



World Wrestling Entertainment, Inc.

First Quarter – 2008

Conference Call

May 6, 2008



Forward Looking Statements

Today's discussion contains forward-looking statements pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995, which are subject to various risks and uncertainties. These risks and uncertainties include the conditions of the markets for live events, broadcast television, cable television, pay-per-view, Internet, feature films, entertainment, professional sports, and licensed merchandise; acceptance of the Company's brands, media and merchandise within those markets; uncertainties relating to litigation; risks associated with producing live events both domestically and internationally; uncertainties associated with international markets; risks relating to maintaining and renewing key agreements, including television distribution agreements; and other risks and factors set forth from time to time in Company filings with the Securities and Exchange Commission. Actual results could differ materially from those currently expected or anticipated.



Agenda: First Quarter 2008

- **Overview**
- **Operational Highlights**
- **Financial Review**
- **Financial Objectives**
- **Q&A**



Overview: Summary Income Statement

(\$s in millions, except per share amounts)

	Three Months Ended March 31,		
	2008	2007	Growth %
Revenue	\$162.6	\$107.4	51%
Operating Income	\$27.1	\$20.6	32%
Net Income	\$19.5	\$15.1	29%
Earnings Per Share (diluted)	\$0.27	\$0.21	29%
Memo:			
EBITDA	\$29.6	\$22.9	29%

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- *WrestleMania XXIV* occurred on March 31, 2008 and is included in our first quarter results. *WrestleMania 23* occurred on April 1, 2007 and was therefore included as part of our second quarter results in 2007. *WrestleMania XXIV* contributed in the aggregate approximately \$31.3 million of revenues and \$7.1 million of profit contribution (\$4.6 million, net of tax), to our results for the first quarter of 2008, whereas *WrestleMania 23* contributed in the aggregate approximately \$31.4 million of revenues and \$9.7 million of profit contribution (\$6.6 million, net of tax) in the second quarter of 2007.



Operational Highlights:

- Overall, our first quarter results were highlighted by 51% revenue growth
 - Growth was led by the timing of *WrestleMania XXIV*, and strong licensing sales (Note: *WrestleMania 23* occurred in Q2 2007)
 - Q1 Operating Income increased 32% to \$27.1 million
- Strengthened WWE's core business model, i.e. delivering original content, and demonstrating expertise as a marketing and distribution machine
 - *WrestleMania XXIV* earned more than \$30 million in live event and pay-per-view revenue (essentially in line with WM 23 for a comparable period) and recorded over 1 million pay-per-view buys
 - Managed pay-per-view growth: Achieved 22% increase in combined buys for *Royal Rumble* and *No Way Out*
 - Licensing revenue increased 27% based on the performance of the *SmackDown vs. Raw 2008* video game, which sold over 5M units
- Executed strategy of deploying capital to enhance shareholder returns
 - Implemented 50% increase WWE's quarterly dividend to \$0.36 for the Company's public class A shareholders



Financial Review: First Quarter Summary

(\$s in millions)

	Three Months Ended		B/(W) vs. 2007	
	March 31,		\$	%
Revenue	2008	2007		
Live Events/ Venue Merch.	\$ 30.2	\$ 23.4	\$ 6.8	29%
Pay-Per-View	41.2	15.8	25.4	161%
Television	24.0	21.9	2.1	10%
Digital Media	8.1	7.0	1.1	16%
Licensing	26.2	20.6	5.6	27%
Home Video	14.0	13.4	0.6	4%
WWE Films	11.3	-	11.3	n/m
Other *	7.6	5.3	2.3	43%
Total Revenue	\$ 162.6	\$ 107.4	\$ 55.2	51%
Profit Contribution				
Live Events/ Venue Merch.	\$ 11.2	\$ 7.1	4.1	58%
Pay-Per-View	13.3	10.3	3.0	29%
Television	4.5	6.4	(1.9)	(30%)
Digital Media	3.4	2.0	1.4	70%
Licensing	19.7	15.1	4.6	30%
Home Video	7.6	7.6	-	0%
WWE Films	1.9	-	1.9	n/m
Other *	1.0	0.8	0.2	25%
Total Profit Contribution	\$ 62.6	\$ 49.3	\$ 13.3	27%
Profit Margin	39%	46%		
S,G & A	33.0	26.4	(6.6)	(25%)
Depreciation	2.5	2.3	(0.2)	(9%)
Operating Income	\$ 27.1	\$ 20.6	\$ 6.5	32%
Margin %	17%	19%		

- Other includes Magazine Publishing and WWE 24/7



Operational Highlights: Live Events

- North American live events were highlighted by the performance of *WrestleMania*
 - Average paid attendance increased 4% year-over-year to 7,200 in Q1 and average ticket prices increased 25% to \$45
 - Excluding *WrestleMania*, average paid attendance declined 4% reflecting the timing of our touring plan, partially offset by a 5% rise in average ticket prices to \$38
- Q1 2008 included eight international events comparable to Q1 2007
 - Six of the eight events were held in emerging markets and were structured as fixed, guaranteed deals (vs. 8 in Q1 2007)
 - Our 5 event tour in Latin America garnered more than 55,000 in attendance with 2 sell-out shows in Chile, a new market for WWE

- Key Drivers:**

	First Quarter		
	2008	2007	Growth %
<u>North America</u>			
Average Event Attendance	7,200	6,900	4%
Number of live events	66	63	5%
<u>International</u>			
Average Event Attendance	9,000	9,300	(3%)
Number of live events	8	8	-



Operational Highlights: Pay-Per-View

■ Key Drivers:

	First Quarter		
	2008	2007	Growth %
Total Pay-Per-View buys (000s)	2,033	901	126%
Current period buys	1,920	929	107%
Prior period buys	113	(28)	n/m
Number of events	3	3	-%

- Q1 2008 pay-per-view revenue increased \$25 million reflecting the impact of *WrestleMania XXIV* (occurred in the second quarter last year)
 - Buys for *WrestleMania XXIV* approached 1.06 million, based on *preliminary* estimates, and compare to 1.16 million buys for last year's event over a comparable 1-month period
 - The North American retail price of *WrestleMania XXIV* was \$54.95 as compared to \$49.95 for *WrestleMania 23*
- Revenue growth also reflected a 22% increase in combined buys for *Royal Rumble* and *No Way Out*
 - The strong performance of these events was offset by the absence of *New Year's Revolution* in the 2008 schedule.



Operational Highlights: Television

- Revenue from television distribution grew \$2.1 million (10%) reflecting increases in WWE's domestic and international agreements
- RAW remains one of the most watched regularly scheduled programs on cable television among households and total viewers
 - RAW is regularly seen by over 5.3 million viewers each week
- In the first quarter, SmackDown was the CW Network's top rated program among total viewers and all key male demographic categories
 - SmackDown is seen by more than 4.7 million viewers each week
- ECW is the top rated program on the SCI FI Channel (based on the average of all telecasts)

- **Key Drivers:**

TV Ratings (THH):	First Quarter		
	2008	2007	Growth %
RAW	3.7	4.1	(10%)
SmackDown	2.8	2.9	(3%)
ECW	1.3	1.6	(19%)



Operational Highlights: Consumer Products

- Home Video revenue grew 4% from the prior year quarter reflecting increased DVD shipments
 - DVD shipments grew 9% to nearly 1.2 million units driven by strong sales from our video catalog
 - More than 500,000 units of catalog titles, including carryover releases from Q4 '07, shipped in the quarter compared to about 440,000 units in the prior year quarter
 - Q1 2008 had 8 new title releases vs. 10 in prior year quarter.
 - *The Legacy of Stone Cold Steve Austin* and *Triple H: The King of Kings* each shipped more than 175,000 units
- Licensing revenue rose 27% (\$5.6 million) over the prior year quarter with significant revenue growth from our video game sales
 - *SmackDown vs. RAW 2008* (released in November) has sold 5.2 million units, representing a 42% increase in unit sales from the prior release in the comparable period last year. Growth was led by sales on the PS3, Wii and Nintendo DS platforms
 - International revenue increased more than 50% and accounted for \$4.1 million of the quarter-over-quarter growth



Operational Highlights: Digital Media

- Digital Media, our Internet based operations including online advertising sales, mobile content and e-commerce, generated \$8.1M in revenue, representing a 16% increase over the prior year quarter
- WWE.com revenue increased \$1.6M in the quarter principally from a 62% increase in online advertising sales and growth in mobile content distribution
 - WWE online advertising was led by continued sales to Electronic Arts, Unilever and Sony
 - WWE.com averaged 15.9 million unique users per month and 28 million video streams per month
 - Revenue from the distribution of mobile content stemmed from our agreement with AT&T, which became effective in Feb. 2007
- WWEShop.com's revenue declined approximately \$0.6 million from Q1 2007, reflecting an 18% decrease in the number of online orders to approximately 67,700 (vs. 82,300 in the first quarter last year). The decline was partially offset by a 5% increase in the average merchandise order to over \$51



Operational Highlights: WWE Films

- WWE released two feature films (*See No Evil* and *The Marine*) in 2006 with performance to-date at least in-line with management expectations
 - In the first of quarter 2008, we recognized \$11.3 million in revenue predominantly from continued DVD sales and licensing of *The Marine* in pay and free TV markets
- *The Condemned* was released in April, 2007
 - During the second quarter of 2007, an impairment charge of \$15.7 million was recorded related to the performance of *The Condemned*
- WWE Films is on schedule regarding the production of two direct-to-video and one theatrical project (expected to be released and distributed by Fox in 2009)
 - Direct-to-video projects include “*Behind Enemy Lines 3*” and “*The Marine 2*,” which each have a production budget of \$5 million
 - The theatrical film, “*12 Rounds*,” an action/ adventure film featuring John Cena, is in production and has a budget of \$20 million



Financial Overview: Profit Contribution and S,G&A (\$s in millions)

Profit Contribution increased 27% to \$62.6 million predominantly from strong performance of our *SmackDown vs. Raw* video game, the timing of *WrestleMania* and improved pay-per-view trends

- Profit contribution margin was 39% compared to 46% in the prior year quarter reflecting increases in our pay-per-view and television production costs. These costs stemmed from the staging of *WrestleMania*, the high promotional costs of that event and from the implementation of high definition programming. Segment profit margins are as follows:

	Three months ended March 31,		
	2008	2007	Growth %
Live & Televised Entertainment	30%	38%	(8%) pt.
Consumer Products	64%	63%	0% pts.
Digital Media	42%	29%	13% pts.
WWE Films	17%	n/a	n/a

Selling, General and Admin. expense increased to \$33 vs. \$26.4 in Q1 2007 primarily due to increases in marketing and staff related costs

- The increase in costs were incurred to broadly promote our brands and *WrestleMania*, to establish our international infrastructure and to enhance our talent development programs

Operating Income increased 32% to \$27.1 vs. \$20.6 in Q1 2007

Net Income increased 29% to \$19.5 vs. \$15.1 in Q1 2007

- Net Income benefited from a lower tax rate in Q1 2008 (31% vs. 35% in Q1 2007)

Free cash flow of \$5.3 in Q1 2008 vs. \$23.1 in Q1 2007

- Q1 free cash flow reflected increased working capital requirements primarily associated with the timing of *WrestleMania*, and to a lesser extent, increased spending on WWE's film projects
- Capital expenditures increased \$8.1M primarily due to the Company's investment in high definition broadcasting equipment



Financial Review: First Quarter Revenue

(\$s in millions)

Q1 2008 Revenue	\$162.6
vs. Q1 2007 \$	+\$55.2
%	51%

Pay-per-view:

Impact of <i>WrestleMania XXIV</i> (1.06 million buys)	+\$23.8
22% increase in buys for PPV events produced in both Q1 '08 and Q1 '07	+\$3.5
Absence of <i>New Year's Revolution</i> PPV in '08 partially offset by adjustment for prior year buys	-\$1.9
<i>Subtotal</i>	+\$25.4

WWE Films (primarily reflects continued DVD sales from *The Marine*) **+\$11.3**

Live Events/ Venue Merchandise:

N. America (primarily impact of <i>WrestleMania XXIV</i>)	+\$5.7
International (primarily reflects 2 events in Q1 '08 not structured with guaranteed revenues)	+\$0.7
Venue Merchandise (sales per event attendee)	+\$0.4
<i>Subtotal</i>	+\$6.8

Licensing (42% increase in *SmackDown* vs. *Raw2008* video game unit sales) **+\$5.6**

Television (due to contractual increases per domestic and international agreements) **+\$2.1**

Digital Media revenue (primarily online advertising and mobile content) **+\$1.1**

Home Video (9% increase in DVDs shipped to 1.2M) **+\$0.6**

All other (Includes WWE 24/7 SVOD service) **+\$2.3**

Total	+\$55.2
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Financial Review: First Quarter Operating Income

(\$s in millions)

Q1 2008 Operating Income	\$27.1
vs. Q1 2007 \$	+\$6.5
%	32%
Licensing	+\$4.6
Live Events/Venue Merchandise (primarily <i>WrestleMania XXIV</i>)	+\$4.1
Pay-Per-View (primarily <i>WrestleMania XXIV</i>)	+\$3.0
WWE Films	+\$1.9
Digital Media	+\$1.4
TV Production (reflects impact of HD production and acquisition of new <i>RAW</i> and <i>SmackDown</i> set)	- \$1.9
SG&A	
Staff related costs, including stock compensation and travel	- \$2.2
Advertising & promotion (including domestic and international marketing initiatives)	- \$1.9
Legal and professional fees	- \$0.7
Other (includes investment in WWE's talent development programs)	- \$1.8
<i>Subtotal</i>	<u>- \$6.6</u>
Total	+\$6.5



Financial Overview: Consolidated Balance Sheets

(\$s in millions)

	As of <u>March 31, 2008</u>	As of <u>December 31, 2007</u>
<u>Assets</u>		
Cash & short-term investments	\$ 222.1	\$ 266.4
Accounts receivable	85.6	56.6
Other current assets	23.7	24.7
Total current assets	<u>331.4</u>	<u>347.7</u>
Net fixed assets	85.3	77.8
Feature film production assets	16.8	21.9
Investment Securities	33.6	-
Other assets	21.6	22.7
Total assets	<u>\$ 488.7</u>	<u>\$ 470.1</u>
<u>Liabilities & Stockholders' Equity</u>		
Current liabilities	\$ 88.6	\$ 71.6
Long-term debt	4.6	4.9
Other long-term liabilities	5.5	10.2
Total liabilities	<u>98.7</u>	<u>86.7</u>
Total stockholders' equity	390.0	383.4
Total equity & liabilities	<u>\$ 488.7</u>	<u>\$ 470.1</u>



Long-Term Financial Objectives

- The Company has completed a comprehensive review of our businesses, and evaluated the significant growth opportunities for WWE
- Over the 2006-2011 period, we are targeting average annual growth as follows:
 - 10% Revenue Growth (CAGR %)
 - 12% Earnings Growth (CAGR %)
- Expect growth to be led by:
 - International expansion
 - Exploitation of Digital Media opportunities
 - Strengthening of WWE's core businesses, especially pay-per-view



APPENDIX



Appendix

(\$s in millions)

Reconciliation of Net Income to EBITDA

	Three Months Ended March 31,	
	2008	2007
Net income reported on GAAP basis	\$ 19.5	\$ 15.1
Addback:		
Provision for income taxes	8.6	8.0
Investment and other income, net	(1.0)	(2.6)
Depreciation and amortization	2.5	2.4
EBITDA	<u>\$ 29.6</u>	<u>\$ 22.9</u>



Appendix

(\$s in millions)

Reconciliation of cash provided by operating activities to free cash flow

	Three Months Ended March 31,	
	2008	2007
Net cash provided by operating activities	\$ 15.0	\$ 24.7
Less cash used for capital expenditures:		
Purchase of property and equipment	(9.6)	(1.6)
Purchase of other assets	(0.1)	-
Total capital expenditures	<u>(9.7)</u>	<u>(1.6)</u>
Free Cash Flow	<u>\$ 5.3</u>	<u>\$ 23.1</u>