



WWE

Fourth Quarter – 2010

Conference Call

February 10, 2011

Forward Looking Statements

This presentation 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, without limitation, risks relating to maintaining and renewing key agreements, including television distribution agreements; the need for continually developing creative and entertaining programming; the continued importance of key performers and the services of Vincent McMahon; the conditions of the markets in which we compete; acceptance of the Company's brands, media and merchandise within those markets; uncertainties relating to regulatory and litigation matters; risks resulting from the highly competitive nature of our markets; the importance of protecting our intellectual property and complying with the intellectual property rights of others; risks associated with producing live events both domestically and internationally; uncertainties associated with international markets; risks relating to our film business and any new business initiative which we may undertake; risks relating to the large number of shares of common stock controlled by members of the McMahon family; 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. In addition, our dividend is significant and 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, general economic and competitive conditions and such other factors as our Board of Directors may consider relevant, including a waiver by the McMahon family of a portion of the dividends.



Agenda

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



Overview - Summary Income Statement

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

	As Reported					
	Three Months Ended			Twelve Months Ended		
	December 31,			December 31,		
	2010	2009	%	2010	2009	%
Revenue	\$122.5	\$117.3	4%	\$477.7	\$475.2	1%
Operating income	\$14.4	\$17.8	(19%)	\$82.3	\$77.1	7%
Net income	\$8.1	\$11.2	(28%)	\$53.5	\$50.3	6%
Earnings Per Share (diluted)	\$0.11	\$0.15	(27%)	\$0.71	\$0.68	4%
<u>Memo:</u>						
EBITDA	\$17.6	\$21.3	(17%)	\$94.0	\$91.6	3%

- Q4 2009 results included a charge of \$6.4 million associated with the write-down of the receivable due from a former business partner and \$5.8 million of tax credits received related to our television and digital media production activities, which were recorded as a reduction of expense in these areas. These items decreased EBITDA and Operating income by \$0.6 million, Net income by \$0.4 million and EPS by \$0.01
- Full year 2009 results included a charge of \$7.4 million related to the write-down of the receivable discussed above and restructuring related expenses of \$2.2 million associated with our headcount reduction that occurred in January 2009. These items decreased EBITDA and Operating income by \$9.6 million, Net income by \$5.8 million and EPS by \$0.08



Overview - Summary Income Statement

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

	Adjusted*					
	Three Months Ended			Twelve Months Ended		
	December 31,			December 31,		
	2010	2009	%	2010	2009	%
Revenue	\$122.5	\$117.3	4%	\$477.7	\$475.2	1%
Operating income	\$14.4	\$18.4	(22%)	\$82.3	\$86.7	(5%)
Net income	\$8.1	\$11.6	(30%)	\$53.5	\$56.1	(5%)
Earnings Per Share (diluted)	\$0.11	\$0.16	(31%)	\$0.71	\$0.76	(7%)
Memo:						
EBITDA	\$17.6	\$21.9	(20%)	\$94.0	\$101.2	(7%)

*Financial results shown above are presented on an Adjusted basis, excluding the impact of production tax credits, bad debt expense for a former business partner and restructuring related expenses. Reconciliations of Adjusted results to reported GAAP measures are shown in supplemental schedules on pages 19 and 20.

- Q4 2009 results included a charge of \$6.4 million associated with the write-down of the receivable due from a former business partner and \$5.8 million of tax credits received related to our television and digital media production activities, which were recorded as a reduction of expense in these areas. These items decreased EBITDA and Operating income by \$0.6 million, Net income by \$0.4 million and EPS by \$0.01
- Full year 2009 results included a charge of \$7.4 million related to the write-down of the receivable discussed above and restructuring related expenses of \$2.2 million associated with our headcount reduction that occurred in January 2009. These items decreased EBITDA and Operating income by \$9.6 million, Net income by \$5.8 million and EPS by \$0.08



Operational Highlights - Fourth Quarter and Full Year

- For the year, we achieved record operating results reaching reported EBITDA of \$94.0 million. On reported basis:
 - Operating income and Net income increased 7% and 6%, respectively
 - EBITDA margins reach 20% as compared to 19% in 2009 and 16% in 2008
- On an adjusted basis, excluding items that impact comparability (see pages 19-20), profit measures declined for the full year vs. the prior year
 - Adjusted Operating income and Net income declined 22% and 30%, respectively
- Difficult trends continued in the fourth quarter with declines across most businesses. Results were negatively impacted by:
 - Tough retail trends reduced sales and pricing for our Home Video business
 - Transition in talent base adversely affected Live Events and Pay-Per-View
 - Shift to revised film distribution model – recognized marketing costs in the period
- Continued to exhibit strengths and advance strategic initiatives
 - Increased value from television content. *SmackDown* successfully transitioned to Syfy and became most watched regularly scheduled program on the network
 - Expanded distribution. Revenue from emerging markets, such as Mexico, India, China and Turkey grew by more than 75% in 2010. Completed New TV distribution deal to license our programming in Russia
 - Achieved Significant growth from toy licensing partnership with Mattel. Sales of toys increased 162% and 113% for the quarter and full year, respectively



Financial Review - Fourth Quarter Summary (\$ millions)

Revenue	Three Months Ended		2010 B/(W)	
	December 31,		vs. 2009	
	2010	2009	\$	%
Live Events/ Venue Merch.	\$ 30.3	\$ 33.8	\$ (3.5)	(10%)
Pay-Per-View	13.8	16.3	(2.5)	(15%)
Television	35.7	30.4	5.3	17%
Digital Media	10.3	10.6	(0.3)	(3%)
Licensing	12.3	8.0	4.3	54%
Home Video	5.8	10.4	(4.6)	(44%)
WWE Studios	7.9	0.2	7.7	n/m
Other ¹	6.3	7.6	(1.3)	(17%)
Total Revenue	\$ 122.5	\$ 117.3	\$ 5.2	4%
Profit Contribution				
Live Events/ Venue Merch.	\$ 7.3	\$ 10.5	\$ (3.2)	(30%)
Pay-Per-View	8.4	10.4	(2.0)	(19%)
Television	15.7	12.2	3.5	29%
Digital Media	3.9	3.9	-	-
Licensing	9.2	6.0	3.2	53%
Home Video	2.2	5.3	(3.1)	(58%)
WWE Studios	(0.6)	-	(0.6)	n/m
Other ¹	0.7	1.8	(1.1)	(61%)
Total Adjusted Profit Contribution	\$ 46.8	\$ 50.1	\$ (3.3)	(7%)
Profit Margin	38%	43%		
Adjusted S,G & A	29.2	28.2	(1.0)	(3%)
Depreciation	3.2	3.5	0.3	9%
Adjusted Operating income	\$ 14.4	\$ 18.4	\$ (4.0)	(22%)
Margin %	12%	16%		

Financial results shown here are presented on an Adjusted basis, excluding items that impact comparability on a year-over-year basis. Reconciliations of adjusted results to reported GAAP measures are shown in supplemental schedules on pages 19 and 20.



Note:

¹ Other includes TV Advertising, WWE Classics On Demand, Appearances and Other items

Operational Highlights - Live Events

- Revenue from Live Events (including Venue Merchandise) decreased \$3.5M (10%) due primarily to a decline in average attendance, both domestically and internationally, which was partially offset by an overall increase in the average ticket price
- North American events:
 - Average attendance decreased 15% to approximately 5,600 from 6,600 in the prior year quarter and declined 3% to 6,300 for the full year
 - Average ticket prices increased 11% for the quarter and 5% for the full year to approximately \$39
- International events:
 - Average attendance decreased 12% to approximately 7,500 from 8,500 in the prior year quarter and declined 8% to 7,800 for the full year
 - Average ticket prices decreased 5% to \$66.06 from the prior year quarter, in part due to changes in foreign exchange rates and remained relatively flat for the year
- **Key Drivers:**

	Fourth Quarter			Twelve Months		
	2010	2009	Growth %	2010	2009	Growth %
<u>North America</u>						
Average Event Attendance	5,600	6,600	(15%)	6,300	6,500	(3%)
Number of live events	58	57	2%	253	268	(6%)
<u>International</u>						
Average Event Attendance	7,500	8,500	(12%)	7,800	8,500	(8%)
Number of live events	26	26	-%	74	74	-%



Operational Highlights - Pay-Per-View

- **Key Drivers:**

	Fourth Quarter			Twelve Months		
	2010	2009	Growth %	2010	2009	Growth %
Total Pay-Per-View buys (000s)	784	1,017	(23%)	3,631	4,490	(19%)
Current period buys	786	927	(15%)	3,645	4,450	(18%)
Prior period buys	(2)	90	(103%)	(14)	40	(135%)
Number of current year events	4	4	-%	13	14	(7%)

- Pay-per-view revenue decreased 15% from the fourth quarter last year reflecting a 23% decline in total pay-per-view buys
 - 15% decline in buys for the comparable events produced in the current and prior year quarter
- Decline in revenue was somewhat mitigated by an increase in the average revenue per buy
 - As a reminder, the suggested domestic retail price of non-*WrestleMania* pay-per-view events increased \$5.00 to \$44.95 in the beginning of January 2010



Operational Highlights - Television

- Revenue from television distribution increased 17% to \$35.7M reflecting improved contract terms and contractual increases from our existing programs
- *RAW* remained one of the most watched regularly scheduled programs on cable television
 - *RAW* is regularly seen by 5.0M viewers each week
- *SmackDown*, which transitioned to Syfy on October 1st, was Syfy's most watched regularly scheduled program for all male demographics and most watched regularly scheduled entertainment program on ad-supported cable on Friday nights
 - *SmackDown* is seen by more than 2.8M viewers each week
- *WWE Superstars* remained WGN America's most watched regularly scheduled program among most key male demographics
 - *WWE Superstars* is watched by 0.8M viewers each week
- Key Drivers:

TV Ratings (THH):	Fourth Quarter			Twelve Months		
	2010	2009	Growth %	2010	2009	Growth %
<i>RAW</i>	3.4	3.5	(3%)	3.5	3.7	(5%)
<i>SmackDown</i>	1.7 *	2.1	(19%)	1.8	2.0	(10%)
<i>WWE Superstars</i>	0.8	1.3	(38%)	1.1	1.3	(15%)

* *SmackDown* ratings are based on the number of homes with access to Syfy rather than on all TV households as in prior periods

Source: Nielsen Media Research 1/1/09-12/31/09 & 1/1/10-12/31/10; Live + 7 Day data



Operational Highlights - Consumer Products

- Licensing revenue increased \$4.3 million, or 54%, primarily due to higher toy sales
 - Revenues related to our toy products increased by approximately \$4.0 million, reflecting the strength of our new partnership with Mattel. Sales of our toy products increased 162% for the quarter and 113% for the full year
 - Revenues from our video games decreased by approximately \$0.4 million as shipments of our *SmackDown vs. Raw* video game fell 35% to 285,000 units. Launch of our new game, *WWE All Stars*, is scheduled for the upcoming month of March
- Home Video revenue declined 44%, or \$4.6 million, with increased returns and lower sell-through rates as well as lower effective pricing. Key components of the decline included:
 - Reduction in our wholesale home video revenues (\$1.9M) due to pricing & mix
 - Lower than expected sell-through rates for our current and prior period releases (\$1.6M)
 - Lower revenue from our international licensing (\$1.1M)
 - The average price per unit declined 7% to approximately \$14.22, reflecting discounted sales and promotions
- Magazine Publishing revenue declined 14%, \$0.5 million, reflecting lower newsstand sales in the current quarter as compared to the prior year quarter



Operational Highlights - Digital Media

- Digital Media, our Internet based operations including online advertising sales, mobile content and e-commerce, generated \$10.3M in revenue, reflecting a 13% decline in e-commerce sales from our WWEShop site and the Q1 2010 expiration of a key contract for mobile content

- WWE.com generated \$4.5M in revenue, a 15% increase from the prior year quarter with increases in online advertising and syndication revenues
 - Sales of our online advertising and syndication of our content grew approximately 46% to \$3.9 million for the quarter
 - WWE.com averaged 13.7M unique users per month and 24M video streams in the quarter

- WWEShop revenue declined 13% to \$5.8M primarily due to an 14% decline in the average revenue per order to about \$46, which more than offset a 2% increase in the number of online purchases to 125,000 orders



Operational Highlights - WWE Studios

- WWE studios recognized revenue of \$7.9 million as compared to \$0.2 million in the prior year quarter. The increase was primarily driven by the release of our latest films, *Legendary* and *Knucklehead*, under our revised film distribution model
 - This new model entails self-distribution and marketing of our films. We reflect the entirety of these films' gross receipts and their associated distribution and advertising costs in our results
 - The current quarter included \$5.0 million in revenue and \$6.0 million in expenses (including \$2.5 million of distribution and advertising costs), resulting in a \$1.0 million loss for the films released under our revised film distribution model. There were no films released under this new model in the prior year quarter
 - For our first six films released under our prior distribution model, we recorded an increase of \$2.7 million in revenue from the prior year quarter, primarily driven by receipts relating to *12 Rounds*, which was released in the prior year
- As of the year-end, we had approximately \$56 million in capitalized film production costs on our balance sheet, with \$16 million from our theatrical release *12 Rounds* and \$34 million associated with film projects under the new model

* Note: As a reminder, for our first six films, which were released under our prior distribution model, we participate in revenues generated by their distribution on a net basis, i.e. after the print, advertising and distribution costs incurred by our partners have been recouped and the results have been reported to us



Financial Overview - Profit Contribution and S,G&A (\$ millions)

- Adjusted Profit Contribution declined 7% to \$46.8M from the prior year quarter. Increased profits from Television and Licensing were more than offset by declines in Home Video, Live Events, and Pay-Per-View. Adjusted Profit Contribution Margins declined to 38% from 43%, reflecting the change in product mix including the increased share of film revenue:

	Three months ended December 31,		
	2010	2009	Growth (pts)
Live & Televised Entertainment	38%	41%	(3%)
Consumer Products	56%	52%	4%
Digital Media	37%	37%	0%
WWE Studios	(7%)	11%	(18%)

- Adjusted Selling, general and administrative expenses increased 3.5% to \$29.2M from \$28.2M in the prior year quarter
- Adjusted Operating income decreased 22% to \$14.4M as compared to \$18.4M reflecting the declines in revenue and profit as well as the increase in SG&A
- Net income was \$8.1M vs. \$11.6M in Q4 2009 reflecting lower results from operations and higher effective tax rate of 42% as compared to 36% in Q4 2009
- Free cash flow was \$32M for the full year 2010 vs. \$111M for the full year 2009. The \$79M decrease was due to three primary factors
 - A \$34 million increase in film production spending (net of film tax incentives), a \$20 million increase in cash taxes paid, and a one-time, \$13 million advance from a business partner, which was recorded in the prior year
 - Capital expenditures were \$11M vs. \$5M in the prior year, primarily due to increased investments in television production initiatives



Financial Overview - Fourth Quarter Revenue (\$ millions)

Q4 2010 Revenue	\$122.5
vs. Q4 2009	+\$5.2
\$	4%
%	
WWE Studios (Impact of <i>Legendary</i> and <i>Knucklehead</i> releases under new self-distribution model)	+\$7.7
Television (Improved contract terms and contractual increases from our existing programs)	+\$5.3
Licensing (Sales of our toy products increased 162%)	+\$4.3
Pay-per-view (23% decline in total pay-per-view buys partially mitigated by increase in average price)	-\$2.5
Live Events/Venue Merch (15% decline in NA average attendance and 12% decrease in Int'l average attendance, partially offset by 11% increase in NA average ticket price)	-\$3.5
Home Video (Reduction in our wholesale home video revenues (\$1.9M) due to pricing & mix; lower than expected sell-through rates for our current and prior period releases (\$1.6M); lower revenue from our international licensing (\$1.1M))	-\$4.6
All Other ¹	-\$1.5
Total	+\$5.2



Note:

¹ Other includes WWE.com, WWEShop, TV Advertising, WWE Classics On Demand, and Appearances

Financial Overview - Fourth Quarter Operating Income (\$ millions)

Q4 2010 Operating income	\$14.4
vs. Q4 2009 \$	- \$3.4
%	(19%)

Items impacting comparability

Net impact of production tax credits (None in Q4 2010 and \$5.8M in Q4 2009)	- \$5.8
Bad debt expense related to a former business partner (None in Q4 2010 and \$6.4M in Q4 2009)	+\$6.4
<i>Subtotal</i>	+\$0.6

Adjusted Q4 2010 Operating income	\$14.4
vs. Adjusted Q4 2009 Operating income	- \$4.0
%	(22%)

Live Events/Venue Merchandise (15% decline in NA average attendance and 12% decrease in Int'l average attendance, partially offset by 11% increase in NA average ticket price)	- \$3.2
Home Video (Reduction in our wholesale home video revenues (\$1.9M) due to pricing & mix; lower than expected sell-through rates for our current and prior period releases (\$1.6M); lower revenue from our international licensing (\$1.1M))	- \$3.1
Pay-per-view (23% decline in total pay-per-view buys partially mitigated by increase in average price)	- \$2.0
Licensing (Sales of our toy products increased 162%)	+\$3.2
Television (Improved contract terms and contractual increases from our existing programs)	+\$3.5
SG&A (Increased marketing to support various initiatives)	- \$1.0
All other ¹ (Includes depreciation)	- \$1.4
Total	- \$4.0



Note:

¹ Other includes WWE.com, WWEShop, TV Advertising, WWE Classics On Demand, and Appearances

Financial Overview - Consolidated Balance Sheets (\$ millions)

	As of <u>December 31, 2010</u>	As of <u>December 31, 2009</u>
<u>Assets</u>		
Cash & short-term investments	\$ 166.9	\$ 208.2
Accounts receivable	52.1	62.7
Other current assets	40.4	24.0
Total current assets	259.4	294.9
Net fixed assets	79.7	84.4
Feature film production assets	56.3	37.1
Investment Securities	15.0	22.4
Other assets	5.3	1.8
Total Assets	\$ 415.7	\$ 440.6
<u>Liabilities & Stockholders' Equity</u>		
Current liabilities	\$ 72.4	\$ 72.1
Long-term debt	1.6	2.8
Other long-term liabilities	25.0	28.7
Total liabilities	99.0	103.6
Total stockholders' equity	316.7	337.0
Total Equity & Liabilities	\$ 415.7	\$ 440.6



APPENDIX



Appendix - Definition of Non-GAAP Financial Measures

Non-GAAP Measure: EBITDA

EBITDA is defined as net income before investment, interest and other expense/income, income taxes, depreciation and amortization. The Company's definition of EBITDA does not adjust its U.S. GAAP basis earnings for the amortization of Feature Film production assets. Although it is not a recognized measure of performance under U.S. GAAP, EBITDA is presented because it is a widely accepted financial indicator of a company's performance. The Company uses EBITDA to measure its own performance and to set goals for operating managers. EBITDA should not be considered as an alternative to net income, cash flows from operations or any other indicator of WWE Inc.'s performance or liquidity, determined in accordance with U.S. GAAP.

Non-GAAP Measures: Adjusted Profit Contribution, Adjusted Selling, general and administrative expenses, Adjusted Operating income, Adjusted EBITDA, Adjusted Net income and Adjusted Earnings per share

Adjusted Profit Contribution, Adjusted Selling, general and administrative expenses, Adjusted Operating income, Adjusted EBITDA, Adjusted Net income and Adjusted Earnings per share exclude certain material items, which otherwise would impact the comparability of results between periods. These should not be considered as an alternative to net income, cash flows from operations or any other indicator of WWE Inc.'s performance or liquidity, determined in accordance with U.S. GAAP.

Non-GAAP Measure: Free Cash Flow

We define Free Cash Flow as net cash provided by operating activities less cash used for capital expenditures. Although it is not a recognized measure of liquidity under U.S. GAAP, Free Cash Flow provides useful information regarding the amount of cash our continuing business is generating after capital expenditures, available for reinvesting in the business and for payment of dividends.



Schedule of Adjustments

Operating income and Net income (\$ millions, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Profit contribution	\$ 46.8	\$ 53.7	\$ 203.4	\$ 219.3
Adjustments (Added back):				
Production tax credits	-	(3.6)	Not material*	
Adjusted Profit contribution	\$ 46.8	\$ 50.1	\$ 203.4	\$ 219.3
Selling, general and administrative expenses	29.2	32.4	109.4	127.7
Adjustments (Added back):				
Production tax credits	-	2.2	Not material*	
Bad debt reserves for prior business partner	-	(6.4)	-	(7.4)
Restructuring	-	-	-	(2.2)
Adjusted Selling, general and administrative expenses	\$ 29.2	\$ 28.2	\$ 109.4	\$ 118.1
Depreciation and amortization	3.2	3.5	11.7	14.5
Operating income	\$ 14.4	\$ 17.8	\$ 82.3	\$ 77.1
Adjusted Operating income	\$ 14.4	\$ 18.4	\$ 82.3	\$ 86.7
EBITDA	\$ 17.6	\$ 21.3	\$ 94.0	\$ 91.6
Adjusted EBITDA	\$ 17.6	\$ 21.9	\$ 94.0	\$ 101.2



* Note: The receipt of Production tax credits is not included as an adjustment in this Schedule for the Twelve Months Ended December 31, 2010 and 2009 as credits were received in both periods and do not materially impact comparability

Schedule of Adjustments

Operating income and Net income (\$ millions, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Operating income	\$ 14.4	\$ 17.8	\$ 82.3	\$ 77.1
Adjustments (Added back):				
Production tax credits	-	(5.8)	Not material*	
Bad debt reserves for prior business partner	-	6.4	-	7.4
Restructuring	-	-	-	2.2
Adjusted Operating income	\$ 14.4	\$ 18.4	\$ 82.3	\$ 86.7
Investment, interest and other (expense) income, net	(0.5)	(0.2)	(0.4)	2.3
Adjusted Income before taxes	\$ 13.9	\$ 18.2	\$ 81.9	\$ 89.0
Adjusted Provision for taxes	(5.8)	(6.6)	(28.4)	(32.9)
Adjusted Net income	\$ 8.1	\$ 11.6	\$ 53.5	\$ 56.1
Adjusted Earnings per share				
Basic	\$ 0.11	\$ 0.16	\$ 0.72	\$ 0.76
Diluted	\$ 0.11	\$ 0.16	\$ 0.71	\$ 0.76
Weighted average common shares outstanding:				
Basic	74,957	74,113	74,570	73,765
Diluted	75,406	74,523	75,306	74,286



* Note: The receipt of Production tax credits is not included as an adjustment in this Schedule for the Twelve Months Ended December 31, 2010 and 2009 as credits were received in both periods and do not materially impact comparability

Appendix (\$ millions)

Reconciliation of Net income to EBITDA

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Net income reported on GAAP basis	\$ 8.1	\$ 11.2	\$ 53.5	\$ 50.3
Add back:				
Provision for income taxes	5.8	6.4	28.4	29.1
Depreciation and amortization	3.2	3.5	11.7	14.5
Less:				
Interest income and other, net	(0.5)	(0.2)	(0.4)	2.3
EBITDA	<u>\$ 17.6</u>	<u>\$ 21.3</u>	<u>\$ 94.0</u>	<u>\$ 91.6</u>



Appendix (\$ millions)

Reconciliation of cash provided by operating activities to free cash flow

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2010	2009	2010	2009
Net cash provided by operating activities	\$ 10.6	\$ 23.6	\$ 38.6	\$ 116.4
Less cash used for capital expenditures:				
Purchase of property and equipment	(1.9)	(1.8)	(11.0)	(5.5)
Proceeds from infrastructure incentives	-	-	4.0	-
Free Cash Flow	<u>\$ 8.7</u>	<u>\$ 21.8</u>	<u>\$ 31.6</u>	<u>\$ 110.9</u>

