarters lease that commenced on July 1, 2019 with an 18-month free rent period followed by an initial base term of 15 years with options to renew, our other real estate leases have remaining lease terms of approximately one year to eight years, some of which may also include options to extend the leases. Our equipment leases, which are included as part of various operating service arrangements, generally have remaining lease terms of approximately one year to seven years. Generally, no covenants are imposed by our lease agreements.

Key Estimates and Judgments

Key estimates and judgments made in applying the lease accounting rules include how the Company determines (i) the discount rate it uses to discount the unpaid lease payments to present value, (ii) lease term and (iii) lease payments. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Company cannot readily determine the interest rate implicit in the lease and therefore uses the incremental borrowing rate for its leases. The incremental borrowing rate reflects the rate of interest that the Company would pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The incremental borrowing rates were generally determined by estimating the appropriate collateralized borrowing rates to be used for our leases and considered certain factors including, the lease term, economic environment and the assumed credit rating profile of the Company. The lease term for all of the Company's lease arrangements include the noncancelable period of the lease plus, if applicable, any additional periods covered by an option to extend the lease that is reasonably certain to be exercised by the Company.

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Quantitative Disclosures Related to Leases

The following table provides quantitative disclosure about the Company's operating and financing leases for the periods presented:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Lease costs		
Finance lease costs:		
Amortization of right-of-use assets	\$ 4,825	\$ 1,996
Interest on lease liabilities	4,428	1,377
Operating lease costs	1,588	2,467
Other short-term and variable lease costs	454	536
Sublease income (1)	(16)	(16)
Total lease costs	<u>\$ 11,279</u>	<u>\$ 6,360</u>

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases	\$ 241	\$ 185
Operating cash flows from operating leases	\$ 1,379	\$ 2,208
Finance cash flows from finance leases	\$ 2,611	\$ 2,043
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 33,120	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,348	\$ —

	As of	
	March 31, 2020	March 31, 2019
Weighted-average remaining lease term - finance leases	28.7 years	4.7 years
Weighted-average remaining lease term - operating leases	4.9 years	5.3 years
Weighted-average discount rate - finance leases	4.8%	4.5%
Weighted-average discount rate - operating leases	4.3%	4.6%

(1) Sublease income excludes rental income from owned properties.

Maturity of lease liabilities as of March 31, 2020 were as follows:

	Operating Leases	Finance Leases
2020	\$ 3,205	\$ 8,634
2021	4,103	26,677
2022	3,752	26,387
2023	2,203	26,481
2024	1,736	26,240
Thereafter	2,649	642,771
Total lease payment	<u>17,648</u>	<u>757,190</u>
Less: imputed interest	<u>(1,848)</u>	<u>(379,150)</u>
Total future minimum lease payments	<u>\$ 15,800</u>	<u>\$ 378,040</u>

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9. Content Production Assets, Net*Accounting Policy on Content Production Assets*

The Company is primarily a content producer with content production assets consisting of feature films, non-live event episodic television series, and original programming content for our WWE Network. Feature film titles are predominantly monetized on their own through exploitation and exhibition through individual film distribution arrangements or by sale to a third party. The non-live event episodic television series are predominantly monetized on their own through individual television distribution arrangements. The original WWE Network programming content are predominantly monetized as a film group through the collection of monthly subscription fees from the WWE Network.

Amounts capitalized for content production assets typically include development costs, production costs, production overhead, and employee salaries and are net of any film production incentives associated with our feature films. Content production assets related to our feature films are amortized in the proportion that revenues bear to management's estimates of the ultimate revenue expected to be recognized from exploitation, exhibition or sale. Content production assets related to non-live event episodic television series are expensed upon delivery of the completed programming content to the individual television distributors. Our programming content distributed on our subscription-based WWE Network is expensed based upon viewership consumption patterns.

Unamortized content production costs are evaluated for impairment whenever events or changes in circumstances indicate that the fair value of a film predominantly monetized on its own or a film group may be less than its unamortized costs. As it relates to our unamortized feature film production assets, if estimates for a feature film's ultimate revenues and/or costs are revised and indicate a significant decline in a film's profitability or if events or circumstances change that indicate we should assess whether the fair value of a film is less than its unamortized film costs, we calculate the film's estimated fair value using a discounted cash flows model. If fair value is less than the unamortized cost, the film is written down to fair value. Our estimate of ultimate revenues for feature films includes revenues from all sources for ten years from the date of a film's initial release. We estimate the ultimate revenues based on industry and Company specific trends, the historical performance of similar films, the star power of the lead actors, and the genre of the film. Prior to the release of a feature film and throughout its life, we revise our estimates of revenues based on expected future results, actual results and other known factors affecting the various distribution markets. As it relates to our unamortized non-live event episodic television series content assets, if conditions indicate a potential impairment, and the estimated future cash flows using a discounted cash flow model are not sufficient to recover the unamortized asset, the asset is written down to fair value. As it relates to our unamortized original WWE Network programming content assets, which are predominantly monetized as film group, we review in aggregate at a group level when an event or change in circumstances indicates a change in the expected usefulness of the content or that the fair value may be less than unamortized cost. In addition, if we determine that a program will not likely air, we expense the remaining unamortized asset.

Other Content Production Asset Information

Content production assets consisted of the following:

	Predominantly Monetized Individually				Predominantly Monetized as a Film Group			
	As of		As of		As of		As of	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
In release	\$ 7,645	\$ 8,735	\$ 525	\$ 580				
Completed but not released	2,176	8	307	163				
In production	6,166	9,978	283	378				
In development	393	203	—	—				
Total	\$ 16,380	\$ 18,924	\$ 1,115	\$ 1,121				

As of March 31, 2020, all of the "completed but not released" content assets that are monetized individually are estimated to be amortized over the next 12 months and approximately 71% of the "in release" content assets monetized individually are estimated to be amortized over the next three years.

As of March 31, 2020, all of the "completed but not released" content assets and "in release" content assets monetized as a film group are estimated to be amortized over the next 12 months.

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Amortization and impairment of content production assets consisted of the following:

	Three Months Ended March 31,	
	2020	2019
Content production amortization expense - assets monetized individually	\$ 7,464	\$ 7,507
Content production amortization expense - assets monetized as a film group	1,287	1,231
Content production impairment charges (1)	160	198
Content production development write-offs (2)	—	16
Total amortization and impairment of content production assets	\$ 8,911	\$ 8,952

- (1) Unamortized content production assets are evaluated for impairment whenever events or changes in circumstances indicate that the fair value of a film predominantly monetized on its own or a film group may be less than its unamortized costs. If conditions indicate a potential impairment, and the estimated future cash flows are not sufficient to recover the unamortized asset, the asset is written down to fair value. In addition, if we determine that content will not likely air, we will expense the remaining unamortized asset.
- (2) Capitalized script development costs are evaluated at each reporting period for impairment and to determine if a project is deemed to be abandoned.

Amortization and impairment expenses related to content production assets are included in the Company's Media segment, and as a component of Operating expenses on the Consolidated Statements of Operations. Costs to produce our live event programming are expensed immediately when the event is first broadcast and are not included in the content asset amortization amounts above.

10. Investment Securities and Short-Term Investments

Investment Securities

Included within Investment Securities are the following:

	As of	
	March 31, 2020	December 31, 2019
Equity method investments	\$ 5,500	\$ 14,342
Nonmarketable equity investments without readily determinable fair values	10,644	13,359
Marketable equity investments with readily determinable fair values	230	405
Total investment securities	\$ 16,374	\$ 28,106

Equity Method Investments

Our equity method investments relate primarily to an investment in an apparel and lifestyle brand. To the extent the investees record income or losses, the Company records our share proportionate to our ownership percentage, and any dividends received reduce the carrying value amount of the investments. Net equity method earnings from our equity method investments are included as a component of Other (expense) income, net on the Consolidated Statements of Operations. Net dividends received from our equity method investments are reflected on the Consolidated Statements of Cash Flows within Net cash provided by operating activities.

We evaluate our equity method investments for impairment when events indicate that the fair value of the investments may be below the carrying value. When such a condition is deemed to be other than temporary, the carrying value of the investment is written down to its fair value. During the first quarter of 2020, the Company recorded an impairment charge of \$8,828 on our equity method investments for the excess of the carrying value over its estimated fair value as a result of our impairment evaluation. We determined fair value using a discounted cash flow model using recent forecasts from the investee, which indicated a decline in the value of the investment. The decline in value is due to the significant adverse impact on retail market conditions caused by COVID-19 combined with lower sales forecasts. This impairment charge is included as a component of Other (expense) income, net in the Consolidated Statements of Operations. The Company did not record any impairment charges related to our equity method investments during the three months ended March 31, 2019.

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The following table presents the net equity method earnings from our equity method investments and net dividends received from our equity method investments for the periods presented:

	Three Months Ended March 31,	
	2020	2019
Net equity method earnings	\$ 183	\$ 232
Net dividends received	(197)	(161)
Equity in earnings of affiliate, net of dividends received	<u>\$ (14)</u>	<u>\$ 71</u>

Nonmarketable Equity Investments Without Readily Determinable Fair Values

We evaluate our nonmarketable equity investments without readily determinable fair values for impairment if factors indicate that a significant decrease in value has occurred. The Company has elected to use the measurement alternative to fair value that will allow these investments to be recorded at cost, less impairment, and adjusted for subsequent observable price changes.

During the first quarter of 2020, the Company recorded an impairment charge of \$2,715 on our investment in a themed attraction touring company for the excess of the carrying value over its estimated fair value as a result of our impairment evaluation. This evaluation indicated a decline in the value of the investment due largely to significant adverse changes in the economic and market conditions caused by COVID-19. This impairment charge is included as a component of Other (expense) income, net in the Consolidated Statements of Operations. The Company did not record any impairment charges on these investments during the three months ended March 31, 2019. In addition, there were no observable price change events that were completed during the three months ended March 31, 2020 and 2019.

Marketable Equity Investments With Readily Determinable Fair Values

As of March 31, 2020, our investment portfolio includes one investment in a marketable equity security of a publicly traded company. The Company accounts for the equity investment in the common stock of Phunware Inc. (“Phunware”), a software application developer, as a marketable equity investment with readily determinable fair values based on quoted prices on the NASDAQ. During the three months ended March 31, 2020 and 2019, the Company recorded an unrealized holding loss of \$175 and \$194, respectively, based on the closing price of the investee company as of the last trading day of the period, which is included as a component of Other (expense) income, net in the Consolidated Statements of Operations.

Short-Term Investments

Short-term investments consist of available-for-sale debt securities which are measured at fair value and consisted of the following:

	As of March 31, 2020				As of December 31, 2019			
	Amortized Cost	Gross Unrealized		Fair Value	Amortized Cost	Gross Unrealized		Fair Value
		Gain	(Loss)			Gain	(Loss)	
U.S. Treasury securities	\$ 25,944	\$ 150	\$ —	\$ 26,094	\$ 32,124	\$ 27	\$ (13)	\$ 32,138
Corporate bonds	101,411	9	(2,328)	99,092	120,012	89	(74)	120,027
Municipal bonds	—	—	—	—	2,165	—	—	2,165
Government agency bonds	7,713	100	—	7,813	5,693	11	—	5,704
Total	<u>\$ 135,068</u>	<u>\$ 259</u>	<u>\$ (2,328)</u>	<u>\$ 132,999</u>	<u>\$ 159,994</u>	<u>\$ 127</u>	<u>\$ (87)</u>	<u>\$ 160,034</u>

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The Company adopted ASU No. 2016-13, “*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” on January 1, 2020 and applied the new modified credit impairment guidance related to available-for-sale debt securities prospectively. Under the new guidance, at each reporting date, entities must evaluate their individual available-for-sale debt securities that are in an unrealized loss position and determine whether the decline in fair value below the amortized cost basis results from a credit loss or other factors. The amount of the decline related to credit losses are recorded as a credit loss expense in earnings with a corresponding allowance for credit losses and the amount of the decline not related to credit losses are recorded through other comprehensive income, net of tax. As of March 31, 2020, our corporate bond portfolio reported unrealized losses of \$2,328. Based on our evaluations, we determined that a credit loss allowance is not required since the decline was not related to underlying credit issues of the counterparties. The counterparties to these investments have high credit quality with investment grade ratings of at least A- or above, along with a history of no defaults. No single investment in the corporate bond portfolio had an individually material unrealized loss, and the total amount of unrealized losses as of March 31, 2020 was only 2.3% of the total amortized costs basis of the corporate bond portfolio, and therefore did not materially exceed total fair value. In addition, the contractual terms of our corporate bonds do not permit the issuers to settle the securities at a price less than the amortized costs bases of the investments (i.e. at a minimum the principal amount invested is recovered at maturity). Furthermore, the Company generally does not intend to sell these investments and it is not more likely than not that the Company will be required to sell these investments before recovery of their amortized cost bases. Accordingly, during the three months ended March 31, 2020, the entire amount of the decline in fair value below the amortized cost basis was recorded as an unrealized loss, net of tax, in other comprehensive loss in the Consolidated Statements of Comprehensive Income. Unrealized gains are also reflected, net of tax, as other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income.

Our U.S. Treasury securities, corporate bonds, municipal bonds and government agency bonds are included in Short-term investments, net on our Consolidated Balance Sheets. Realized gains and losses on investments are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

As of March 31, 2020, contractual remaining maturities of these securities are as follows:

	Maturities
U.S. Treasury securities	1 month - 1 year
Corporate bonds	1 month - 3 years
Municipal bonds	N/A
Government agency bonds	9 months - 1 year

During the three months ended March 31, 2020 and 2019, we recognized \$921 and \$1,450, respectively, of interest income on our short-term investments. Interest income is reflected as a component of Other income, net within our Consolidated Statements of Operations.

The following table summarizes the short-term investment activity:

	Three Months Ended	
	March 31,	
	2020	2019
Proceeds from sales and maturities of short-term investments	\$ 33,535	\$ 20,478
Purchases of short-term investments	\$ 8,685	\$ 13,398

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11. Fair Value Measurement

Fair value is determined based on the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The accounting guidance establishes a three-level hierarchy that ranks the quality and reliability of information used in developing fair value estimates. The hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. In cases where two or more levels of inputs are used to determine fair value, a financial instrument's level is determined based on the lowest level input that is considered significant to the fair value measurement in its entirety. The three input levels of the fair value hierarchy are summarized as follows:

- Level 1- Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2- Inputs other than quoted prices in active markets for similar assets and liabilities that are directly or indirectly observable; or
- Level 3- Unobservable inputs, such as discounted cash flow models or valuations, in which little or no market data exists.

Certain financial instruments are carried at cost on the Consolidated Balance Sheets, which approximates fair value due to their short-term, highly liquid nature. The carrying amounts of cash and cash equivalents, money market accounts, accounts receivable, and accounts payable approximate fair value because of the short-term nature of such instruments.

We have classified our investment in U.S. Treasury securities, corporate bonds, municipal bonds and government agency bonds, which collectively are investments in available-for-sale debt securities, within Level 2, as their valuation requires quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and/or model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data. The U.S. Treasury securities, corporate bonds, municipal bonds and government agency bonds are valued based on model-driven valuations. A third-party service provider assists the Company with compiling market prices from a variety of industry standard data sources, security master files from large financial institutions and other third-party sources that are used to value our corporate bond, U.S. Treasury securities, municipal bond and government agency bond investments. The Company did not have any transfers between Level 1, Level 2, and Level 3 fair value investments during the periods presented.

The fair value measurements of our equity investments without readily determinable fair values and our equity method investments are classified within Level 3 as significant unobservable inputs are used as part of the determination of fair value. Significant unobservable inputs may include variables such as near-term prospects of the investees, recent financing activities of the investees, and the investees' capital structure, as well as other economic variables, which reflect assumptions market participants would use in pricing these assets. The Company has elected to use the measurement alternative to fair value that will allow these investments to be recorded at cost, less impairment, and adjusted for subsequent observable price changes. During the three months ended March 31, 2020, the Company recorded impairment charges of \$8,828 and \$2,715 on our equity method investments and nonmarketable equity investments, respectively, as a result of our impairment evaluations. Refer to Note 10, *Investment Securities and Short-Term Investments*, for further discussion.

The Company's long-lived property and equipment and content production assets are required to be measured at fair value on a non-recurring basis if it is determined that indicators of impairment exist. These assets are recorded at fair value only when an impairment is recognized. The Company did not record any impairment charges on long lived property and equipment during the three months ended March 31, 2020 and 2019. The Company classifies these assets as Level 3 within the fair value hierarchy due to significant unobservable inputs.

During the three months ended March 31, 2020 and 2019, the Company recorded impairment charges of \$160 and \$198 on content production assets based upon fair value measurements of \$0 in both periods. Refer to Note 9, *Content Production Assets, Net*, for further discussion. The Company classifies these assets as Level 3 within the fair value hierarchy due to significant unobservable inputs. The Company utilizes a discounted cash flows model to determine the fair value of content production assets where indicators of impairment exist.

The fair value of the Company's long-term debt, consisting of a mortgage loan assumed in connection with a building purchase and a promissory note secured by the Company's Corporate Jet, is estimated based upon quoted price estimates for similar debt arrangements. At March 31, 2020, the face amount of the mortgage loan and promissory note approximates their fair value.

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The convertible debt is not marked to fair value at the end of each reporting period, but instead is reported at amortized cost. As of March 31, 2020 and December 31, 2019, the calculation of the fair value of the debt component of the Company's convertible debt required the use of Level 3 inputs, and was determined by calculating the fair value of similar debt without the associated conversion feature based on market conditions at that time:

	March 31, 2020		December 31, 2019	
	Fair Value	Carrying Value (1)	Fair Value	Carrying Value (1)
Convertible senior notes	\$ 187,955	\$ 193,534	\$ 207,338	\$ 192,262

(1) The carrying value of the convertible debt instrument presented in the table above represents the face value of the convertible note less unamortized debt discount.

12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	As of	
	March 31, 2020	December 31, 2019
Trade related	\$ 9,918	\$ 9,282
Staff related	10,186	8,651
Management incentive compensation	6,167	6,481
Talent related	6,134	8,184
Accrued WWE Network related expenses	6,795	5,510
Accrued event and television production	18,417	16,627
Accrued legal and professional	5,741	5,716
Accrued purchases of property and equipment	4,531	4,997
Accrued film liability	6,647	5,986
Accrued other	9,758	9,158
Total	\$ 84,294	\$ 80,592

Accrued other includes accruals for our international and licensing business activities, as well as other miscellaneous accruals, none of which categories individually exceeds 5% of current liabilities.

13. Convertible Debt

In December 2016 and January 2017, we issued \$215,000 aggregate principal amount of 3.375% convertible senior notes due 2023 (the "Convertible Notes"). The Convertible Notes are due December 15, 2023, unless earlier repurchased by us or converted. Interest is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2017.

The Convertible Notes are governed by an Indenture between us, as issuer, and U.S. Bank, National Association, as trustee. The Convertible Notes will be our general unsecured obligations and will rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Convertible Notes; equal in right of payment to any of our unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure secured debt will be available to pay obligations on the Convertible Notes only after all indebtedness under such secured debt has been repaid in full from such assets.

Upon conversion of the Convertible Notes, we will pay or deliver, as the case may be, cash, shares of our Class A common stock or a combination of cash and shares of Class A common stock, at our election, at a conversion rate of approximately 40.1405 shares of common stock per \$1 principal amount of the Convertible Notes, which corresponds to an initial conversion price of approximately

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\$24.91 per share of our Class A common stock. At any time, prior to the close on the business day immediately preceding June 15, 2023, the Convertible Notes will be convertible under the following circumstances:

- a) During any calendar quarter beginning after the calendar quarter ending on December 31, 2016 (and only during such calendar quarter), if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- b) During the 5 business day period after any 10 consecutive trading day period (the “measurement period”) in which the trading price per \$1 principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate on each such trading day;
- c) Upon the occurrence of specified corporate events; or
- d) On or after June 15, 2023 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their Convertible Notes, in multiples of \$1 principal amount, at the option of the holder regardless of the foregoing circumstances.

Pursuance to item (a) noted above, the Convertible Notes have been convertible since April 1, 2018, and holders of the Convertible Notes have the right to convert their notes at any time through at least June 30, 2020. As of March 31, 2020, since the Convertible Notes are convertible at the option of the holders, the Convertible Notes are reflected in current liabilities on our Consolidated Balance Sheet. As of March 31, 2020, no actual conversions have occurred to date. See Note 5, *Earnings (Loss) Per Share*, for a description of the dilutive nature of the Convertible Notes.

As a result of our cash conversion option, we separately accounted for the value of the embedded conversion option as a debt discount at its issuance date estimated fair value. The debt discount is amortized as additional non-cash interest expense over the term of the Convertible Notes using the effective interest method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. In accounting for the transaction costs related to the Note issuances, we allocated the total amount of offering costs incurred to the debt and equity components based on their relative values. Offering costs attributable to the debt component are amortized as non-cash interest expense over the term of the Convertible Notes. Offering costs attributable to the equity component were netted with the equity component in stockholders' equity.

The Convertible Notes consisted of the following components:

	As of	
	March 31, 2020	December 31, 2019
Debt component:		
Principal	\$ 215,000	\$ 215,000
Less: Unamortized debt discount	(21,466)	(22,738)
Less: Unamortized debt issuance costs	(3,376)	(3,595)
Net carrying amount	\$ 190,158	\$ 188,667
Equity component (1)	\$ 35,547	\$ 35,547

- (1) Recorded in the Consolidated Balance Sheets within additional paid-in capital.

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The following table sets forth total interest expense recognized related to the Convertible Notes:

	Three Months Ended March 31,	
	2020	2019
3.375% contractual coupon	\$ 1,814	\$ 1,814
Amortization of debt discount	1,272	1,193
Amortization of debt issuance costs	219	165
Additional interest on Convertible Notes (1)	—	1,370
Interest expense	\$ 3,305	\$ 4,542

- (1) During the three months ended March 31, 2019, additional nonrecurring interest expense was incurred pursuant to the notes' indenture related to the removal of the restrictive legend and assignment of the unrestricted CUSIP on the Convertible Notes.

Convertible Note Hedge

In connection with the pricing of the Convertible Notes in December 2016 and January 2017, we entered into convertible note hedge transactions with respect to our Class A common stock (the "Note Hedge"). The Note Hedge transactions cover approximately 8.63 million shares of our Class A common stock and are exercisable upon conversion of the Convertible Notes. The Note Hedge will expire on December 15, 2023, unless earlier terminated. The Note Hedge transactions have been accounted for as part of additional paid-in capital.

Warrant Transactions

In connection with entering into the Note Hedge transactions described above, we also concurrently entered into separate warrant transactions (the "Warrants"), to sell warrants to acquire approximately 8.63 million shares of our Class A common stock in connection with the Note Hedge transactions at an initial strike price of approximately \$31.89 per share, which represents a premium of approximately 60.0% over the last reported sale price of our Class A common stock of \$19.93 on December 12, 2016 (initial issuance date of the Convertible Notes). The Warrants transactions have been accounted for as part of additional paid-in capital.

14. Long-Term Debt and Credit Facility

Long-Term Debt

Included within Long-Term Debt are the following:

	As of	
	March 31, 2020	December 31, 2019
<u>Current portion of long-term debt:</u>		
Aircraft financing	\$ 2,017	\$ 3,218
Mortgage	399	395
Total current portion of long-term debt	\$ 2,416	\$ 3,613
<u>Long-term debt:</u>		
Mortgage	\$ 22,000	\$ 22,098
Total long-term debt	\$ 22,000	\$ 22,098
Total	\$ 24,416	\$ 25,711

Mortgage

In September 2016, the Company acquired real property and assumed future obligations under a loan agreement, dated June 8, 2015, in the principal amount of \$23,000, which loan is secured by a mortgage on the property. The loan bears interest at the rate of 4.50% per annum and requires monthly interest only payments of \$86 until June 2018 and interest and principal payments of \$117 per month thereafter, with a balloon payment upon maturity on July 5, 2025. There is a significant yield maintenance premium for

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prepayments. Pursuant to the loan agreement, since the assets of WWE Real Estate, a subsidiary of the Company, represent collateral for the underlying mortgage, these assets will not be available to satisfy debts and obligations due to any other creditors of the Company.

Aircraft Financing

In August 2013, the Company entered into a \$31,568 promissory note (the "Aircraft Note") with Citizens Asset Finance, Inc., for the purchase of a 2007 Bombardier Global 5000 aircraft and refurbishments. In August 2017, the Aircraft Note was assigned to Fifth Third Equipment Finance Company. The Aircraft Note bears interest at a rate of 2.18% per annum, is payable in monthly installments of \$406, inclusive of interest, and has a final maturity of August 7, 2020. The Aircraft Note is secured by a first priority perfected security interest in the purchased aircraft.

Credit Facility

Revolving Credit Facility

On May 24, 2019, the Company entered into an amended and restated \$200,000 senior unsecured revolving credit facility with a syndicated group of banks, with JPMorgan Chase Bank, N.A. acting as Administrative Agent (the "Revolving Credit Facility"). The Revolving Credit Facility has a maturity date of May 24, 2024. Applicable interest rates for the borrowings under the Revolving Credit Facility are based on the Company's current consolidated leverage ratio. As of March 31, 2020, the LIBOR-based rate plus margin was 2.70%. The Company is required to pay a commitment fee calculated at a rate per annum of 0.175% on the average daily unused portion of the Revolving Credit Facility. Under the terms of the Revolving Credit Facility, the Company is subject to certain financial covenants and restrictions, including restrictions on our ability to pay dividends and limitations with respect to our indebtedness, liens, mergers and acquisitions, dispositions of assets, investments, capital expenditures and transactions with affiliates.

As of March 31, 2020, the Company was in compliance with the Revolving Credit Facility and had available debt capacity under the terms of the Revolving Credit Facility of \$200,000. As of March 31, 2020 and December 31, 2019, there were no amounts outstanding under the Revolving Credit Facility. Refer to Note 21, *Subsequent Events*, for information on borrowings made under the Revolving Credit Facility subsequent to the end of the quarter but before the interim unaudited financial statements were issued.

15. Concentration of Credit Risk

We continually monitor our position with, and the credit quality of, the financial institutions that are counterparties to our financial instruments. Our accounts receivable relates principally to a limited number of distributors, including our WWE Network, television, pay-per-view distributors, and licensees. We closely monitor the status of receivables with these customers and maintain allowances for anticipated losses as deemed appropriate. We believe credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers. At March 31, 2020, our two largest receivable balances from customers were 45% and 15% of our gross accounts receivable. At December 31, 2019, our largest receivable balance from customers was 49% of our gross accounts receivable. No other customers individually exceeded 10% of our gross accounts receivable balance.

16. Income Taxes

As of March 31, 2020 and December 31, 2019, we had \$8,057 and \$7,217, respectively, of deferred tax assets, net, included in our Consolidated Balance Sheets.

The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is required to reduce the net deferred tax assets to the amount that is more likely than not to be realized in future periods. The Company believes that based on past performance, expected future taxable income and prudent and feasible tax planning strategies, it is more likely than not that the net deferred tax assets will be realized. Changes in these factors may cause us to increase our valuation allowance on deferred tax assets, which would impact our income tax expense in the period we determine that these factors have changed.

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17. Content Production Incentives

The Company has access to various governmental programs that are designed to promote content production within the United States of America and certain international jurisdictions. Incentives earned with respect to expenditures on qualifying film production activities and capital projects are recorded as an offset to the related asset balances. Incentives earned with respect to television and other production activities are recorded as an offset to production expenses. The Company recognizes these benefits when we have reasonable assurance regarding the realizable amount of the incentives.

The Company did not record any content production incentives during the three months ended March 31, 2020. We recorded \$279 of content production incentives during the three months ended March 31, 2019.

18. Commitments and Contingencies

Our future commitments related to our operating and finance leases are separately disclosed in Note 8, *Leases*.

Legal Proceedings

On October 23, 2014, a lawsuit was filed in the U. S. District Court for the District of Oregon, entitled William Albert Haynes III, on behalf of himself and others similarly situated, v. World Wrestling Entertainment, Inc. This complaint was amended on January 30, 2015 and alleged that the Company ignored, downplayed, and/or failed to disclose the risks associated with traumatic brain injuries suffered by WWE's performers and seeks class action status. On March 31, 2015, the Company filed a motion to dismiss the first amended class action complaint in its entirety or, if not dismissed, to transfer the lawsuit to the U.S. District Court for the District of Connecticut. Without addressing the merits of the Company's motion to dismiss, the Court transferred the case to Connecticut on June 25, 2015. The plaintiffs filed an objection to such transfer, which was denied on July 27, 2015. On January 16, 2015, a second lawsuit was filed in the U.S. District Court for the Eastern District of Pennsylvania, entitled Evan Singleton and Vito LoGrasso, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., alleging many of the same allegations as Haynes. On February 27, 2015, the Company moved to transfer venue to the U.S. District Court for the District of Connecticut due to forum-selection clauses in the contracts between WWE and the plaintiffs and that motion was granted on March 23, 2015. The plaintiffs filed an amended complaint on May 22, 2015 and, following a scheduling conference in which the court ordered the plaintiffs to cure various pleading deficiencies, the plaintiffs filed a second amended complaint on June 15, 2015. On June 29, 2015, WWE moved to dismiss the second amended complaint in its entirety. On April 9, 2015, a third lawsuit was filed in the U. S. District Court for the Central District of California, entitled Russ McCullough, a/k/a "Big Russ McCullough," Ryan Sakoda, and Matthew R. Wiese a/k/a "Luther Reigns," individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., asserting similar allegations to Haynes. The Company again moved to transfer the lawsuit to Connecticut due to forum-selection clauses in the contracts between WWE and the plaintiffs, which the California court granted on July 10, 2015. On September 21, 2015, the plaintiffs amended this complaint, and, on November 16, 2015, the Company moved to dismiss the amended complaint. Each of these suits sought unspecified actual, compensatory and punitive damages and injunctive relief, including ordering medical monitoring. The Haynes and McCullough cases purport to be class actions. On February 18, 2015, a lawsuit was filed in Tennessee state court and subsequently removed to the U.S. District Court for the Western District of Tennessee, entitled Cassandra Frazier, individually and as next of kin to her deceased husband, Nelson Lee Frazier, Jr., and as personal representative of the Estate of Nelson Lee Frazier, Jr. Deceased, v. World Wrestling Entertainment, Inc. A similar suit was filed in the U. S. District Court for the Northern District of Texas entitled Michelle James, as mother and next friend of Matthew Osborne, minor child, and Teagan Osborne, a minor child v. World Wrestling Entertainment, Inc. These lawsuits contain many of the same allegations as the other lawsuits alleging traumatic brain injuries and further allege that the injuries contributed to these former talents' deaths. WWE moved to transfer the Frazier and Osborne lawsuits to the U.S. District Court for the District of Connecticut based on forum-selection clauses in the decedents' contracts with WWE, which motions were granted by the respective courts. On November 23, 2015, amended complaints were filed in Frazier and Osborne, which the Company moved to dismiss on December 16, 2015 and December 21, 2015, respectively. On November 10, 2016, the Court granted the Company's motions to dismiss the Frazier and Osborne lawsuits in their entirety. On June 29, 2015, the Company filed a declaratory judgment action in the U. S. District Court for the District of Connecticut entitled World Wrestling Entertainment, Inc. v. Robert Windham, Thomas Billington, James Ware, Oreal Perras and various John and Jane Does seeking a declaration against these former performers that their threatened claims related to alleged traumatic brain injuries and/or other tort claims are time-barred. On September 21, 2015, the defendants filed a motion to dismiss this complaint, which the Company opposed. The Court previously ordered a stay of discovery in all cases pending decisions on the motions to dismiss. On January 15, 2016, the Court partially lifted the stay and permitted discovery only on three issues in the case involving Singleton and LoGrasso. Such discovery was completed by June 1, 2016. On March 21, 2016, the Court issued a memorandum of decision granting in part and denying in part the Company's motions to dismiss

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the Haynes, Singleton/LoGrasso, and McCullough lawsuits. The Court granted the Company's motions to dismiss the Haynes and McCullough lawsuits in their entirety and granted the Company's motion to dismiss all claims in the Singleton/LoGrasso lawsuit except for the claim of fraud by omission. On March 22, 2016, the Court issued an order dismissing the Windham lawsuit based on the Court's memorandum of decision on the motions to dismiss. On April 4, 2016, the Company filed a motion for reconsideration with respect to the Court's decision not to dismiss the fraud by omission claim in the Singleton/LoGrasso lawsuit and, on April 5, 2016, the Company filed a motion for reconsideration with respect to the Court dismissal of the Windham lawsuit. On July 21, 2016, the Court denied the Company's motion in the Singleton/LoGrasso lawsuit and granted in part the Company's motion in the Windham lawsuit. On April 20, 2016, the plaintiffs filed notices of appeal of the Haynes and McCullough lawsuits. On April 27, 2016, the Company moved to dismiss the appeals for lack of appellate jurisdiction, which motions were granted, and the appeals were dismissed with leave to appeal upon the resolution of all of the consolidated cases. The Company filed a motion for summary judgment on the sole remaining claim in the Singleton/LoGrasso lawsuit, which was granted on March 28, 2018. The Company also filed a motion for judgment on the pleadings against the Windham defendants. Lastly, on July 18, 2016, a lawsuit was filed in the U.S. District Court for the District of Connecticut, entitled Joseph M. Laurinaitis, et al. vs. World Wrestling Entertainment, Inc. and Vincent K. McMahon, individually and as the trustee of certain trusts. This lawsuit contains many of the same allegations as the other lawsuits alleging traumatic brain injuries and further alleges, among other things, that the plaintiffs were misclassified as independent contractors rather than employees denying them, among other things, rights and benefits under the Occupational Safety and Health Act (OSHA), the National Labor Relations Act (NLRA), the Family and Medical Leave Act (FMLA), federal tax law, and various state Worker's Compensation laws. This lawsuit also alleges that the booking contracts and other agreements between the plaintiffs and the Company are unconscionable and should be declared void, entitling the plaintiffs to certain damages relating to the Company's use of their intellectual property. The lawsuit alleges claims for violation of RICO, unjust enrichment, and an accounting against Mr. McMahon. The Company and Mr. McMahon moved to dismiss this complaint on October 19, 2016. On November 9, 2016, the Laurinaitis plaintiffs filed an amended complaint. On December 23, 2016, the Company and Mr. McMahon moved to dismiss the amended complaint. On September 29, 2017, the Court issued an order on the motion to dismiss pending in the Laurinaitis case and on the motion for judgment on the pleadings pending in the Windham case. The Court reserved judgment on the pending motions and ordered that within thirty-five (35) days of the date of the order the Laurinaitis plaintiffs and the Windham defendants file amended pleadings that comply with the Federal Rules of Civil Procedure. The Court further ordered that each of the Laurinaitis plaintiffs and the Windham defendants submit to the Court for in camera review affidavits signed and sworn under penalty of perjury setting forth facts within each plaintiff's or declaratory judgment-defendant's personal knowledge that form the factual basis of their claim or defense. On November 3, 2017, the Laurinaitis plaintiffs filed a second amended complaint. The Company and Mr. McMahon believe that the second amended complaint failed to comply with the Court's September 29, 2017 order and otherwise remained legally defective for all of the reasons set forth in their motion to dismiss the amended complaint. Also on November 3, 2017, the Windham defendants filed a second answer. On November 17, 2017, the Company and Mr. McMahon filed a response that, among other things, urged the Court to grant the motion for judgment on the pleadings against the Windham defendants and dismiss the Laurinaitis plaintiffs' complaint with prejudice and award sanctions against the Laurinaitis plaintiffs' counsel because the amended pleadings failed to comply with the Court's September 29, 2017 order and the Federal Rules of Civil Procedure. On September 17, 2018, the Court granted the motion to dismiss filed by the Company and Mr. McMahon in the Laurinaitis case in its entirety, awarded sanctions against the Laurinaitis plaintiffs' counsel, and granted the Company's motion for judgment on the pleadings against the Windham defendants. The plaintiffs have attempted to appeal these decisions. On November 16, 2018, the Company moved to dismiss all of the appeals, except for the appeal of the dismissal of the Laurinaitis case, for being filed untimely. On April 4, 2019, the Second Circuit issued an order referring the Company's motions to dismiss to the panel that will determine the merits of the appeals. The plaintiffs-appellants' opening brief was filed on July 8, 2019. The Company and Mr. McMahon filed their appellees' brief on October 7, 2019. The plaintiffs-appellants filed a reply brief on October 28, 2019. On April 8, 2020, the Second Circuit scheduled oral argument for June 5, 2020. The Company believes all claims and threatened claims against the Company in these various lawsuits were prompted by the same plaintiffs' lawyer and that all are without merit. The Company intends to continue to defend itself against the attempt to appeal these decisions vigorously.

On March 6, 2020, the Company along with its Chairman and CEO, Vince McMahon, and former-WWE officers and directors, Michelle Wilson and George Barrios (collectively, the "Individual Defendants"), were sued in the U.S. District Court for the Southern District of New York in a case captioned City of Warren Police and Fire Retirement System, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., Vincent K. McMahon, George A. Barrios, and Michelle D. Wilson, No. 1:20-cv-02031-JSR. The complaint alleges that the Company and the Individual Defendants made materially false and misleading statements in violation of the Securities Exchange Act of 1934 regarding WWE's strategic relationship with the Kingdom of Saudi Arabia. Specifically, the complaint alleges that various public statements made by the Company and the Individual Defendants were false and misleading because they failed to disclose certain adverse facts regarding WWE's strategic relationship with Saudi Arabia that supposedly was known by them and, as a result, the plaintiff class allegedly purchased WWE stock at artificially inflated prices. On March 12, 2020 a nearly-identical lawsuit was filed in the U.S. District Court for the Southern District of New York captioned Paul Szaniawski, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., Vincent K. McMahon.

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George A. Barrios, and Michelle D. Wilson, No. 1:20-cv-02223-JSR. This lawsuit was filed as related to the City of Warren case and has been assigned to the same judge handling the City of Warren case. On April 2, 2020, the parties held an initial conference with the Court at which the Court set a case management schedule with respect to (i) selection of lead plaintiff/counsel; (ii) filing of a consolidated amended complaint; and (iii) motion to dismiss briefing. Pursuant to the case management schedule, the Company's motion to dismiss will be due on June 19, 2020. WWE believes that the lawsuits are meritless and intends to move to dismiss them.

In addition to the foregoing, from time to time we become a party to other lawsuits and claims. By its nature, the outcome of litigation is not known, but the Company does not currently expect this ordinary course litigation to have a material adverse effect on our financial condition, results of operations or liquidity.

19. Stockholders' Equity

On February 7, 2019, the Company's Board of Directors authorized a stock repurchase program of up to \$500,000 of our common stock. Repurchases may be made from time to time at management's discretion subject to certain pre-approved parameters and in accordance with all applicable securities and other laws and regulations. The stock repurchase program does not obligate the Company to repurchase any minimum dollar amount or number of shares and may be modified, suspended or discontinued at any time.

The Company did not repurchase any shares of common stock in the open market during the three months ended March 31, 2020 and 2019. As of March 31, 2020, \$416,559 of common stock may be repurchased under the stock repurchase program announced on February 7, 2019.

20. Related Party Transactions

As previously disclosed, in April 2018, the Company entered into a support services agreement to provide Alpha Entertainment, LLC ("Alpha"), an entity controlled by Vincent K. McMahon, with certain administrative support services with such services billed to Alpha on a cost-plus margin basis. During the three months ended March 31, 2020 and 2019, the Company billed Alpha \$818 and \$1,317, respectively, for services rendered under the support services agreement. As of March 31, 2020 and December 31, 2019, the Company had \$594 and \$236, respectively, of current receivables for amounts billed to Alpha.

On March 12, 2020, as a result of COVID-19, the "XFL," a professional football league owned by Alpha, announced the cancellation of the remainder of its inaugural season. On April 13, 2020, Alpha filed for Chapter 11 bankruptcy.

21. Subsequent Events

On March 11, 2020, the World Health Organization characterized the outbreak of the coronavirus disease, known as COVID-19, as a global pandemic and recommended containment and mitigation measures. The full impact of the COVID-19 outbreak continues to evolve subsequent to the quarter ended March 31, 2020 and as of the date these unaudited consolidated financial statements are issued. The full magnitude that the pandemic will have on the Company's financial condition, liquidity and future results of operations is uncertain and will depend on future developments, including the duration and spread of the outbreak and the length of government-mandated stay-at-home orders, all of which are highly uncertain and cannot be predicted at this time. The spread of this virus has caused business disruption to the Company, including postponements and cancellations of various events and likely will require us to cancel, postpone or relocate certain of our upcoming events. As part of the Company's contingency planning efforts related to the pandemic, on April 15, 2020, the Company announced that it has implemented various short-term cost reductions and cash flow improvement actions, including reducing executive and board member compensation, decreasing operating expenses, cutting talent expenses, third party staffing and consulting, and deferring spend on the build out of the Company's new headquarters for at least six months. Given the uncertainty of the situation, the Company also identified headcount reductions and made the decision to furlough a portion of its workforce. In addition, as a precautionary measure to further strengthen liquidity, on April 16, 2020, the Company borrowed \$200,000 under its Revolving Credit Facility, increasing the Company's total liquidity when combined with our existing cash and short-term investments.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

Our operations are organized around the following principal activities:

Media:

- The Media segment reflects the production and monetization of long-form and short-form video content across various platforms, including WWE Network, pay television, digital and social media, as well as filmed entertainment. Across these platforms, revenues principally consist of content rights fees, subscriptions to WWE Network, and advertising and sponsorships.

Live Events:

- Live events provide ongoing content for our media platforms. Live Event segment revenues consist primarily of ticket sales, including primary and secondary distribution, revenues from events for which we receive a fixed fee, as well as the sale of travel packages associated with the Company's global live events.

Consumer Products:

- The Consumer Products segment engages in the merchandising of WWE branded products, such as video games, toys and apparel, through licensing arrangements and direct-to-consumer sales. Revenues principally consist of royalties and licensee fees related to WWE branded products, and sales of merchandise distributed at our live events and through eCommerce platforms.

Results of Operation

The Company presents Adjusted OIBDA as the primary measure of segment profit (loss). The Company defines Adjusted OIBDA as operating income before depreciation and amortization, excluding stock-based compensation, certain impairment charges and other non-recurring material items. Adjusted OIBDA includes depreciation and amortization expenses directly related to our revenue generating activities, including content production asset amortization, depreciation and amortization of costs related to content delivery and technology assets utilized for our WWE Network, as well as amortization of right-of-use assets related to finance leases of equipment used to produce and broadcast our live events. The Company believes the presentation of Adjusted OIBDA is relevant and useful for investors because it allows investors to view our segment performance in the same manner as the primary method used by management to evaluate segment performance and make decisions about allocating resources. Additionally, we believe that Adjusted OIBDA is a primary measure used by media investors, analysts and peers for comparative purposes.

Adjusted OIBDA is a non-GAAP financial measure and may be different than similarly titled non-GAAP financial measures used by other companies. A limitation of Adjusted OIBDA is that it excludes depreciation and amortization, which represents the periodic charge for certain fixed assets and intangible assets used in generating revenues for our business. Additionally, Adjusted OIBDA excludes stock-based compensation, a non-cash expense that may vary between periods with limited correlation to underlying operating performance, as well as other non-recurring material items. Adjusted OIBDA should not be regarded as an alternative to operating income or net income as an indicator of operating performance, or to the statement of cash flows as a measure of liquidity, nor should it be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. We believe that operating income is the most directly comparable GAAP financial measure to Adjusted OIBDA. See Note 3, *Segment Information*, in the accompanying consolidated financial statements for a reconciliation of Adjusted OIBDA to operating income for the periods presented.

Certain business support functions including sales and marketing, our international offices and talent development are allocated to the three reportable segments based primarily on a percentage of revenue contribution. The remaining unallocated corporate expenses largely relate to corporate functions such as finance, legal, human resources, facilities and information technology. The Company does not allocate these costs to its business segments, as they do not directly relate to revenue generating activities. These unallocated corporate expenses will be shown, as applicable, as a reconciling item in tables where segment and consolidated results are both shown.

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Three Months Ended March 31, 2020 compared to Three Months Ended March 31, 2019

(dollars in millions)

Summary

In December 2019, an outbreak of a new strain of coronavirus (“COVID-19”) began in Wuhan, Hubei Province, China. In March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. COVID-19 has resulted in restrictions, postponements and cancellations of various events, such as the announced relocation of *WrestleMania 36* with no fan attendance, and will require us to cancel, postpone or relocate certain of our upcoming events. The impact of COVID-19 to our first quarter 2020 results had a greater impact on our live events and consumer products segments, which are highly dependent on the occurrence of live events and purchases of merchandise by consumers at our live events. Our Media segment was impacted to a lesser extent since a large portion of these revenues are derived from contractual rights fees from our domestic and international distribution arrangements. We continued to deliver the weekly wrestling content associated with these arrangements (e.g. *RAW*, *SmackDown* and *NXT*) by altering the show format to be performed without a live audience and also augmenting the weekly programming to include content from our prior marquis pay-per-view events. We will monitor the developments of COVID-19 and actively manage our business to respond to the potential impacts. Refer to Note 21, *Subsequent Events*, in the Notes to Consolidated Financial Statements for a description of recent actions announced on April 15, 2020 by the Company as part of its contingency planning efforts due to the COVID-19 pandemic. Additionally, please refer to the Company’s Form 8-K filed on March 17, 2020 which provided additional risk factors related to COVID-19.

The following tables present our consolidated results followed by our Adjusted OIBDA results:

	Three Months Ended March 31,		Increase (decrease)
	2020	2019	
Net revenues			
Media	\$ 256.6	\$ 135.4	90 %
Live Events	17.5	26.2	(33)%
Consumer Products	16.9	20.8	(19)%
Total net revenues (1)	<u>291.0</u>	<u>182.4</u>	60 %
Operating expenses			
Media	144.4	98.5	47 %
Live Events	18.0	22.6	(20)%
Consumer Products	13.0	14.3	(9)%
Total operating expenses (2)	<u>175.4</u>	<u>135.4</u>	30 %
Marketing and selling expenses			
Media	18.9	17.8	6 %
Live Events	2.8	3.8	(26)%
Consumer Products	1.0	1.5	(33)%
Total marketing and selling expenses	<u>22.7</u>	<u>23.1</u>	(2)%
General and administrative expenses	28.7	24.3	18 %
Depreciation and amortization	10.9	6.4	70 %
Operating income (loss)	<u>53.3</u>	<u>(6.8)</u>	884 %
Interest expense	8.2	6.3	30 %
Other (expense) income, net	(10.4)	1.8	(678)%
Income (loss) before income taxes	<u>34.7</u>	<u>(11.3)</u>	407 %
Provision for (benefit from) income taxes	8.5	(2.9)	393 %
Net income (loss)	<u>\$ 26.2</u>	<u>\$ (8.4)</u>	412 %

- (1) Our consolidated net revenues increased by \$108.6 million, or 60%, in the current year quarter as compared to the prior year quarter. This increase was primarily driven by increased Media revenues of \$121.2 million, which includes \$65.1 million in incremental revenues primarily associated with the October 2019 renewal of our key domestic distribution agreements of our flagship programs, *RAW* and *SmackDown*, coupled with the timing of our large-scale international event, *Super ShowDown*. The increase in Media revenues was partially offset by a decline of \$8.7 million in Live Events revenues and a \$3.9 million reduction in Consumer Products revenues. These declines were primarily due to the staging of 48 fewer events, including the cancellation of 18 events due to COVID-19, which resulted in lower ticket and merchandise sales. For further analysis, refer to Management’s Discussion and Analysis of our business segments.
- (2) Our consolidated operating expenses increased by \$40.0 million, or 30%, in the current year quarter as compared to the prior year quarter. This increase was primarily driven by increased costs related to the timing of our large-scale international event, *Super ShowDown*, coupled with \$13.3 million of higher costs associated with business support functions primarily to support our content creation. The current year quarter also includes \$4.6 million of costs incurred related to *WrestleMania 36*, which was scheduled for April 5, 2020 in Tampa, Florida, but was relocated with no fan attendance due to COVID-19. For further analysis, refer to Management’s Discussion and Analysis of our business segments.

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	Three Months Ended			
	March 31,			
	2020		2019	
		% of Rev		% of Rev
Reconciliation of Operating Income (Loss) to Adjusted OIBDA				
Operating income (loss)	\$ 53.3	18 %	\$ (6.8)	(4) %
Depreciation and amortization	10.9	4 %	6.4	4 %
Stock-based compensation	13.1	4 %	12.8	7 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 77.3</u>	<u>27 %</u>	<u>\$ 12.4</u>	<u>7 %</u>

	Three Months Ended			Increase (decrease)
	March 31,			
	2020	2019		
Adjusted OIBDA				
Media	\$ 102.6	\$ 28.5	260%	
Live Events	(2.6)	0.8	(425)%	
Consumer Products	3.8	6.0	(37) %	
Corporate	(26.5)	(22.9)	16 %	
Total Adjusted OIBDA	<u>\$ 77.3</u>	<u>\$ 12.4</u>	<u>523%</u>	

Media

The following tables present the performance results and key drivers for our Media segment (dollars in millions, except where noted):

	Three Months Ended			Increase (decrease)
	March 31,			
	2020	2019		
Net Revenues				
Network (including pay-per-view)	\$ 43.5	\$ 47.0	(7)%	
Core content rights fees (1)	133.2	68.1	96 %	
Advertising and sponsorship	17.4	10.9	60 %	
Other (2)	62.5	9.4	565 %	
Total net revenues	<u>\$ 256.6</u>	<u>\$ 135.4</u>	<u>90 %</u>	

Operating Metrics

Number of paid WWE Network subscribers at period end	1,494,600	1,596,900	(6)%
Domestic	1,082,500	1,171,500	(8)%
International (3)	412,100	425,400	(3)%
Number of average paid WWE Network subscribers	1,461,200	1,584,100	(8)%
Domestic	1,053,500	1,156,900	(9)%
International (3)	407,700	427,200	(5)%

- (1) Core content rights fees consist primarily of licensing revenues earned from the distribution of our flagship programs, *RAW* and *SmackDown*, as well as our *NXT* programming, through global broadcast, pay television and digital platforms.
- (2) Other revenues within our Media segment reflect revenues earned from the distribution of other WWE content, including, but not limited to, certain live in-ring programming content in international markets, scripted, reality and other programming, as well as theatrical and direct-to-home video releases.
- (3) Metrics reflect subscribers who are direct customers of WWE Network and estimated subscribers under licensed partner agreements, which have different economic terms for WWE Network.

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	Three Months Ended			
	March 31,			
	2020		2019	
		% of Rev		% of Rev
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 89.3	35 %	\$ 16.3	12 %
Depreciation and amortization	3.9	2 %	2.8	2 %
Stock-based compensation	9.4	4 %	9.4	7 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 102.6</u>	<u>40 %</u>	<u>\$ 28.5</u>	<u>21 %</u>

Media net revenues increased by \$121.2 million, or 90%, in the current year quarter as compared to the prior year quarter. Our core content rights fees increased by \$65.1 million, or 96%, driven primarily by the October 2019 renewal of our key domestic distribution agreements of our flagship programs, *RAW* and *SmackDown*. Other revenues increased by \$53.1 million, or 565%, primarily driven by the timing of our large-scale international event, *Super ShowDown*, coupled with \$4.9 million of revenues associated with the timing of delivery related to our WWE Studios content. Media revenues also reflected increased sales of advertising and sponsorships of \$6.5 million, or 60%, across all Media segment platforms. These increases were partially offset by a decline in Network revenues, which includes revenues generated by WWE Network subscriptions and pay-per-view, of \$3.5 million, or 7%, primarily due to a decline in average paid subscribers. The subscription pricing of WWE Network at March 31, 2020 is \$9.99 per month with no minimum commitment.

Media Adjusted OIBDA as a percentage of revenues increased in the current year quarter as compared to the prior year quarter. This increase was largely driven by impact of the renewals of our key domestic distribution agreements and other increased revenues relative to our cost base, partially offset by increased costs of \$15.6 million associated with business support functions primarily to support our content creation. The current year quarter also includes \$3.6 million of costs incurred related to *WrestleMania 36*, which was scheduled for April 5, 2020 in Tampa, Florida, but was relocated with no fan attendance due to COVID-19.

Live Events

The following tables present the performance results and key drivers for our Live Events segment (dollars in millions, except where noted):

	Three Months Ended		Increase (decrease)
	March 31,		
	2020	2019	
Net Revenues			
North American ticket sales	\$ 15.2	\$ 24.1	(37)%
International ticket sales	0.2	0.2	— %
Advertising and sponsorship	0.1	0.4	(75)%
Other (1)	2.0	1.5	33 %
Total net revenues	<u>\$ 17.5</u>	<u>\$ 26.2</u>	<u>(33)%</u>

Operating Metrics (2)

Total live event attendance	259,000	428,600	(40)%
Number of North American events	41	90	(54)%
Average North American attendance	6,320	4,760	33 %
Average North American ticket price (dollars)	\$ 53.46	\$ 52.38	2 %
Number of international events	1	—	100 %
Average international attendance	—	—	— %
Average international ticket price (dollars)	\$ —	\$ —	— %

- (1) Other revenues within our Live Events segment primarily consists of the sale of travel packages associated with the Company's global live events and commission earned through secondary ticketing, as well as revenues from events for which the Company receives a fixed fee.
- (2) Metrics exclude the events for our domestic and United Kingdom NXT brands. These are our developmental brands that typically conduct their events in smaller venues with lower ticket prices. We conducted 47 NXT events with paid attendance of 40,900 and average ticket prices of \$37.45 in the current year quarter as compared to 55 events with paid attendance of 41,400 and average ticket prices of \$35.26 in the prior year quarter.

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	Three Months Ended			
	March 31,			
	2020		2019	
		% of Rev		% of Rev
Reconciliation of Operating Loss to Adjusted OIBDA				
Operating loss	\$ (3.2)	(18)%	\$ (0.2)	(1)%
Depreciation and amortization	—	— %	—	— %
Stock-based compensation	0.6	3 %	1.0	4 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ (2.6)</u>	<u>(15)%</u>	<u>\$ 0.8</u>	<u>3 %</u>

Live Events net revenues, which include revenues from ticket sales and travel packages, decreased by \$8.7 million, or 33%, in the current year quarter as compared to the prior year quarter. Revenues from our North American ticket sales decreased by \$8.9 million, or 37%, due to the impact of 49 fewer events in the current year quarter, including the cancellation of 18 live events as a result of COVID-19. The remaining reduction in the number of live events resulted from the Company's ongoing efforts to optimize the profitability of our touring schedule.

Live Events Adjusted OIBDA as a percentage of revenues decreased in the current year quarter as compared to the prior year quarter. This decrease was primarily driven by the reduction in ticket sales for our North American events as discussed above, partially offset by a reduction in event related costs.

Consumer Products

The following tables present the performance results and key drivers for our Consumer Products segment (dollars in millions, except where noted):

	Three Months Ended		Increase (decrease)
	March 31,		
	2020	2019	
Net Revenues			
Consumer product licensing	\$ 7.7	\$ 9.4	(18)%
eCommerce	6.0	6.6	(9)%
Venue merchandise	3.2	4.8	(33)%
Total net revenues	<u>\$ 16.9</u>	<u>\$ 20.8</u>	(19)%

Operating Metrics

Average eCommerce revenue per order (dollars)	\$ 49.49	\$ 46.50	6 %
Number of eCommerce orders	120,100	141,200	(15)%
Venue merchandise domestic per capita spending (dollars)	\$ 10.41	\$ 9.51	9 %

	Three Months Ended			
	March 31,			
	2020		2019	
		% of Rev		% of Rev
Reconciliation of Operating Income to Adjusted OIBDA				
Operating income	\$ 2.9	17 %	\$ 5.0	24 %
Depreciation and amortization	—	— %	—	— %
Stock-based compensation	0.9	5 %	1.0	5 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ 3.8</u>	<u>22 %</u>	<u>\$ 6.0</u>	<u>29 %</u>

Consumer Products net revenues decreased by \$3.9 million, or 19%, in the current year quarter as compared to the prior year quarter. Consumer product licensing revenues decreased by \$1.7 million, or 18%, primarily driven by lower royalties from the sale of our toys and video games. Venue merchandise revenues decreased by \$1.6 million, or 33%, primarily driven by the decline in the number of events during the current year quarter, including the cancellation of 18 events as a result of COVID-19.

Consumer Products Adjusted OIBDA as a percentage of revenues decreased in the current year quarter as compared to the prior year quarter, primarily driven by a decline in revenues, as discussed above.

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Corporate

The remaining unallocated corporate expenses largely relate to corporate administrative functions, including finance, investor relations, community relations, corporate communications, information technology, legal, human resources and our Board of Directors. The Company does not allocate these costs to its business segments, as they do not directly relate to revenue generating activities.

	Three Months Ended March 31,			
	2020		2019	
		% of Rev		% of Rev
Reconciliation of Operating Loss to Adjusted OIBDA				
Operating loss	\$ (35.7)	(12)%	\$ (27.9)	(15)%
Depreciation and amortization	7.0	2 %	3.6	2 %
Stock-based compensation	2.2	1 %	1.4	1 %
Other adjustments	—	— %	—	— %
Adjusted OIBDA	<u>\$ (26.5)</u>	<u>(9)%</u>	<u>\$ (22.9)</u>	<u>(13)%</u>

Corporate Adjusted OIBDA decreased by \$3.6 million, or 16%, in the current year quarter as compared to the prior year quarter, due, in part, to costs associated with the Company's management transition that occurred in January 2020, coupled with annual compensation increases and headcount growth throughout 2019 to support the Company's strategic initiatives.

Depreciation and Amortization

(dollars in millions)

	Three Months Ended March 31,		Increase (decrease)
	2020		
	2020	2019	
Depreciation and amortization	\$ 10.9	\$ 6.4	70 %

Depreciation and amortization expense increased by \$4.5 million, or 70%, in the current year quarter as compared to the prior year quarter, primarily driven by additional expenses of \$3.0 million associated with Company's workspace strategy plan and the impact of other prior year capital expenditures.

Interest Expense

(dollars in millions)

	Three Months Ended March 31,		Increase (decrease)
	2020		
	2020	2019	
Interest expense	\$ 8.2	\$ 6.3	30%

Interest expense increased by \$1.9 million in the current year quarter as compared to the prior year quarter, primarily driven by expense of \$4.2 million associated with the Company's new global headquarters lease, which commenced on July 1, 2019 and is accounted for as a finance lease. The prior year quarter included additional nonrecurring interest expense of \$1.4 million related to our Convertible Notes. The remaining portion of interest expense relates primarily to interest and amortization associated with our convertible notes, our debt facilities, other finance leases, mortgage and aircraft financing.

Other (Expense) Income, Net

(dollars in millions)

	Three Months Ended March 31,		Increase (decrease)
	2020		
	2020	2019	
Other (expense) income, net	\$ (10.4)	\$ 1.8	(678)%

Other (expense) income, net is comprised of interest income, gains and losses recorded on our equity investments, realized translation gains and losses, and rental income. The decline of \$12.2 million in the current year quarter is primarily driven by impairment charges of \$11.5 million on our investments in an apparel and lifestyle brand and a themed attraction touring company resulting from significant adverse changes in the economic and market conditions caused by COVID-19 combined with lower sales forecasts.

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Income Taxes

(dollars in millions)

	Three Months Ended		Increase (decrease)
	2020	March 31, 2019	
Provision for (benefit from) income taxes	\$ 8.5	\$ (2.9)	393 %
Effective tax rate	25 %	26 %	

The effective tax rate remained essentially unchanged in the current year quarter as compared to the prior year quarter.

Liquidity and Capital Resources

We had cash and cash equivalents and short-term investments of \$291.5 million and \$250.5 million as of March 31, 2020 and December 31, 2019, respectively. Our short-term investments consist primarily of U.S. Treasury securities, corporate bonds, municipal bonds, including pre-refunded municipal bonds, and government agency bonds. Our debt balance totaled \$214.6 million and \$214.4 million as of March 31, 2020 and December 31, 2019, respectively, and includes the carrying value of \$190.2 million and \$188.7 million related to our convertible senior notes due 2023 as of March 31, 2020 and December 31, 2019, respectively.

The COVID-19 pandemic has negatively impacted the global economy, disrupted business operations and created significant volatility and disruption to financial markets. Significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations, and on the global economy as a whole. The extent and duration of the pandemic could continue to disrupt global markets and may affect the ability to generate cash from operations.

In order to preserve sufficient liquidity during these uncertain times, the Company has delayed construction on its new headquarters office space and temporarily suspended any repurchase of common stock under its approved \$500.0 million share repurchase program. The Company did not make any repurchases during the first quarter of 2020. In addition, to further strengthen the Company's liquidity, as a precautionary measure, on April 16, 2020, the Company borrowed \$200.0 million under its Revolving Credit Facility. We believe that this added liquidity combined with our existing cash and cash equivalents and investment balances and cash generated from operations will be sufficient to meet our operating requirements for at least the next twelve months, inclusive of dividend payments, debt service, content production activities, and planned capital expenditures.

As it relates to our Convertible Notes, which pursuant to the terms are currently convertible, we believe that if note holders elected to convert their notes within the next twelve months, the Company has sufficient means to settle the Convertible Notes using any combination of existing cash and cash equivalents and investment balances, cash generated from operations or through the issuance of shares.

Debt Summary and Borrowing Capacity

The Company has \$215.0 million aggregate principal amount of 3.375% convertible senior notes (the "Convertible Notes") due December 15, 2023. See Note 13, *Convertible Debt*, and Note 5, *Earnings Per Share*, in the Notes to Consolidated Financial Statements for further information on the Convertible Notes, including the dilutive nature of the Convertible Notes.

On May 24, 2019, the Company entered into an amended and restated \$200.0 million senior unsecured revolving credit facility with a syndicated group of banks, with JPMorgan Chase Bank, N.A. acting as Administrative Agent (the "Revolving Credit Facility"). The Revolving Credit Facility has a maturity date of May 24, 2024. As of March 31, 2020, the Company was in compliance with the provisions of our Revolving Credit Facility, there were no amounts outstanding, and the Company had available capacity under the terms of the facility of \$200.0 million. Refer to Note 21, *Subsequent Events*, for information on borrowings made under our Revolving Credit Facility subsequent to the end of the quarter but before the interim unaudited financial statements were issued.

In September 2016, the Company acquired land and a building located in Stamford, Connecticut adjacent to our production facility. In connection with the acquisition, we assumed future obligations under a loan agreement, in the principal amount of \$23.0 million, which loan is secured by a mortgage on the property. Pursuant to the loan agreement, the assets of WWE Real Estate, a subsidiary of the Company, represent collateral for the underlying mortgage, therefore these assets will not be available to satisfy debts and obligations due to any other creditors of the Company. As of March 31, 2020 and December 31, 2019, the amounts outstanding of the mortgage were \$22.4 million and \$22.5 million, respectively.

In 2013, the Company entered into a \$31.6 million promissory note (the "Aircraft Note") with Citizens Asset Finance, Inc., for the purchase of a 2007 Bombardier Global 5000 aircraft and refurbishments. In August 2017, the Aircraft Note was assigned to Fifth Third Equipment Finance Company. The Aircraft Note is secured by a first priority perfected security interest in the purchased aircraft.

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As of March 31, 2020 and December 31, 2019, the amounts outstanding under the Aircraft Note were \$2.0 million and \$3.2 million, respectively.

Cash Flows from Operating Activities

Cash generated from operating activities was \$65.9 million in the three months ended March 31, 2020, as compared to \$6.7 million for the corresponding period in the prior year. The \$59.2 million increase in the current year period was primarily driven by improved operating performance, including the renewal of our key domestic distribution agreements of our flagship programs, *RAW* and *SmackDown*, coupled with the reduced payout of management incentive compensation during the current year quarter.

In the current year period, we spent \$9.3 million on content production activities, including *Total Bellas Seasons 5 and 6*, *Miz & Mrs. Season 2*, *The Main Event*, and various programs for WWE Network, as compared to \$4.8 million in the prior year period. We anticipate spending approximately \$10 million to \$20 million on content production activities during the remainder of the current year. We received content production incentives of \$0.4 million in the current year period. We did not receive any content production related incentives in the prior year period. We anticipate receiving approximately \$10 million to \$15 million of content production related incentives during the remainder of the year.

Our accounts receivable represents a significant portion of our current assets and relate principally to a limited number of distributors and licensees. At March 31, 2020, our two largest receivable balances from customers were 45% and 15% of our gross accounts receivable. Changes in the financial condition or operations of our distributors, customers or licensees may result in increased delayed payments or non-payments which would adversely impact our cash flows from operating activities and/or our results of operations. We believe credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers.

Cash Flows from Investing Activities

Cash provided by investing activities was \$16.5 million in the three months ended March 31, 2020, as compared to cash used of \$9.9 million in the prior year period. During the current year period, we received proceeds from the maturities of our short-term investments of \$33.5 million and purchased \$8.7 million of new investments, as compared to proceeds of \$20.5 million and purchases of \$13.4 million in the prior year period. Capital expenditures decreased by \$8.5 million in the current year period. The prior year period included additional spending to support the Company's workplace and technology related strategic initiatives. Due to the uncertainty created from the outbreak of COVID-19 and the stay-at-home restrictions imposed by state governments, we have temporarily delayed construction activity on the Company's new global headquarters space in Stamford, Connecticut. Capital expenditures for the remainder of the current year are estimated to range between \$30 million and \$40 million.

Cash Flows from Financing Activities

Cash used in financing activities was \$14.3 million for the three months ended March 31, 2020, as compared to \$11.6 million for the prior year period. The Company made dividend payments of \$9.3 million and \$9.4 million during the three months ended March 31, 2020 and 2019, respectively. Additionally, the Company made employee payroll withholding tax payments of \$2.6 million in the current year quarter related to the net settlement upon vesting of employee equity awards.

Contractual Obligations

Other than for obligations in the ordinary course of business, there have been no significant changes to our contractual obligations that were previously disclosed in our Report on Form 10-K for the fiscal year ended December 31, 2019.

Application of Critical Accounting Policies

Other than the revisions to our content production asset accounting policy, as disclosed in Note 9, *Content Production Assets, Net*, in the Notes to Consolidated Financial Statements, there have been no significant changes to our critical accounting policies that were previously disclosed in our Report on Form 10-K for our fiscal year ended December 31, 2019 or in the methodology used in formulating these significant judgments and estimates that affect the application of these policies.

Recent Accounting Pronouncements

The information set forth under Note 2 to the Consolidated Financial Statements under the caption "*Recent Accounting Pronouncements*" is incorporated herein by reference.

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Cautionary Statement for Purposes of the “Safe Harbor” Provisions of the Private Securities Litigation Reform Act of 1995

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for certain statements that are forward-looking and are not based on historical facts. When used in this Form 10-K and our other SEC filings, our press releases and comments made in earnings calls, investor presentations or otherwise to the public, the words “may,” “will,” “could,” “anticipate,” “plan,” “continue,” “project,” “intend,” “estimate,” “believe,” “expect” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These statements relate to our future plans, objectives, expectations and intentions and are not historical facts and accordingly involve known and unknown risks and uncertainties and other factors that may cause the actual results or the performance by us to be materially different from future results or performance expressed or implied by such forward-looking statements. The following factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Form 10-K and our other SEC filings, in press releases, earnings calls and other statements made by our authorized officers: (i) risks relating to the impact of the COVID-19 outbreak on our business, results of operations and financial condition; (ii) risks relating to entering, maintaining and renewing major distribution and event agreements; (iii) risks relating to a rapidly evolving media landscape; (iv) risks relating to WWE Network, including the risk that we are unable to attract, retain and renew subscribers; (v) our need to continue to develop creative and entertaining programs and events; (vi) our need to retain or continue to recruit key performers; (vii) the risk of a decline in the popularity of our brand of sports entertainment, including as a result of changes in the social and political climate; (viii) the possible unexpected loss of the services of Vincent K. McMahon; (ix) possible adverse changes in the regulatory atmosphere and related private sector initiatives; (x) the highly competitive, rapidly changing and increasingly fragmented nature of the markets in which we operate and/or our inability to compete effectively, especially against competitors with greater financial resources or marketplace presence; (xi) uncertainties associated with international markets including possible disruptions and reputational risks; (xii) our difficulty or inability to promote and conduct our live events and/or other businesses if we do not comply with applicable regulations; (xiii) our dependence on our intellectual property rights, our need to protect those rights, and the risks of our infringement of others’ intellectual property rights; (xiv) risks relating to the complexity of our rights agreements across distribution mechanisms and geographical areas; (xv) the risk of substantial liability in the event of accidents or injuries occurring during our physically demanding events including, without limitation, claims alleging traumatic brain injury; (xvi) exposure to risks relating to large public events as well as travel to and from such events; (xvii) risks inherent in our feature film business; (xviii) a variety of risks as we expand into new or complementary businesses and/or make strategic investments and/or acquisitions; (xix) risks related to our computer systems and online operations; (xx) risks relating to privacy norms and regulations; (xxi) risks relating to a possible decline in general economic conditions and disruption in financial markets; (xxii) risks relating to our accounts receivable; (xxiii) risks relating to our indebtedness including our convertible notes; (xxiv) potential substantial liabilities if litigation is resolved unfavorably; (xxv) our potential failure to meet market expectations for our financial performance; (xxvi) through his beneficial ownership of a substantial majority of our Class B common stock, our controlling stockholder, Vincent K. McMahon, exercises control over our affairs, and his interests may conflict with the holders of our Class A common stock; (xxvii) a substantial number of shares are eligible for sale by Mr. McMahon and members of his family or trusts established for their benefit, and the sale, or the perception of possible sales, of those shares could lower our stock price; and (xxviii) risks related to the volatility of our Class A common stock. In addition, our dividend is dependent on a number of factors, including, among other things, our liquidity and historical and projected cash flow, strategic plan (including alternative uses of capital), our financial results and condition, contractual and legal restrictions on the payment of dividends (including under our revolving credit facility), general economic and competitive conditions and such other factors as our Board of Directors may consider relevant. Forward-looking statements made by the Company speak only as of the date made, are subject to change without any obligation on the part of the Company to update or revise them, and undue reliance should not be placed on these statements. For more information about risks and uncertainties associated with the Company’s business, please refer to the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections of this Form 10-Q and our other SEC filings, including, but not limited to, our annual report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no significant changes to our market risk factors that were previously disclosed in our Report on Form 10-K for our fiscal year ended December 31, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chairman of the Board and Chief Executive Officer and our Interim Chief Financial Officer, evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on that evaluation, our Chairman of the Board and Chief Executive Officer and our Interim Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2020.

Our management, including our Chairman of the Board and Chief Executive Officer and Interim Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. A control system, no

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matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system's objectives will be met. Further, because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On October 23, 2014, a lawsuit was filed in the U. S. District Court for the District of Oregon, entitled William Albert Haynes III, on behalf of himself and others similarly situated, v. World Wrestling Entertainment, Inc. This complaint was amended on January 30, 2015 and alleged that the Company ignored, downplayed, and/or failed to disclose the risks associated with traumatic brain injuries suffered by WWE's performers and seeks class action status. On March 31, 2015, the Company filed a motion to dismiss the first amended class action complaint in its entirety or, if not dismissed, to transfer the lawsuit to the U.S. District Court for the District of Connecticut. Without addressing the merits of the Company's motion to dismiss, the Court transferred the case to Connecticut on June 25, 2015. The plaintiffs filed an objection to such transfer, which was denied on July 27, 2015. On January 16, 2015, a second lawsuit was filed in the U.S. District Court for the Eastern District of Pennsylvania, entitled Evan Singleton and Vito LoGrasso, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., alleging many of the same allegations as Haynes. On February 27, 2015, the Company moved to transfer venue to the U.S. District Court for the District of Connecticut due to forum-selection clauses in the contracts between WWE and the plaintiffs and that motion was granted on March 23, 2015. The plaintiffs filed an amended complaint on May 22, 2015 and, following a scheduling conference in which the court ordered the plaintiffs to cure various pleading deficiencies, the plaintiffs filed a second amended complaint on June 15, 2015. On June 29, 2015, WWE moved to dismiss the second amended complaint in its entirety. On April 9, 2015, a third lawsuit was filed in the U. S. District Court for the Central District of California, entitled Russ McCullough, a/k/a "Big Russ McCullough," Ryan Sakoda, and Matthew R. Wiese a/k/a "Luther Reigns," individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., asserting similar allegations to Haynes. The Company again moved to transfer the lawsuit to Connecticut due to forum-selection clauses in the contracts between WWE and the plaintiffs, which the California court granted on July 10, 2015. On September 21, 2015, the plaintiffs amended this complaint, and, on November 16, 2015, the Company moved to dismiss the amended complaint. Each of these suits sought unspecified actual, compensatory and punitive damages and injunctive relief, including ordering medical monitoring. The Haynes and McCullough cases purport to be class actions. On February 18, 2015, a lawsuit was filed in Tennessee state court and subsequently removed to the U.S. District Court for the Western District of Tennessee, entitled Cassandra Frazier, individually and as next of kin to her deceased husband, Nelson Lee Frazier, Jr., and as personal representative of the Estate of Nelson Lee Frazier, Jr. Deceased, v. World Wrestling Entertainment, Inc. A similar suit was filed in the U. S. District Court for the Northern District of Texas entitled Michelle James, as mother and next friend of Matthew Osborne, minor child, and Teagan Osborne, a minor child v. World Wrestling Entertainment, Inc. These lawsuits contain many of the same allegations as the other lawsuits alleging traumatic brain injuries and further allege that the injuries contributed to these former talents' deaths. WWE moved to transfer the Frazier and Osborne lawsuits to the U.S. District Court for the District of Connecticut based on forum-selection clauses in the decedents' contracts with WWE, which motions were granted by the respective courts. On November 23, 2015, amended complaints were filed in Frazier and Osborne, which the Company moved to dismiss on December 16, 2015 and December 21, 2015, respectively. On November 10, 2016, the Court granted the Company's motions to dismiss the Frazier and Osborne lawsuits in their entirety. On June 29, 2015, the Company filed a declaratory judgment action in the U. S. District Court for the District of Connecticut entitled World Wrestling Entertainment, Inc. v. Robert Windham, Thomas Billington, James Ware, Oreal Perras and various John and Jane Does seeking a declaration against these former performers that their threatened claims related to alleged traumatic brain injuries and/or other tort claims are time-barred. On September 21, 2015, the defendants filed a motion to dismiss this complaint, which the Company opposed. The Court previously ordered a stay of discovery in all cases pending decisions on the motions to dismiss. On January 15, 2016, the Court partially lifted the stay and permitted discovery only on three issues in the case involving Singleton and LoGrasso. Such discovery was completed by June 1, 2016. On March 21, 2016, the Court issued a memorandum of decision granting in part and denying in part the Company's motions to dismiss the Haynes, Singleton/LoGrasso, and McCullough lawsuits. The Court granted the Company's motions to dismiss the Haynes and McCullough lawsuits in their entirety and granted the Company's motion to dismiss all claims in the Singleton/LoGrasso lawsuit except for the claim of fraud by omission. On March 22, 2016, the Court issued an order dismissing the Windham lawsuit based on the Court's memorandum of decision on the motions to dismiss. On April 4, 2016, the Company filed a motion for reconsideration with respect to the Court's decision not to dismiss the fraud by omission claim in the Singleton/LoGrasso lawsuit and, on April 5, 2016, the Company filed a motion for reconsideration with respect to the Court dismissal of the Windham lawsuit. On July 21, 2016, the Court denied the Company's motion in the Singleton/LoGrasso lawsuit and granted in part the Company's motion in the Windham lawsuit. On April 20, 2016, the plaintiffs filed notices of appeal of the Haynes and McCullough lawsuits. On April 27, 2016, the Company moved to dismiss the appeals for lack of appellate jurisdiction, which motions were granted, and the appeals were dismissed with leave to appeal upon the resolution of all of the consolidated cases. The Company filed a motion for summary judgment on the sole remaining

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claim in the Singleton/LoGrasso lawsuit, which was granted on March 28, 2018. The Company also filed a motion for judgment on the pleadings against the Windham defendants. Lastly, on July 18, 2016, a lawsuit was filed in the U.S. District Court for the District of Connecticut, entitled Joseph M. Laurinaitis, et al. vs. World Wrestling Entertainment, Inc. and Vincent K. McMahon, individually and as the trustee of certain trusts. This lawsuit contains many of the same allegations as the other lawsuits alleging traumatic brain injuries and further alleges, among other things, that the plaintiffs were misclassified as independent contractors rather than employees denying them, among other things, rights and benefits under the Occupational Safety and Health Act (OSHA), the National Labor Relations Act (NLRA), the Family and Medical Leave Act (FMLA), federal tax law, and various state Worker's Compensation laws. This lawsuit also alleges that the booking contracts and other agreements between the plaintiffs and the Company are unconscionable and should be declared void, entitling the plaintiffs to certain damages relating to the Company's use of their intellectual property. The lawsuit alleges claims for violation of RICO, unjust enrichment, and an accounting against Mr. McMahon. The Company and Mr. McMahon moved to dismiss this complaint on October 19, 2016. On November 9, 2016, the Laurinaitis plaintiffs filed an amended complaint. On December 23, 2016, the Company and Mr. McMahon moved to dismiss the amended complaint. On September 29, 2017, the Court issued an order on the motion to dismiss pending in the Laurinaitis case and on the motion for judgment on the pleadings pending in the Windham case. The Court reserved judgment on the pending motions and ordered that within thirty-five (35) days of the date of the order the Laurinaitis plaintiffs and the Windham defendants file amended pleadings that comply with the Federal Rules of Civil Procedure. The Court further ordered that each of the Laurinaitis plaintiffs and the Windham defendants submit to the Court for in camera review affidavits signed and sworn under penalty of perjury setting forth facts within each plaintiff's or declaratory judgment-defendant's personal knowledge that form the factual basis of their claim or defense. On November 3, 2017, the Laurinaitis plaintiffs filed a second amended complaint. The Company and Mr. McMahon believe that the second amended complaint failed to comply with the Court's September 29, 2017 order and otherwise remained legally defective for all of the reasons set forth in their motion to dismiss the amended complaint. Also on November 3, 2017, the Windham defendants filed a second answer. On November 17, 2017, the Company and Mr. McMahon filed a response that, among other things, urged the Court to grant the motion for judgment on the pleadings against the Windham defendants and dismiss the Laurinaitis plaintiffs' complaint with prejudice and award sanctions against the Laurinaitis plaintiffs' counsel because the amended pleadings failed to comply with the Court's September 29, 2017 order and the Federal Rules of Civil Procedure. On September 17, 2018, the Court granted the motion to dismiss filed by the Company and Mr. McMahon in the Laurinaitis case in its entirety, awarded sanctions against the Laurinaitis plaintiffs' counsel, and granted the Company's motion for judgment on the pleadings against the Windham defendants. The plaintiffs have attempted to appeal these decisions. On November 16, 2018, the Company moved to dismiss all of the appeals, except for the appeal of the dismissal of the Laurinaitis case, for being filed untimely. On April 4, 2019, the Second Circuit issued an order referring the Company's motions to dismiss to the panel that will determine the merits of the appeals. The plaintiffs-appellants' opening brief was filed on July 8, 2019. The Company and Mr. McMahon filed their appellees' brief on October 7, 2019. The plaintiffs-appellants filed a reply brief on October 28, 2019. On April 8, 2020, the Second Circuit scheduled oral argument for June 5, 2020. The Company believes all claims and threatened claims against the Company in these various lawsuits were prompted by the same plaintiffs' lawyer and that all are without merit. The Company intends to continue to defend itself against the attempt to appeal these decisions vigorously.

On March 6, 2020, the Company along with its Chairman and CEO, Vince McMahon, and former-WWE officers and directors, Michelle Wilson and George Barrios (collectively, the "Individual Defendants"), were sued in the U.S. District Court for the Southern District of New York in a case captioned City of Warren Police and Fire Retirement System, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., Vincent K. McMahon, George A. Barrios, and Michelle D. Wilson, No. 1:20-cv-02031-JSR. The complaint alleges that the Company and the Individual Defendants made materially false and misleading statements in violation of the Securities Exchange Act of 1934 regarding WWE's strategic relationship with the Kingdom of Saudi Arabia. Specifically, the complaint alleges that various public statements made by the Company and the Individual Defendants were false and misleading because they failed to disclose certain adverse facts regarding WWE's strategic relationship with Saudi Arabia that supposedly was known by them and, as a result, the plaintiff class allegedly purchased WWE stock at artificially inflated prices. On March 12, 2020 a nearly-identical lawsuit was filed in the U.S. District Court for the Southern District of New York captioned Paul Szaniawski, individually and on behalf of all others similarly situated, v. World Wrestling Entertainment, Inc., Vincent K. McMahon, George A. Barrios, and Michelle D. Wilson, No. 1:20-cv-02223-JSR. This lawsuit was filed as related to the City of Warren case and has been assigned to the same judge handling the City of Warren case. On April 2, 2020, the parties held an initial conference with the Court at which the Court set a case management schedule with respect to (i) selection of lead plaintiff/counsel; (ii) filing of a consolidated amended complaint; and (iii) motion to dismiss briefing. Pursuant to the case management schedule, the Company's motion to dismiss will be due on June 19, 2020. WWE believes that the lawsuits are meritless and intends to move to dismiss them.

In addition to the foregoing, from time to time we become a party to other lawsuits and claims. By its nature, the outcome of litigation is not known, but the Company does not currently expect this ordinary course litigation to have a material adverse effect on our financial condition, results of operations or liquidity.

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Item 1A. Risk Factors

We do not believe there have been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 except as such risk factors have been supplemented in our Current Report on Form 8-K filed with the SEC on March 17, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information with respect to purchases of common stock of the Company made during the three months ended March 31, 2020 pursuant to the Company's authorized share repurchase program:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value that May Yet Be Purchased Under the Program ⁽¹⁾
January 1, 2020 to January 31, 2020	—	\$ —	—	416,559,270
February 1, 2020 to February 29, 2020	—	\$ —	—	416,559,270
March 1, 2020 to March 31, 2020	—	\$ —	—	416,559,270
Total	—	\$ —	—	\$ 416,559,270

- (1) On February 7, 2019, the Company's Board of Directors authorized a stock repurchase program of up to \$500.0 million of our common stock. Repurchases may be made from time to time at management's discretion subject to certain pre-approved parameters and in accordance with all applicable securities and other laws and regulations. The stock repurchase program does not obligate the Company to repurchase any minimum dollar amount or number of shares and may be modified, suspended or discontinued at any time. The repurchased shares were subsequently retired.

Item 6. Exhibits

(a) Exhibits:

Exhibit No.	Description of Exhibit
10.30*	Temporary Employment Agreement with Frank A. Riddick III, effective as of January 16, 2020 (filed herewith).
10.31*	Separation Agreement with George A. Barrios, effective as of February 20, 2020 (filed herewith).
10.32*	Separation Agreement with Michelle D. Wilson, effective as of February 27, 2020 (filed herewith).
31.1	Certification by Vincent K. McMahon pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification by Frank A. Riddick III pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification by Vincent K. McMahon and Frank A. Riddick III pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

World Wrestling Entertainment, Inc.
(Registrant)

Dated: April 23, 2020

By: /s/ FRANK A. RIDDICK III

Frank A. Riddick III

Interim Chief Financial Officer

(principal financial officer and authorized signatory)

By: /s/ MARK KOWAL

Mark Kowal

Chief Accounting Officer and

Senior Vice President, Controller

(principal accounting officer and authorized signatory)



January 16, 2020

Frank Riddick

Dear Frank:

On behalf of World Wrestling Entertainment, Inc. ("WWE"), I am pleased to extend the following offer of temporary employment:

Title: Interim, Acting Chief Financial Officer

Location: 1241 East Main Street, Stamford, CT 06902

Department: Executive Office

Reports to: Vincent McMahon, CEO & Chairman of the Board

Start Date: January 17, 2020

End Date: TBD

This offer is contingent upon satisfactory compliance with all Immigration Control and Reform Act requirements. At all times, your employment relationship with WWE will be "at-will." This means that either you or WWE can end your employment at any time, for any or no reason.

Compensation and Benefits

Base Salary: \$66,666.67 bi-weekly, less ordinary deductions and withholding.

Benefits: As a temporary employee, you will not be eligible for medical benefits, paid time off, including paid company holidays, vacation, personal days and sick days, or any similar benefits afforded to regular employees.

Work Week: While the standard work week is 40 hours per week, such hours are subject to business needs as determined by management in its discretion. As an exempt employee, your salary covers all hours worked during any given work week or other time period. You are further expected to work all hours necessary to meet the requirements of your position.

Travel & Expense: The company will pay all reasonable travel and living expenses during the assignment period.



Acceptance and Onboarding

Please indicate your acceptance by signing below and sending a copy of this entire letter to James Johnstone via email at James.Johnstone@wwecorp.com.

Following acceptance of this offer, as it gets closer to your start date, you will receive a communication granting you access to our *Workday* HR system where you will have the opportunity to review and sign our policies and procedures which will include, Confidentiality Non-Solicitation Agreement, Intellectual Property Release & Waiver, Conflict of Interest and Code of Conduct, Email Acceptable Use Guidelines, Equal Opportunity and Non-Harassment Policy, Employee Handbook Policy, Policy Prohibiting Insider Trading, Social Media Policy, and Fitness Center Waiver of Liability agreements.

On behalf of WWE, we are very pleased that you have accepted this offer and look forward to having you join our team.

Sincerely,

/s/ James Johnstone

James Johnstone
Senior Vice President, Human Resources

ACKNOWLEDGED AND AGREED:

/s/ Frank Riddick
Frank Riddick

1/16/2020
Date

CONFIDENTIAL

February 20, 2020

George Barrios

Re: Separation from Employment/Revised

Dear George:

This letter agreement (the "Agreement") sets forth the terms and conditions of the termination of your employment with World Wrestling Entertainment, Inc., including its current and former subsidiaries and affiliated entities (collectively "WWE").

Your employment with WWE is terminated effective January 30, 2020 ("Termination Date").

1. WWE provided you or will provide you with:
 - a. your regular salary, less applicable withholdings and deductions, through your Termination Date in accordance with WWE's regular payroll procedures and dates;
 - b. a lump-sum payment, less applicable withholdings and deductions, which represents the value of your accrued, unused vacation as of the Termination Date, if any;
 - c. written notification in a separate letter regarding your eligibility for continued group health insurance coverage after the Termination Date pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") and at your own expense; and
 - d. Equity Vesting: Pursuant to the terms of the WWE Omnibus Incentive Plan, all unvested Restricted and Performance Stock units, if any, are hereby forfeited.

2. In consideration for signing this Agreement, not revoking this Agreement as set forth herein, and complying with the promises, covenants and releases set forth in this Agreement, WWE will provide you with the following payments and other benefits in the manner specified in this Agreement. This Agreement is entered into to amicably resolve potential disputes between you and WWE, and therefore, it is not, and may not be cited as, and does not constitute any admission by WWE or you of any violation of any law or legal obligation with respect to any aspect of your employment or termination from employment. Furthermore, nothing in this Agreement shall be construed to limit WWE's rights and remedies.

- a. Salary and Benefit Continuation: After the Termination Date and seven (7) days following your acceptance and execution of this Agreement (within which you have not revoked
-

that acceptance), and after confirmation that you have returned any and all WWE-owned property to Human Resources, you will be paid **eighteen (18) months** of your base salary (on a bi-weekly basis) as of the Termination Date, less applicable withholdings and deductions, in accordance with WWE's regular payroll procedures and dates ("Salary Continuation Period"). During that portion of the Salary Continuation Period you remain eligible for, and on the condition that you timely elect, group health insurance coverage continuation pursuant to COBRA, WWE shall pay the portion of your COBRA premium in the same percentage as it paid toward your health insurance premium during your employment. All other employee benefits shall cease immediately as of your Termination Date.

b. 2019 MIP Bonus Payment: In addition to those payments and benefits set forth above, you are eligible for a discretionary bonus payment pursuant to WWE's discretionary bonus plan at the standard time that WWE determines then active employee bonuses, and payable at the standard time, but no later than March 31, 2020. This payment will be subject to ordinary withholdings and deductions.

c. COBRA: You will be afforded COBRA coverage in accordance with applicable law at your cost after the end of the Benefit Continuation period referred to above.

3. (a) In consideration of the payments and benefits described above, you hereby waive, release and forever discharge WWE, and its parents, subsidiaries, and related entities, and its and their respective current and former predecessors, successors, parents, subsidiaries, assigns, representatives, agents, attorneys, contractors, shareholders, officers, principals, directors and employees, either individually and/or in their official capacities (collectively, "WWE Parties"), from any and all claims of any kind or nature, debts, obligations, promises, covenants, agreements, contracts, suits, actions, causes of action, judgments, damages, expenses, demands, in law or in equity, known or unknown, suspected or unsuspected, which you ever had, now have, or which you may have, against any of the WWE Parties arising from the beginning of the world until the date of your execution of this Agreement, including but not limited to all claims (whether known or unknown, suspected or unsuspected) arising out of or regarding your employment with or termination of employment from WWE, any claim for wages, salary, bonuses or benefits not expressly provided for in this Agreement, subject to applicable law, any contract (express or implied), any claim for equitable relief or recovery of economic, compensatory, punitive or other damages or monies, or attorneys' fees; claims based on any tort; and all claims for alleged discrimination including, but not limited to, claims based upon age, race, color, sex, sexual orientation, gender identity, sexual harassment, marital status, religion, national origin, disability, or retaliation, including any claim, asserted or unasserted, which has arisen or which may arise under Title VII of the Civil Rights Act; the Equal Pay Act; the Age Discrimination in Employment Act; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Genetic Information Nondiscrimination Act; any and all Civil Rights Acts; 42 U.S.C. § 1981; the Employee Retirement Income Security Act; the Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Immigration Reform and Control Act; the Corporate and Criminal Fraud Accountability Act, 18 U.S.C. § 1514A, also known as the Sarbanes Oxley Act; the Connecticut Fair Employment Practices Act, the Connecticut Wage and Hour Statutes (to the maximum extent permissible under law), the Connecticut Family and Medical Leave Act, Connecticut General Statutes Section 31-51m, Connecticut General Statutes Section 31-51q; any and all applicable Connecticut and any other state's anti-discrimination and related statutes or any common law; and any other federal, state or local laws, rules, regulations or ordinances, whether equal employment opportunity laws, rules, regulations or ordinances or otherwise; any right or claim under any WWE severance, compensation, pension, welfare, or stock plans or policies

(except those rights vested and accrued); and any claims based on any other statutory or common law right or theory.

(b) In further consideration of the payments and benefits provided herein, you agree you remain bound by, and thus re-affirm your obligations pursuant to those provisions set forth in the March 12, 2015 and March 18, 2018 Performance Stock, Retention and Non-Competition Agreements to the extent their provisions apply post-termination of employment, which provisions are hereby incorporated by reference as if fully set forth in this Agreement (copies also attached hereto). Notwithstanding, in view of the additional consideration provided under this Agreement, the following revision to your post-employment obligations shall be made: the Non-Compete Period defined in Paragraph 7, and the Non-Solicit Period referred to in Paragraphs 8 and 9 of the March 12, 2015 and March 18, 2018 Agreements shall be and are hereby extended from twelve (12) to eighteen (18) months in duration.

(c) During the Salary Continuation Period, you agree to notify WWE in writing within five (5) business days if you accept an offer of employment and/or intend to start or take an ownership interest in a business, whether alone or with others. In the event you accept an offer of employment, the written notice shall identify the name and location of the new employer, your job title, and the nature of your duties. In the event you determine to start or take an ownership interest in a business alone or with others, the written notice shall identify the name and location of the business, the nature of the business, and the identity of any other person(s) and/or entities who has/have an ownership interest in the business. You further agree that the failure to provide such written notice shall be grounds to terminate all payments under this Agreement, and to reimburse WWE for any payments made to you after any written notice required by this Section was otherwise due but not given by you. Written notice pursuant to this Section should be sent to the General Counsel of WWE with a copy to the Senior Vice President of Human Resources.

(d) You hereby confirm that you have resigned from the Boards of Directors of WWE and its subsidiaries. Notwithstanding the foregoing or any other provision of this Agreement, WWE agrees that you are not waiving any right to indemnification by any of the WWE Parties, whether arising from WWE's by-laws, any contract, any statute, common law, insurance policy or otherwise. WWE further affirms that it will indemnify and defend you from any claims arising out of or relating in any way to your employment in the same manner and to the same extent as if your employment were not terminated.

(e) Nothing contained herein shall waive (or modify any rights of WWE under the terms of the March 12, 2015 and March 18, 2018 Performance Stock, Retention, and Non-Compete Agreements which survive termination of your employment.

4. (a) You warrant and represent that as of the date on which you execute this Agreement, you have not filed or caused to be filed any lawsuits, claims, complaints, actions, proceedings or arbitrations in any form or forum against any of the WWE Parties. Pursuant to and as a part of your waiver, release and discharge of the WWE Parties as set forth herein, subject to the exceptions listed below, you agree, to the fullest extent permitted by law, not to sue or file a charge, complaint, grievance or demand for arbitration against any of the WWE Parties in any form or forum, or otherwise participate voluntarily in any claim, arbitration, suit, action, investigation or other proceeding which relates to any matter that involves any of the WWE Parties, and that arises out of facts or events which occurred at any time up to and including the date of your execution of this Agreement, unless required to do so by court order, subpoena or other directive by a court, administrative agency, arbitration panel or legislative body, or unless required to enforce this Agreement.

(b) Nothing in this Agreement shall prevent you (or your attorneys) from: (i) commencing an action or proceeding to enforce or interpret this Agreement; (ii) filing a charge of discrimination with or initiating and/or participating in any investigation conducted by any federal or state administrative agency, including, but not limited to, the Equal Employment Opportunity Commission, the Connecticut Commission on Human Rights and Opportunities or any other applicable agency with jurisdiction; (iii) filing a complaint, or otherwise communicating, with the Securities and Exchange Commission; (iv) exercising your rights under the Older Workers' Benefit Protection Act of 1990 to challenge the validity of your waiver of claims arising under the Age Discrimination in Employment Act as set forth in Paragraph 3 of this Agreement; and/or (v) filing a factually accurate claim for unemployment insurance benefits. However, to the extent any such action under (ii) may be brought by a third party or by you, you expressly waive any claim or right to any form of monetary or other damages in connection with any such action.

5. You understand and agree that you are not entitled to and would not receive the payments and benefits described above in Paragraph 2 unless you execute this Agreement, do not revoke your acceptance within seven (7) days, and comply with the terms of this Agreement. You also acknowledge and agree that the payments and benefits described above in Paragraph 2 are adequate and sufficient consideration for all of your obligations under this Agreement. You represent, warrant and acknowledge that you have reported all hours worked as of the date of this Agreement and have been paid for all such hours, and that WWE owes you no wages, commissions, bonuses, stock, stock options, restricted shares, other equity, sick pay, personal leave pay, severance pay, vacation pay or other compensation or benefits or payments or form of remuneration of any kind or nature, other than that specifically provided for in this Agreement. In addition, you represent that you have no known workplace injuries or occupational diseases and have been provided and/or not been denied any leave to which you may have been entitled under the federal or state Family and Medical Leave Act. You further represent that as of the date on which you execute this Agreement, you are not aware of any facts, events, incidents or omissions that could form the basis for you to make any claim against any of the WWE Parties arising under the Fair Labor Standards Act or under the federal or state Family and Medical Leave Acts.

6. Subject to your rights pursuant to Paragraph 4(b) above, you will not criticize or disparage any of the WWE Parties, or, to the maximum extent permitted by law, issue any communication, written or otherwise, that reflects adversely on any of the WWE Parties, except if testifying truthfully under oath pursuant to any lawful court order or subpoena or otherwise responding to or providing disclosures required by law. Likewise, the members of WWE's Human Resources and Legal Departments, and the members of WWE's current senior level executives to whom you reported as of the Termination Date, to the maximum extent permitted by law, will not criticize or disparage you to third parties or issue any communication, written or otherwise, to third parties that reflects adversely on you, except if testifying truthfully under oath pursuant to any lawful court order or subpoena or otherwise responding to or providing disclosures required by law or regulation. On the condition that you direct all such inquiries to WWE's Human Resources Department, in response to inquiries by prospective employers, WWE shall only provide verification of your dates of employment and title.

7. (a) You agree not to disclose, nor use for your benefit or the benefit of any other person or entity, any information received in connection with any of the WWE Parties which is confidential or proprietary and (i) which has not been disclosed publicly by WWE, (ii) which is otherwise not a matter of public knowledge or (iii) which is a matter of public knowledge but you know or have reason to know that such information became a matter of public knowledge through an unauthorized disclosure ("Confidential Information"). Confidential Information shall include information the unauthorized disclosure or use of

which would reduce the value of such information to any of the WWE Parties or otherwise damage any of the WWE Parties. Such Confidential Information may include, without limitation, WWE's client/vendor/talent lists, its trade secrets, story lines, plot plans, scripts, any confidential, private, personal or privileged information about (or provided by) any of the WWE Parties, WWE talent or independent contractors, WWE employees or any client or prospective or former client of WWE, information concerning any of the WWE Parties' business or financial affairs, including its/their books and records, commitments, procedures, plans and prospects, products developed by WWE or current or prospective transactions or business of WWE and any "inside information."

(b) You hereby confirm that as of the Termination Date, you have delivered to WWE and retained no copies of any written materials, records and documents (including those that are electronically stored) made by you or coming into your possession during the course of your employment with WWE, which contain or refer to any Confidential Information.

(c) You further confirm that as of the Termination Date, you will have delivered to WWE any and all property and equipment of WWE, including, but not limited to, laptop computers, smart phones and blackberry devices, which may have been provided to you and/or in your possession during your employment with WWE.

8. Subject to your rights pursuant to paragraph 4(b) above, you agree not to disclose the terms or contents of this Agreement, any claims that you did raise or could have raised against any of the WWE Parties, or the facts and circumstances underlying this Agreement, except in the following circumstances:

a. You may disclose the terms of this Agreement to a member of your immediate family, so long as such family member agrees to be bound by the confidential nature of this Agreement;

b. You may disclose the terms of this Agreement to: (i) your tax advisors so long as such tax advisors agree in writing to be bound by the confidential nature of this Agreement; (ii) taxing authorities if requested by such authorities and so long as they are advised in writing of the confidential nature of this Agreement; or (iii) your legal counsel whom you choose to consult regarding this Agreement; and

c. Pursuant to the order of a court or governmental agency of competent jurisdiction, or for purposes of securing enforcement of the terms and conditions of this Agreement should that ever be necessary.

9. Upon service on you, or anyone acting on your behalf, of any subpoena, order, directive or other legal process requiring you to engage in conduct encompassed within Paragraphs 6, 7 or 8 of this Agreement, you or your attorney shall immediately notify WWE of such service and of the content of any testimony or information to be provided pursuant to such subpoena, order, directive or other legal process and within two (2) business days send to the undersigned representative of WWE, via overnight delivery, a copy of said documents served upon you.

10. All payments or benefits under this Agreement are subject to any applicable employment or tax withholdings or deductions. In addition, you and WWE hereby agree that it is your mutual intention that all payments or benefits provided under this Agreement. Notwithstanding any provision of this Agreement to the contrary, to the extent that a payment or benefit provided hereunder is subject to

Section 409A and payable on account of your "separation from service" (as defined in Section 409A and the related regulations), such payment will be delayed for a period of six months after your separation date (or if earlier within thirty {30} days of your date of death following the date of such separation) if you are a "specified employee" (as defined in Section 409A and the related regulations) of WWE, as determined in accordance with the regulations issued under Section 409A and the procedures established by WWE. Notwithstanding the foregoing, this provision will not apply to (i) all payments on separation from service that satisfy the short-term deferral rule of Treas. Reg. §1.409A-1(b)(4), (ii) to the portion of the payments on separation from service that satisfy the requirements for separation pay due to an involuntary separation from service under Treas. Reg. §1.409A-1(b)(9)(iii), and (iii) to any payments that are otherwise exempt from the six month delay requirement of the Treasury Regulations under Section 409A. Solely and specifically for purposes of Section 409A of the Code, each payment made under this Agreement will be designated as a "separate payment" within the meaning of the Section 409A other than the twelve (12) months of severance and benefits payments set forth in your Offer Letter, dated January 22, 2008, which were not initially designated as "separate payments" within the meaning of Section 409A). Notwithstanding the foregoing, WWE does not guarantee the tax treatment of any payments or benefits under this Agreement, including without limitation under the Code, federal, state or local laws.

11. You agree that if so requested by WWE after the Termination Date, you will provide assistance and cooperation as may be needed from time to time, including but not limited to providing, locating or obtaining information and documents concerning any of the WWE Parties about which you are knowledgeable. You further agree that you will assist and cooperate with WWE in connection with the defense or prosecution of any claim that may be made against or by and/or involving any of the WWE Parties or in connection with any ongoing or future investigation or dispute or claim of any kind involving any of the WWE Parties, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including testifying in any proceeding to the extent such claims, investigations or proceedings relate to services performed or required to be performed by you, pertinent knowledge possessed by you, or any act or omission by you. You further agree to perform all acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Paragraph.

12. In the unfortunate event that you die during the Salary Continuation Period, as defined in Paragraph 2, any amounts that would have been paid to you had you lived will be paid in a lump sum to your spouse, or if you do not have a legal spouse, to your designated beneficiary under the designation you made in your WWE benefit policy.

13. If WWE reasonably determines that you have violated any of your obligations under this Agreement, or that any of your acts or omissions during your prior employment or in the future constituted or would constitute "cause" as defined in the WWE Severance Policy, with the exception of the items set forth in Sections 3.1 e, m or n of that Policy, then WWE will be entitled to stop the continued salary and benefits provided in Paragraph 2, as well as seek repayment of any and all payments and benefits already then provided to you pursuant to Paragraph 2, plus any and all damages, costs and attorneys' fees incurred by WWE in recouping such amounts. Nothing herein shall diminish your rights pursuant to Paragraph 4(b) of this Agreement and any actions expressly authorized by Paragraph 4(b) shall not subject you to the provisions of this Paragraph.

14. This Agreement constitutes the entire agreement between WWE and you, except for your grant to WWE of intellectual property interests in and to work product created by you during your employment at WWE, which is confirmed by the Intellectual Property Rider attached to this Agreement, as well as the Confidentiality/Non-Solicitation Agreement also attached to this Agreement, and the

provisions of the March 12, 2015 and March 18, 2018 Performance Stock, Retention and Non-Competition Agreements referenced herein in Paragraph 3(b). Except as set forth in the attached documents, this Agreement supersedes and cancels all prior and contemporaneous written and oral agreements, if any, between WWE and you. You affirm that, in entering into this Agreement, you are not relying upon any oral or written promise or statement made by anyone at any time on behalf of any of the WWE Parties, unless specifically set forth in this Agreement.

15. This Agreement is binding upon you and your successors, assigns, heirs, executors, administrators and legal representatives.

16. If any of the provisions, terms or clauses of this Agreement is declared illegal, unenforceable or ineffective in a legal forum, you and WWE jointly request that such provision, term or clause be modified to the least extent necessary to render it legal, valid and enforceable. If any such provision, term or clause of this Agreement cannot be so modified, then such provision, term or clause shall be deemed null, void and severable, such that all other provisions, terms and clauses of this Agreement shall remain valid and binding upon both parties, unless this would fundamentally frustrate the purpose of this Agreement. This Agreement shall be interpreted under the laws of the State of Connecticut, without regard to conflict of law principles.

17. You agree that in the event that you ever seek employment or re-employment with any of the WWE Parties, such party may refuse to employ or re-employ you for any reason or for no reason at all, and you may not and shall not file or pursue any demand, complaint, cause of action, or claim against any of the WWE Parties arising from or related to such refusal. You also agree that the execution of this Agreement is good, sufficient and legal cause for any of the WWE Parties to reject any application by you for employment or re-employment with any of the WWE Parties. On the other hand, you promise not to apply for any job with the WWE Parties in the future and the mere fact of this provision entitles the WWE Parties to reject your application or terminate you immediately, if hired.

18. You and WWE agree that, except as otherwise provided below, in the event of any dispute related to or arising from this Agreement, such dispute shall be submitted to binding arbitration. Any such arbitration shall be conducted in accordance with the American Arbitration Association ("AAA") Rules for Employment Disputes then in effect, shall take place in Stamford, Connecticut, and shall be conducted before a single neutral arbitrator selected by the AAA. In any such arbitration, in addition to any damages available under applicable law, the prevailing party shall be entitled to recover its attorneys' fees and costs from the other party. Nothing herein shall prohibit either party from seeking injunctive or equitable relief from the state or federal courts of Connecticut in an effort to prevent an actual or threatened breach of this Agreement or in an effort to obtain specific performance of the terms and conditions of this Agreement. In any such injunction or equitable proceeding, the parties consent to be subject to the jurisdiction of the state and federal courts located in Connecticut and also consent to an award of attorneys' fees and costs to the prevailing party.

19. This Agreement may be executed separately, in separate counterparts, by you and WWE, and such execution shall be valid and binding, just as if you and WWE each had signed the same original at the same time.

20. Without detracting in any respect from any other provision of this Agreement:

a. In consideration of the payments and benefits provided to you as described in Paragraph 2 of this Agreement, you acknowledge and agree that this Agreement constitutes a

knowing and voluntary waiver, release and discharge of all rights or claims you have or may have against any of the WWE Parties, including, but not limited to, all rights or claims alleging discrimination or retaliation under any federal, state or local laws; that you have no physical or mental impairment of any kind that has interfered with your ability to read and understand the meaning of this Agreement or its terms; and that you are not acting under the influence of any medication or mind-altering chemical of any type when entering into this Agreement.

b. You understand that, by entering into this Agreement, you do not waive rights or claims that may arise after the date of your execution of this Agreement, including without limitation any rights or claims that you may have to enforce the terms and conditions of this Agreement.

c. You agree and acknowledge that the payments and benefits provided to you as described in Paragraph 2 of this Agreement are in addition to anything of value to which you are already entitled.

d. WWE hereby advises you that this Agreement is a legal document that imposes binding legal obligations on you. Accordingly, you were advised to consult with an attorney of your own choice regarding the meaning of all terms and conditions set forth herein prior to executing this Agreement, and you did consult with Daniel M. Young of Wofsey Rosen, Kweskin & Kuriansky, LLP.

e. You were informed that you have twenty-one (21) days from your receipt of the initial draft of this Agreement in which to review and consider this Agreement, although you could have opted to execute it sooner. Your execution of this Agreement signifies your acceptance of each and every term herein. All revisions from the initial draft as reflected in this Agreement were implemented upon your request.

f. You are further advised that you may revoke your acceptance of this Agreement within seven (7) calendar days from the date you sign this Agreement, in which case this Agreement shall become null and void and of no force or effect on either WWE or you. In order to revoke this Agreement, your revocation must be in writing and postmarked, faxed or delivered by midnight on the 7th calendar day after this Agreement was signed by you. This revocation must be sent to Jim Langham, Senior Vice President- Deputy General Counsel & Assistant Secretary, World Wrestling Entertainment, Inc., 1241 East Main Street, Stamford, CT 06902, fax number (203) 353-2036. The payments and benefits described above in Paragraph 2 of this Agreement will not be made until WWE receives the signed Agreement, without modification by you, and this seven (7) day revocation period has expired.

21. This Agreement may not be changed or altered, except in writing, signed by WWE, through Jim Langham, Senior Vice President- Deputy General Counsel & Assistant Secretary, and you.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

YOU EXPRESSLY ACKNOWLEDGE AND REPRESENT THAT YOU HAVE READ THIS AGREEMENT CAREFULLY; THAT YOU FULLY UNDERSTAND THE TERMS, CONDITIONS, AND SIGNIFICANCE OF THIS AGREEMENT; THAT WWE HAS ADVISED YOU THAT YOU HAVE TWENTY-ONE (21) DAYS FROM YOUR RECEIPT OF THE INITIAL DRAFT OF THIS AGREEMENT ON JANUARY 30, 2020 WITHIN WHICH TO CONSIDER AND ACCEPT OR REJECT THE TERMS OF THIS AGREEMENT (ALTHOUGH YOU MAY OPT TO EXECUTE IT SOONER. CHANGES TO ANY TERM OF THIS AGREEMENT DID NOT AND SHALL NOT RE-START THE 21-DAY CONSIDERATION PERIOD); THAT WWE HAS ADVISED YOU TO CONSULT WITH AN ATTORNEY CONCERNING THIS AGREEMENT; THAT YOU HAVE HAD A FULL OPPORTUNITY TO REVIEW THIS AGREEMENT WITH AN ATTORNEY OF YOUR CHOOSING, SPECIFICALLY DANIEL M. YOUNG OF WOFSEY, ROSEN, KWESKIN & KURIANSKY LLP; THAT YOU UNDERSTAND THAT THIS AGREEMENT HAS BINDING LEGAL EFFECT; AND THAT YOU HAVE EXECUTED THIS AGREEMENT FREELY, KNOWINGLY AND VOLUNTARILY. YOU FURTHER HAVE BEEN ADVISED THAT YOU HAVE SEVEN (7) CALENDAR DAYS FROM THE DATE OF YOUR ACCEPTANCE AND EXECUTION OF THIS AGREEMENT IN WHICH TO REVOKE YOUR ACCEPTANCE. IN ORDER TO REVOKE THIS AGREEMENT, SUCH REVOCATION MUST COMPLY WITH THE PROVISIONS OF PARAGRAPH 20(f) OF THIS AGREEMENT.

PLEASE READ THIS AGREEMENT CAREFULLY AS IT HAS IMPORTANT LEGAL CONSEQUENCES.

Date: February 27, 2020

/s/ George A. Barrios
George Barrios

WORLD WRESTLING ENTERTAINMENT, INC.

Date: March 3, 2020

/s/ Jim Johnstone
Name: Jim Johnstone
Title: SVP, Human Resources

You must sign and return this Agreement to Jim Johnstone, SVP, Human Resources, WWE, Inc., 1241 East Main St, Stamford, CT 06902, fax number (203) 328-2510, within twenty-one (21) days from the date you received an initial draft; i.e., no later than midnight on February 20, 2020, or you may lose the opportunity to receive the payments and benefits detailed herein. You initially received this Agreement on January 30, 2020.

INTELLECTUAL PROPERTY RIDER

You reaffirm and agree that any inventions, materials and proceeds created by you in connection with your relationship with WWE (hereinafter, the "Company") was done at the request of the Company as "works made for hire" and the Company will be deemed the sole author thereof, automatically upon their creation, as contemplated by Sections 101 and 201 of the United States Copyright Act of 1976 as amended (hereinafter, "the Act"). In the event that any such works were not works made for hire, you hereby irrevocably transfer and assign to the Company in perpetuity throughout the world and in all manner, media and channels of distribution now known or hereafter devised, developed or created, including but not limited to electronic media and the internet, any and all rights, title and interests, including but not limited to the copyright and other proprietary rights, effective automatically as of the creation thereof. In addition, you reaffirm your irrevocable transfer and assignment, and hereby again irrevocably transfer and assign, to the Company in perpetuity throughout the world any and all rights, title and interests, including but not limited to copyrights, patent rights, trade secrets, trademarks and other proprietary rights, in and to all inventions, materials and proceeds created by you in connection with or arising out of your relationship with the Company, effective automatically as of the creation thereof. You agree: (a) to disclose promptly in writing to the Company all inventions, materials and proceeds hereunder; (b) to cooperate with and assist the Company to apply for, and to execute any applications and/or assignments reasonably necessary to obtain, any patent, copyright, trademark or other statutory protection for such ideas, inventions and materials in the Company's name as the Company deems appropriate; and (c) to otherwise treat all such materials as "Confidential Information or Trade Secrets." You hereby waive any right of "droit moral" or similar right.

In addition, in connection with your relationship with the Company, you may have been photographed, videotaped or otherwise recorded by the Company in connection with Company Event(s) ("Footage"). You hereby reaffirm and again grant the Company the sole and exclusive right, including the right to authorize others, to use and incorporate the Footage, in whole or in part, in conjunction with other photographs and footage, and the right to use your name, voice, likeness and/or biographical information (collectively, "Likeness") in connection with the exploitation, advertising, promotion and/or packaging of the Footage, the Event(s) or any future events similar thereto and/or any product into which the Footage may be incorporated, including but not limited to, radio, television, home video or other motion picture programs or sound recordings ("Products") at such times and in such manner as the Company may elect in perpetuity throughout the world, and to broadcast, exhibit and/or exploit the same in any and all media, whether now or hereafter known or devised. You further acknowledge and agree that the Company shall be under no obligation to use or exploit the Footage and/or Likeness; that you shall not be entitled to any further payments, residuals, monies or other compensation arising out of the Company's exploitation of the Footage and/or Likeness in any manner, that you hereby release, discharge and agree to save and hold harmless the Company and/or its assignee from any and all claims of liability arising out of any use of the Footage and/or Products; and that the Footage shall be the sole and exclusive property of the Company in perpetuity. In this regard, the Footage shall be deemed created for the benefit of the Company as a "work made for hire" as defined in the Act.

CONFIDENTIAL

February 27, 2020

Michelle Wilson

Re: Separation from Employment/Revised

Dear Michelle:

This revised letter agreement (the "Agreement") sets forth the terms and conditions of the termination of your employment with World Wrestling Entertainment, Inc., including its current and former subsidiaries and affiliated entities (collectively "WWE").

Your employment with WWE terminated effective January 30, 2020 ("Termination Date").

1. WWE provided or will provide you with:
 - a. your regular salary, less applicable withholdings and deductions, through your Termination Date in accordance with WWE's regular payroll procedures and dates;
 - b. a lump-sum payment, less applicable withholdings and deductions, which represents the value of your accrued, unused vacation as of the Termination Date, if any;
 - c. written notification in a separate letter regarding your eligibility for continued group health insurance coverage after the Termination Date pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") and at your own expense; and
 - d. Equity Vesting: Pursuant to the terms of the WWE Omnibus Incentive Plan, all unvested Restricted and Performance Stock units, if any, are hereby forfeited.

2. In consideration for signing this Agreement, not revoking this Agreement as set forth herein, and complying with the promises, covenants and releases set forth in this Agreement, WWE will provide you with the following payments and other benefits in the manner specified in this Agreement. This Agreement is entered into to amicably resolve potential disputes between you and WWE, and therefore, it is not, and may not be cited as, and does not constitute any admission by WWE or you of any violation of any law or legal obligation with respect to any aspect of your employment or termination from employment. Furthermore, nothing in this Agreement shall be construed to limit the rights and remedies of WWE, except as set forth herein.

- a. Salary and Benefit Continuation: After the Termination Date and seven (7) days following your acceptance and execution of this Agreement (within which you have not revoked
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that acceptance), and after confirmation from you that you have returned any and all WWE-owned property to Human Resources, you will be paid **eighteen (18) months** of your base salary (on a bi-weekly basis) as of the Termination Date, less applicable withholdings and deductions, in accordance with WWE's regular payroll procedures and dates ("Salary Continuation Period"). During that portion of the Salary Continuation Period you remain eligible for, and on the condition that you timely elect, group health insurance coverage continuation pursuant to COBRA, WWE shall pay the portion of your COBRA premium in the same percentage as it paid toward your health insurance premium during your employment. All other employee benefits shall cease immediately as of your Termination Date.

b. 2019 MIP Bonus Payment: In addition to those payments and benefits set forth above, you are eligible for a discretionary bonus payment pursuant to WWE's discretionary bonus plan at the standard time that WWE determines then active employee bonuses, and payable at the standard time, but no later than March 31, 2020. This payment will be subject to ordinary withholdings and deductions.

c. COBRA: You will be afforded COBRA coverage in accordance with applicable law at your cost after the end of the Benefit Continuation period referred to above.

3. (a) In consideration of the payments and benefits described above, you hereby waive, release and forever discharge WWE, and its parents, subsidiaries, and related entities, and its and their respective current and former predecessors, successors, parents, subsidiaries, assigns, representatives, agents, attorneys, contractors, shareholders, officers, principals, directors and employees, either individually and/or in their official capacities (collectively, "WWE Parties"), from any and all claims of any kind or nature, debts, obligations, promises, covenants, agreements, contracts, suits, actions, causes of action, judgments, damages, expenses, demands, in law or in equity, known or unknown, suspected or unsuspected ("Claims"), which you ever had, now have, or which you may have, against any of the WWE Parties arising from the beginning of the world until the date of your execution of this Agreement, including but not limited to all claims (whether known or unknown, suspected or unsuspected) arising out of or regarding your employment with or termination of employment from WWE, any claim for wages, salary, bonuses or benefits not expressly provided for in this Agreement, subject to applicable law, any contract (express or implied), any claim for equitable relief or recovery of economic, compensatory, punitive or other damages or monies, or attorneys' fees; claims based on any tort; and all claims for alleged discrimination including, but not limited to, claims based upon age, race, color, sex, sexual orientation, gender identity, sexual harassment, marital status, religion, national origin, disability, or retaliation, including any claim, asserted or unasserted, which has arisen or which may arise under Title VII of the Civil Rights Act; the Equal Pay Act; the Age Discrimination in Employment Act; the Older Workers Benefit Protection Act; the Americans With Disabilities Act; the Genetic Information Nondiscrimination Act; any and all Civil Rights Acts; 42 U.S.C. § 1981; the Employee Retirement Income Security Act; the Family and Medical Leave Act; the Worker Adjustment and Retraining Notification Act; the Fair Credit Reporting Act; the Immigration Reform and Control Act; the Corporate and Criminal Fraud Accountability Act, 18 U.S.C. § 1514A, also known as the Sarbanes Oxley Act; the Connecticut Fair Employment Practices Act, the Connecticut Wage and Hour Statutes (to the maximum extent permissible under law), the Connecticut Family and Medical Leave Act, Connecticut General Statutes Section 31-51m, Connecticut General Statutes Section 31-51q; any and all applicable Connecticut and any other state's anti-discrimination and related statutes or any common law; and any other federal, state or local laws, rules, regulations or ordinances, whether equal employment opportunity laws, rules, regulations or ordinances or otherwise; any right or claim under any WWE severance, compensation, pension, welfare,

or stock plans or policies (except those rights vested and accrued); and any claims based on any other statutory or common law right or theory, except as set forth in Paragraph 4(b) below.

(b) In further consideration of the payments and benefits provided herein, you agree you remain bound by, and thus re-affirm your obligations pursuant to those provisions set forth in the March 12, 2015 and March 18, 2018 Performance Stock, Retention and Non-Competition Agreements to the extent their provisions apply post-termination of employment, which provisions are hereby incorporated by reference as if fully set forth in this Agreement (copies also attached hereto). Notwithstanding the foregoing, in view of the additional consideration provided under this Agreement, you also agree that the Non-Compete Period defined in Paragraph 7, and the Non-Solicit Period referred to in Paragraphs 8 and 9 of the March 12, 2015 and March 18, 2018 Agreements shall be and are hereby extended from twelve (12) to eighteen (18) months in duration.

(c) During the Salary Continuation Period, you agree to notify WWE in writing within five (5) business days if you accept an offer of employment and/or intend to start or take an ownership interest in a business, whether alone or with others. In the event you accept an offer of employment, the written notice shall identify the name and location of the new employer, your job title, and the nature of your duties. In the event you determine to start or take an ownership interest in a business alone or with others, the written notice shall identify the name and location of the business, the nature of the business, and the identity of any other person(s) and/or entities who has/have an ownership interest in the business. You further agree that the failure to provide such written notice shall be grounds to terminate all payments under this Agreement, and to reimburse WWE for any payments made to you after any written notice required by this Section was otherwise due but not given by you. Written notice pursuant to this Section should be sent to the General Counsel of WWE with a copy to the Senior Vice President of Human Resources.

(d) You hereby confirm that you have resigned from the Boards of Directors of WWE and its subsidiaries.

(e) Nothing contained herein shall waive or modify any rights of WWE under this Agreement or the terms of the March 12, 2015 and March 18, 2018 Performance Stock, Retention, and Non-Compete Agreements which survive termination of your employment.

4. (a) You warrant and represent that as of the date on which you execute this Agreement, you have not filed or caused to be filed any lawsuits, claims, complaints, actions, proceedings or arbitrations in any form or forum against any of the WWE Parties. Pursuant to and as a part of your waiver, release and discharge of the WWE Parties as set forth herein, subject to the exceptions listed below, you agree, to the fullest extent permitted by law, not to sue or file a charge, complaint, grievance or demand for arbitration against any of the WWE Parties in any form or forum, or otherwise participate voluntarily in any claim, arbitration, suit, action, investigation or other proceeding which relates to any matter that involves any of the WWE Parties, and that arises out of facts or events which occurred at any time up to and including the date of your execution of this Agreement, unless required to do so by court order, subpoena or other directive by a court, administrative agency, arbitration panel or legislative body, or unless required to enforce this Agreement.

(b) Nothing in this Agreement shall prevent you (or your attorneys) from: (i) commencing an action or proceeding to enforce or interpret this Agreement; (ii) filing a charge of discrimination with or initiating and/or participating in any investigation conducted by any federal or state administrative

agency, including, but not limited to, the Equal Employment Opportunity Commission, the Connecticut Commission on Human Rights and Opportunities or any other applicable agency with jurisdiction; (iii) filing a complaint, or otherwise communicating, with the Securities and Exchange Commission; (iv) exercising your rights under the Older Workers' Benefit Protection Act of 1990 to challenge the validity of your waiver of claims arising under the Age Discrimination in Employment Act as set forth in Paragraph 3 of this Agreement; (v) enforcing your rights to indemnification that you have under WWE's Amended and Restated By-Laws, dated October 14, 1999, as amended on May 17, 2002, or that you may have under the certificate of incorporation, any affiliate's by-laws or equivalent governing documents of WWE or its subsidiaries or affiliates, or the laws of the State of Delaware or any other state of which such subsidiary or affiliates is a domiciliary; (vi) enforcing your rights to insurance coverage under any directors' and officers' personal liability insurance or fiduciary insurance policy; (vii) enforcing your rights with respect to your account under WWE's 401(k) plan; and/or (viii) filing a factually accurate claim for unemployment insurance benefits. However, to the extent any such action under (ii) may be brought by a third party or by you, you expressly waive any claim or right to any form of monetary or other damages in connection with any such action.

(c) WWE warrants and represents that as of the date on which it executes this Agreement, WWE has not filed or caused to be filed any lawsuits, claims, complaints, actions, proceedings or arbitrations in any form or forum against you.

5. You understand and agree that you are not entitled to and would not receive the payments and benefits described above in Paragraph 2 unless you execute this Agreement, do not revoke your acceptance within seven (7) days, and comply with the terms of this Agreement. You also acknowledge and agree that the payments and benefits described above in Paragraph 2 are adequate and sufficient consideration for all of your obligations under this Agreement. You represent, warrant and acknowledge that you have reported all hours worked as of the date of this Agreement and have been paid for all such hours, and that WWE owes you no wages, commissions, bonuses, stock, stock options, restricted shares, other equity, sick pay, personal leave pay, severance pay, vacation pay or other compensation or benefits or payments or form of remuneration of any kind or nature, other than that specifically provided for in this Agreement. In addition, you represent that you have no known workplace injuries or occupational diseases and have been provided and/or not been denied any leave to which you may have been entitled under the federal or state Family and Medical Leave Act. You further represent that as of the date on which you execute this Agreement, you are not aware of any facts, events, incidents or omissions that could form the basis for you to make any claim against any of the WWE Parties arising under the Fair Labor Standards Act or under the federal or state Family and Medical Leave Acts.

6. Subject to your rights pursuant to Paragraph 4(b) above, you will not criticize or disparage any of the WWE Parties, or, to the maximum extent permitted by law, issue any communication, written or otherwise, that reflects adversely on any of the WWE Parties, except if testifying truthfully under oath pursuant to any lawful court order or subpoena or otherwise responding to or providing disclosures required by law or legal process. Subject to WWE's rights pursuant to Paragraph 3(d) above, the members of WWE's Human Resources and Legal Departments, and the members of WWE's current senior level executives to whom you reported as of the Termination Date, will not criticize or disparage you to third parties, or, to the maximum extent permitted by law, issue any communication, written or otherwise, to third parties that reflects adversely on you, except if testifying truthfully under oath pursuant to any lawful court order or subpoena; or responding to or providing disclosures required by law, regulation, or legal process. On the condition that you direct all such inquiries to WWE's Human Resources Department, WWE

agrees to provide a neutral reference to prospective employers which shall include only dates employed and your last position held.

7. (a) You agree not to disclose, nor use for your benefit or the benefit of any other person or entity, any information received in connection with any of the WWE Parties which is confidential or proprietary and (i) which has not been disclosed publicly by WWE, (ii) which is otherwise not a matter of public knowledge or (iii) which is a matter of public knowledge but you know or have reason to know that such information became a matter of public knowledge through an unauthorized disclosure ("Confidential Information"). Confidential Information shall include information the unauthorized disclosure or use of which would reduce the value of such information to any of the WWE Parties or otherwise damage any of the WWE Parties. Such Confidential Information may include, without limitation, WWE's client/vendor/talent lists, its trade secrets, story lines, plot plans, scripts, any confidential, private, personal or privileged information about (or provided by) any of the WWE Parties, WWE talent or independent contractors, WWE employees or any client or prospective or former client of WWE, information concerning any of the WWE Parties' business or financial affairs, including its/their books and records, commitments, procedures, plans and prospects, products developed by WWE or current or prospective transactions or business of WWE and any "inside information."

(b) You hereby confirm that as of the date you execute this Agreement, you have delivered to WWE all written materials, records and documents in your possession and you further confirm that you have retained no copies of any written materials, records and documents (including those that are electronically stored) made by you or coming into your possession during the course of your employment with WWE, which contain or refer to any Confidential Information.

(c) You further confirm that as of the date you execute this Agreement you have delivered to WWE any and all property and equipment of WWE, including, but not limited to, laptop computers, smart phones and blackberry devices, which may have been provided to you and/or in your possession during your employment with WWE.

8. Subject to your rights pursuant to paragraph 4(b) above, you agree not to disclose the terms or contents of this Agreement, any claims that you did raise or could have raised against any of the WWE Parties, or the facts and circumstances underlying this Agreement, except in the following circumstances:

a. You may disclose the terms of this Agreement to a member of your immediate family, so long as such family member agrees to be bound by the confidential nature of this Agreement;

b. You may disclose the terms of this Agreement to: (i) your tax advisors so long as such tax advisors agree in writing to be bound by the confidential nature of this Agreement; (ii) taxing authorities if requested by such authorities and so long as they are advised in writing of the confidential nature of this Agreement; or (iii) your legal counsel whom you choose to consult regarding this Agreement; and

c. Pursuant to the order of a court or governmental agency of competent jurisdiction, or for purposes of securing enforcement of the terms and conditions of this Agreement should that ever be necessary.

9. Upon service on you, or anyone acting on your behalf, of any subpoena, order, directive or other legal process requiring you to engage in conduct encompassed within Paragraphs 6, 7 or 8 of this Agreement, you or your attorney shall immediately notify WWE of such service and of the content of any testimony or information to be provided pursuant to such subpoena, order, directive or other legal process and within two (2) business days send to the undersigned representative of WWE, via overnight delivery, a copy of said documents served upon you; unless such prior notice is prohibited by statute.

10. All payments or benefits under this Agreement are subject to any applicable employment or tax withholdings or deductions. In addition, you and WWE hereby agree that it is our mutual intention that all payments or benefits provided under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and this Agreement shall be interpreted accordingly. You hereby are advised to seek independent advice from your tax advisor(s) with respect to the application of Section 409A of the Code to any payments or benefits under this Agreement. Notwithstanding any provision of this Agreement to the contrary, to the extent that a payment or benefit provided hereunder is subject to Section 409A and payable on account of your "separation from service" (as defined in Section 409A and the related regulations), such payment will be delayed for a period of six months after your separation date (or if earlier within thirty (30) days of your date of death following the date of such separation) if you are a "specified employee" (as defined in Section 409A and the related regulations) of WWE, as determined in accordance with the regulations issued under Section 409A and the procedures established by WWE. Notwithstanding the foregoing, this provision will not apply to (i) all payments on separation from service that satisfy the short-term deferral rule of Treas. Reg. §1.409A-1(b)(4), (ii) to the portion of the payments on separation from service that satisfy the requirements for separation pay due to an involuntary separation from service under Treas. Reg. §1.409A-1(b)(9)(iii), and (iii) to any payments that are otherwise exempt from the six month delay requirement of the Treasury Regulations under Section 409A. Solely and specifically for purposes of Section 409A of the Code, each payment made under this Agreement will be designated as a "separate payment" within the meaning of the Section 409A (other than the nine (9) months of severance and benefits payments set forth in your Offer Letter, dated January 16, 2009, which were not initially designated as "separate payments" within the meaning of Section 409A). Notwithstanding the foregoing, WWE does not guarantee the tax treatment of any payments or benefits under this Agreement, including without limitation under the Code, federal, state or local laws.

11. You agree that if so requested by WWE after the Termination Date, you will provide assistance and cooperation as may be needed from time to time, including but not limited to providing, locating or obtaining information and documents concerning any of the WWE Parties about which you are knowledgeable. You further agree that you will assist and cooperate with WWE in connection with the defense or prosecution of any claim that may be made against or by and/or involving any of the WWE Parties or in connection with any ongoing or future investigation or dispute or claim of any kind involving any of the WWE Parties, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including testifying in any proceeding to the extent such claims, investigations or proceedings relate to services performed or required to be performed by you, pertinent knowledge possessed by you, or any act or omission by you. You further agree to perform all acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Paragraph. WWE shall reimburse you for actual, out of pocket and pre-approved expenses incurred in connection with such matters.

12. In the unfortunate event that you die during the Salary Continuation Period, as defined in Paragraph 2, any amounts that would have been paid to you had you lived will be paid in a lump sum to

your spouse, or if you do not have a legal spouse, to your designated beneficiary under the designation you made in your WWE benefit policy.

13. If WWE reasonably determines that you have violated any of your obligations under this Agreement, or any of your acts or omissions during your prior employment or in the future constituted or would constitute "cause" as defined in the WWE Severance Policy, with the exception of the items set forth in Sections 3.1 e, m or n of that Policy, then WWE will be entitled to stop the continued salary and benefits provided in Paragraph 2, as well as seek repayment of any and all payments and benefits already then provided to you pursuant to Paragraph 2, plus any and all damages, with attorneys' fees incurred pursuant to Paragraph 18 below. Nothing herein shall diminish your rights pursuant to Paragraph 4(b) of this Agreement and any actions expressly authorized by Paragraph 4(b) shall not subject you to the provisions of this Paragraph.

14. This Agreement constitutes the entire agreement between WWE and you, except for your grant to WWE of intellectual property interests in and to work product created by you during your employment at WWE, which is confirmed by the Intellectual Property Rider attached to this Agreement, as well as the Confidentiality/Non-Solicitation Agreement also attached to the initial draft of this Agreement, and the provisions of the March 12, 2015 and March 18, 2018 Performance Stock, Retention and Non-Competition Agreements referenced herein in Paragraph 3(b). Except as set forth in the attached documents, this Agreement supersedes and cancels all prior and contemporaneous written and oral agreements, if any, between WWE and you. You affirm that, in entering into this Agreement, you are not relying upon any oral or written promise or statement made by anyone at any time on behalf of any of the WWE Parties, unless specifically set forth in this Agreement.

15. This Agreement is binding upon you and your successors, assigns, heirs, executors, administrators and legal representatives.

16. If any of the provisions, terms or clauses of this Agreement is declared illegal, unenforceable or ineffective in a legal forum, you and WWE jointly request that such provision, term or clause be modified to the least extent necessary to render it legal, valid and enforceable. If any such provision, term or clause of this Agreement cannot be so modified, then such provision, term or clause shall be deemed null, void and severable, such that all other provisions, terms and clauses of this Agreement shall remain valid and binding upon both parties, unless this would fundamentally frustrate the purpose of this Agreement. This Agreement shall be interpreted under the laws of the State of Connecticut, without regard to conflict of law principles.

17. You agree that in the event that you ever seek employment or re-employment with any of the WWE Parties, such party may refuse to employ or re-employ you for any reason or for no reason at all, and you may not and shall not file or pursue any demand, complaint, cause of action, or claim against any of the WWE Parties arising from or related to such refusal. You also agree that the execution of this Agreement is good, sufficient and legal cause for any of the WWE Parties to reject any application by you for employment or re-employment with any of the WWE Parties. On the other hand, you promise not to apply for any job with the WWE Parties in the future and the mere fact of this provision entitles the WWE Parties to reject your application or terminate you immediately, if hired.

18. You and WWE agree that, except as otherwise provided below, in the event of any dispute related to or arising from this Agreement, such dispute shall be submitted to binding arbitration. Any

such arbitration shall be conducted in accordance with the American Arbitration Association (“AAA”) Rules for Employment Disputes then in effect, shall take place in Stamford, Connecticut, and shall be conducted before a single neutral arbitrator selected pursuant to the AAA rules and procedures . In any such arbitration, in addition to any damages available under applicable law, the prevailing party shall be entitled to recover its attorneys’ fees and costs from the other party. Nothing herein shall prohibit either party from seeking injunctive or equitable relief from the state or federal courts of Connecticut in an effort to prevent an actual or threatened breach of this Agreement or in an effort to obtain specific performance of the terms and conditions of this Agreement. In any such injunction or equitable proceeding, the parties consent to be subject to the jurisdiction of the state and federal courts located in Connecticut and also consent to an award of attorneys’ fees and costs to the prevailing party.

19. This Agreement may be executed separately, in separate counterparts, by you and WWE, and such execution shall be valid and binding, just as if you and WWE each had signed the same original at the same time.

20. Without detracting in any respect from any other provision of this Agreement:

(a) In consideration of the payments and benefits provided to you as described in Paragraph 2 of this Agreement, you acknowledge and agree that this Agreement constitutes a knowing and voluntary waiver, release and discharge of all rights or claims you have or may have against any of the WWE Parties, including, but not limited to, all rights or claims alleging discrimination or retaliation under any federal, state or local laws; that you have no physical or mental impairment of any kind that has interfered with your ability to read and understand the meaning of this Agreement or its terms; and that you are not acting under the influence of any medication or mind-altering chemical of any type when entering into this Agreement.

(b) You understand that, by entering into this Agreement, you do not waive rights or claims that may arise after the date of your execution of this Agreement, including without limitation any rights or claims that you may have to enforce the terms and conditions of this Agreement.

(c) You agree and acknowledge that the payments and benefits provided to you as described in Paragraph 2 of this Agreement are in addition to anything of value to which you are already entitled.

(d) WWE hereby advises you that this Agreement is a legal document that imposes binding legal obligations on you. Accordingly, you were advised to consult with an attorney of your own choice regarding the meaning of all terms and conditions set forth herein prior to executing this Agreement, and you did consult with Finn Dixon & Herling LLP.

(e) You were informed that you had twenty-one (21) days from your receipt of the initial draft of this Agreement in which to review and consider this Agreement, although you could have opted to execute it sooner. Your execution of this Agreement signifies your acceptance of each and every term herein. Some revisions from the initial draft as reflected in this Agreement were implemented upon your request.

YOU EXPRESSLY ACKNOWLEDGE AND REPRESENT THAT YOU HAVE READ THIS AGREEMENT CAREFULLY; THAT YOU FULLY UNDERSTAND THE TERMS, CONDITIONS, AND SIGNIFICANCE OF THIS AGREEMENT; THAT WWE HAS ADVISED YOU THAT YOU HAVE TWENTY-ONE (21) DAYS WITHIN WHICH TO CONSIDER AND ACCEPT OR REJECT THE TERMS OF THIS AGREEMENT (ALTHOUGH YOU MAY OPT TO EXECUTE IT SOONER. CHANGES TO ANY TERM OF THIS AGREEMENT SHALL NOT RE-START THE 21-DAY CONSIDERATION PERIOD); THAT WWE HAS ADVISED YOU TO CONSULT WITH AN ATTORNEY CONCERNING THIS AGREEMENT; THAT YOU HAVE HAD A FULL OPPORTUNITY TO REVIEW THIS AGREEMENT WITH AN ATTORNEY OF YOUR CHOOSING; THAT YOU UNDERSTAND THAT THIS AGREEMENT HAS BINDING LEGAL EFFECT; AND THAT YOU HAVE EXECUTED THIS AGREEMENT FREELY, KNOWINGLY AND VOLUNTARILY. YOU FURTHER HAVE BEEN ADVISED THAT YOU HAVE SEVEN (7) CALENDAR DAYS FROM THE DATE OF YOUR ACCEPTANCE AND EXECUTION OF THIS AGREEMENT IN WHICH TO REVOKE YOUR ACCEPTANCE. IN ORDER TO REVOKE THIS AGREEMENT, SUCH REVOCATION MUST COMPLY WITH THE PROVISIONS OF PARAGRAPH 20(f) OF THIS AGREEMENT.

PLEASE READ THIS AGREEMENT CAREFULLY AS IT HAS IMPORTANT LEGAL CONSEQUENCES.

Date: February 27, 2020

/s/ Michelle Wilson
Michelle Wilson

WORLD WRESTLING ENTERTAINMENT, INC.

Date: March 2, 2020

/s/ Jim Johnstone
Name: Jim Johnstone
Title: SVP, Human Resources

You must sign and return this Agreement to Jim Johnstone, SVP, Human Resources, WWE, Inc., 1241 East Main St, Stamford, CT 06902, fax number (203) 328-2510, within twenty-one (21) days from the date you received it; *i.e.*, no later than midnight on February 20, 2020, or you may lose the opportunity to receive the payments and benefits detailed herein. You initially received this Agreement on January 30, 2020.

INTELLECTUAL PROPERTY RIDER

You reaffirm and agree that any inventions, materials and proceeds created by you in connection with your relationship with WWE (hereinafter, the "Company") was done at the request of the Company as "works made for hire" and the Company will be deemed the sole author thereof, automatically upon their creation, as contemplated by Sections 101 and 201 of the United States Copyright Act of 1976 as amended (hereinafter, "the Act"). In the event that any such works were not works made for hire, you hereby irrevocably transfer and assign to the Company in perpetuity throughout the world and in all manner, media and channels of distribution now known or hereafter devised, developed or created, including but not limited to electronic media and the internet, any and all rights, title and interests, including but not limited to the copyright and other proprietary rights, effective automatically as of the creation thereof. In addition, you reaffirm your irrevocable transfer and assignment, and hereby again irrevocably transfer and assign, to the Company in perpetuity throughout the world any and all rights, title and interests, including but not limited to copyrights, patent rights, trade secrets, trademarks and other proprietary rights, in and to all inventions, materials and proceeds created by you in connection with or arising out of your relationship with the Company, effective automatically as of the creation thereof. You agree: (a) to disclose promptly in writing to the Company all inventions, materials and proceeds hereunder; (b) to cooperate with and assist the Company to apply for, and to execute any applications and/or assignments reasonably necessary to obtain, any patent, copyright, trademark or other statutory protection for such ideas, inventions and materials in the Company's name as the Company deems appropriate; and (c) to otherwise treat all such materials as "Confidential Information or Trade Secrets." You hereby waive any right of "droit moral" or similar right.

In addition, in connection with your relationship with the Company, you may have been photographed, videotaped or otherwise recorded by the Company in connection with Company Event(s) ("Footage"). You hereby reaffirm and again grant the Company the sole and exclusive right, including the right to authorize others, to use and incorporate the Footage, in whole or in part, in conjunction with other photographs and footage, and the right to use your name, voice, likeness and/or biographical information (collectively, "Likeness") in connection with the exploitation, advertising, promotion and/or packaging of the Footage, the Event(s) or any future events similar thereto and/or any product into which the Footage may be incorporated, including but not limited to, radio, television, home video or other motion picture programs or sound recordings ("Products") at such times and in such manner as the Company may elect in perpetuity throughout the world, and to broadcast, exhibit and/or exploit the same in any and all media, whether now or hereafter known or devised. You further acknowledge and agree that the Company shall be under no obligation to use or exploit the Footage and/or Likeness; that you shall not be entitled to any further payments, residuals, monies or other compensation arising out of the Company's exploitation of the Footage and/or Likeness in any manner, that you hereby release, discharge and agree to save and hold harmless the Company and/or its assignee from any and all claims of liability arising out of any use of the Footage and/or Products; and that the Footage shall be the sole and exclusive property of the Company in perpetuity. In this regard, the Footage shall be deemed created for the benefit of the Company as a "work made for hire" as defined in the Act.

Certification required by Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Vincent K. McMahon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Wrestling Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 23, 2020

By: /s/ VINCENT K. MCMAHON

Vincent K. McMahon
*Chairman of the Board and
Chief Executive Officer*

Certification required by Securities and Exchange Act of 1934 Rule 13a-14 as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Frank A. Riddick III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Wrestling Entertainment, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 23, 2020

By: /s/ FRANK A RIDDICK III
Frank A. Riddick III
Interim Chief Financial Officer

Certification of Chairman and CEO and CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report on Form 10-Q of World Wrestling Entertainment, Inc. (the "Company") for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Vincent K. McMahon as Chairman of the Board and Chief Executive Officer of the Company and Frank A. Riddick III as Interim Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) The information contained in the report fairly presents, in all material aspects, the financial condition and results of operations of the Company.

Dated: April 23, 2020

By: /s/ VINCENT K. MCMAHON

Vincent K. McMahon
*Chairman of the Board and
Chief Executive Officer*

By: /s/ FRANK A. RIDDICK III

Frank A. Riddick III
Interim Chief Financial Officer
