WORLD WRESTLING ENTERTAINMENTINC
Form 424B3
May 21, 2004

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-114915

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 5, 2004)

6,144,908 Shares

World Wrestling Entertainment, Inc.

Class A Common Stock

The selling stockholder identified in the accompanying prospectus is offering 6,144,908 shares of our Class A common stock. We will not receive any proceeds from the sale of shares by the selling stockholder.

Our Class A common stock is listed on The New York Stock Exchange under the symbol WWE. The last reported sale price of our Class A common stock on May 20, 2004 was $12.20 per share.

Before buying any of these shares of our Class A common stock, you should carefully consider the risk factors described in Risk Factors beginning on page 3 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 11.50	$70,666,442
Underwriting discounts and commissions	$ 0.5175	$ 3,179,990
Proceeds, before expenses, to the selling stockholder	$10.9825	$67,486,452

The selling stockholder has granted the underwriters a 30-day option to purchase up to an additional 921,736 shares of our Class A common stock at the public offering price per share, less underwriting discounts and commissions, to cover over-allotments, if any, within 30 days from the date of this prospectus supplement.

The underwriters are offering the shares of our Class A common stock as described below in Underwriting. Delivery of shares will be made on or about May 26, 2004.

Sole Book-Running Manager

UBS Investment Bank

Natexis Bleichroeder Inc.

The date of this prospectus supplement is May 20, 2004

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the underwriters have not authorized anyone to provide you with different or additional information. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy these shares of common stock in any circumstances under which the offer or solicitation is unlawful. This prospectus supplement is part of, and should be read in conjunction with, the accompanying prospectus and the information incorporated by reference therein. The information we present in this prospectus supplement may add, update or change information included or incorporated by reference in the accompanying prospectus. You should not assume that the information we have included in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of this prospectus supplement or the accompanying prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. If information contained or incorporated by reference in the accompanying prospectus is inconsistent with this prospectus supplement, the information in this prospectus supplement will apply and will supersede the information contained or incorporated by reference in the accompanying prospectus prior to the date of this prospectus supplement.

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In this prospectus supplement, WWE, our company, we, us and our refer to World Wrestling Entertainment, Inc. and its subsidiaries unless t context otherwise requires. Unless otherwise stated, all information in this prospectus assumes no exercise of the over-allotment option the selling stockholder granted to the underwriters. In this prospectus, the term common stock includes both our Class A common stock and Class B common stock.

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Prospectus supplement summary

This summary highlights selected information about us and this offering. This summary is not complete and does not contain all of the information that may be important to you. You should read this entire prospectus supplement carefully, including the information set forth in the attached prospectus and information and documents incorporated herein and therein by reference, before making an investment decision.

OVERVIEW

We are an integrated media and entertainment company engaged in the development, production and marketing of television and pay-per-view programming and live events and the licensing and sale of branded consumer products. We have been involved in the sports entertainment business for approximately 25 years, and we have developed World Wrestling Entertainment into a widely-recognized and enduring brand.

We develop unique and creative content centered around our talent and presented at our live and televised events. At the heart of our success are the athletic and entertainment skills and appeal of our WWE Superstars and our consistently innovative and multi-faceted storylines across our two brands, *RAW* and *SmackDown!*. Anchored by our successful brands, we are able to leverage our content and talent across virtually all media outlets. Our television programs, live events, pay-per-view events and branded merchandise provide significant cross-promotion and marketing opportunities that reinforce our brands. This integrated model enables us to more effectively reach our fans, including the highly-coveted 12-34 year old male demographic.

Vincent K. McMahon and Linda E. McMahon co-founded our company in 1980, serve as Chairman and Chief Executive Officer, respectively, and are our controlling stockholders, together owning more than 70% of our outstanding common stock after giving effect to the completion of this offering.

CREATIVE PRODUCTION AND TALENT DEVELOPMENT

Headed by Vincent K. McMahon, our creative team develops compelling and complex characters and weaves them into dynamic storylines that combine physical and emotional elements. Storylines are usually played out in the wrestling ring and unfold on our weekly television shows, and culminate or change direction in our monthly pay-per-view events.

Our success is due primarily to the continuing popularity of our Superstars. We currently have exclusive contracts with approximately 140 Superstars, ranging from developmental contracts to multi-year guaranteed contracts with established Superstars. Our Superstars are highly trained and motivated independent contractors whose compensation is tied to the revenue that they help us generate. Popular Superstars include Triple H, Shawn Michaels, Randy Orton, Ric Flair, Undertaker, Kurt Angle, John Cena, Big Show, Kane, Chris Jericho, Chris Benoit and Eddie Guerrero. We own the rights to substantially all of our characters, and we exclusively license the rights we do not own through agreements with our Superstars. We continually seek to identify, recruit and develop additional talent for our business.

LIVE AND TELEVISED EVENTS

Television programming

Relying on our in-house production capabilities at our technologically advanced production facility, we produce seven television shows, consisting of nine hours of original programming, 52 weeks per year. Live events provide the majority of the content for our television and pay-per-view programming and consequently result in low incremental television programming costs. We generate revenue from our programming through television rights fees and advertising sales.

Our flagship television shows are *RAW* and *SmackDown!*. *RAW* is a two-hour primetime program that is broadcast live on SpikeTV and has consistently been among the top-rated regularly scheduled programs on cable television. *SmackDown!* is a taped two-hour program that airs on UPN in primetime and is consistently one of the highest rated programs on UPN. We support our *RAW* brand with *Sunday Night Heat*, which airs on SpikeTV, and our syndicated show, *Bottom Line*. We support our *SmackDown!* brand with *Velocity*, which airs on SpikeTV, and our syndicated show, *After Burn*. *The WWE Experience*, our new Sunday morning magazine style show, airs on SpikeTV and features the Superstars and storylines from both of our brands. In fiscal 2004, on a weekly basis, an average of approximately 3.3 million households viewed *RAW* and 3.6 million households viewed *SmackDown!**

The strong ratings of our television programs attract advertisers and sponsors from some of the leading companies in the food and beverage, apparel, video game, toy, telecommunications and movie industries. These advertisers include Subway, Nike, Nintendo, Microsoft Xbox, AT&T, Nokia, Dreamworks and Universal Pictures. The popularity of our television programming, our primary promotional vehicle, drives the success of our other businesses. Increased viewership for our television shows translates into increased pay-per-view buys, live event attendance and merchandise sales.

Internationally, our programming is distributed in more than 100 countries. Our distributors include, among many others, Sky Sports in the UK, J Sports in Japan and Taj TV in India.

Live events

In fiscal 2004, we held 297 live events throughout North America, as well as 32 international events, entertaining over 1.6 million fans at an estimated average ticket price of approximately $41.00. We hold many of our live events at major arenas, including Madison Square Garden in New York City, the Staples Center in Los Angeles, the Evening News Arena in Manchester, England, the SuperDome in Sydney, Australia, and the Super Arena in Saitama, Japan. In addition to providing the content for our television and pay-per-view programming, these events provide us with a real-time assessment of the popularity of storylines and characters. Live events generate revenue through ticket and merchandise sales.

Our two brands, *RAW* and *SmackDown!*, tour independently, each typically producing three or four events per week. This allows us to play numerous domestic markets, as well as to take advantage of the strong international demand for our events. In fiscal 2004, we had a number of successful international tours, including our *Ruthless Aggression* tour in Australia, our *Passport to Pain* tour in the UK, Germany and Finland and our *Road to WrestleMania* tour in Japan.

Pay-per-view programming

We have been pioneers in both the production and promotion of pay-per-view events since our first pay-per-view event, *WrestleMania I*, in 1985. At each monthly pay-per-view event, our storylines either culminate or change direction. We intensively market and promote the storylines that are associated with upcoming pay-per-view events through our television shows, Internet sites and magazines. We produced 12 domestic pay-per-view programs in fiscal 2004, and we plan to add two more programs in fiscal 2005, one for each brand. Our events consistently rank among the highest selling event pay-per-view programs.

In fiscal 2004, our premier event, *WrestleMania XX*, achieved an estimated 860,000 pay-per-view buys at a suggested retail price of $49.95. Our other monthly pay-per-view events, including *Royal Rumble*, *Summer Slam* and *Survivor Series*, averaged 350,000 buys at a suggested retail price of $34.95. Consistent with industry practices, we share the revenues with cable systems and satellite providers and pay service fees to iNDEMAND and TVN.

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* According to Nielsen Media Research (Galaxy Explorer 5/1/03 to 4/30/04).

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BRANDED MERCHANDISE

Licensing

We have an established worldwide licensing program using our World Wrestling Entertainment marks and logos, copyrighted works and characters on a large variety of retail products, including toys, video games, apparel and books. In all of our licensing agreements, we retain creative approval over the design, packaging, advertising and promotional material associated with licensed products to maintain the distinctive style and quality of our intellectual property and brand. Currently, we maintain licenses with approximately 75 licensees worldwide. Video games represent an important component of this licensing program, generating substantial revenues through our license with THQ/ Jakks Pacific, LLC, a joint venture between THQ Inc. and Jakks Pacific, Inc. Our video games cover current console platforms, including PlayStation 2, Xbox and GameCube. Some of our more recent titles include *SmackDown! Here Comes the Pain,* which sold approximately 1.8 million units in fiscal 2004, *RAW 2* and *WrestleMania XIX* .

Under our publishing licensing agreement with Simon and Schuster, we have our own book publishing imprint. This agreement has provided us the opportunity to broaden into literary genres beyond autobiographies, including historical anthologies and trivia books. Fifteen of the first 21 titles we published have appeared on The New York Times Best Seller List. Recent titles include *The Stone Cold Truth*, an autobiographical account of the life of Stone Cold Steve Austin, and *Unscripted,* a pictorial look into the personal lives of WWE Superstars.

Merchandise

Our direct merchandise operations consist of the design, sourcing, marketing and distribution of various WWE-branded products, such as T-shirts, caps and other novelty items, all of which feature our Superstars and/or our logo. All of these products are designed by our in-house creative staff and manufactured by third parties. The merchandise is sold at our live events, through our wweshopzone.com web site and through our catalogs. During fiscal 2004, fans attending our domestic live events spent an average of approximately $8.90 each on WWE merchandise.

Publishing

Our publishing operations consist primarily of two magazines, *RAW* and *SmackDown!*. Our magazines help shape and complement storylines in our television programs and at our live events. We include a direct marketing catalog in our magazines on a quarterly basis. Our in-house publishing and editorial departments prepare all editorial content, and we use outside contractors to print and distribute the magazines, which are sold both at newsstands and via subscription. The combined cumulative annual circulation of our two magazines was approximately 3.8 million for fiscal 2004. Additionally, in fiscal 2004 we published four special issues.

Home video

We own the world s largest library dedicated to wrestling and sports entertainment. It contains footage from our historical televised events, as well as the acquired libraries of World Championship Wrestling (WCW), Extreme Championship Wrestling (ECW), American Wrestling Association (AWA) and Smokey Mountain Wrestling (SMW). From this library, we have created such titles as *The Ultimate Ric Flair Collection*, which chronicles over three decades of Ric Flair s colorful career, and *The Monday Night War*, an account of the rivalry between WWE and WCW in the late 1990s. We also produce home video versions of each of our monthly pay-per-view events. Outside the United States, our home videos are distributed by a variety of licensees. In fiscal 2004, we sold approximately 1.7 million units across all titles in our catalog, including 27 new titles. Sony Music Video markets and distributes our home videos to major retailers nationwide.

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Music

Music is an integral part of the entertainment experience at our live events and on our television programs. We compose and record most of our music, including theme songs tailored to our characters, in our recording studio. Sony Music markets and distributes our music to major retailers nationwide.

Digital media

We utilize the Internet to promote our brands, to create a community experience among our fans and to market and distribute our products. Through our Internet sites, our fans can purchase and view our monthly pay-per-view events and purchase our branded merchandise. We promote many of our Internet sites on our televised programming, at our live events, in our magazines and in substantially all of our marketing and promotional materials. According to comScore Media Metrix, in March 2004, our Internet sites generated approximately 340 million page views, and we had approximately 7.0 million unique visitors.

BUSINESS STRATEGY

We develop compelling storylines anchored by our Superstars. This content drives television ratings, which, in turn, drive pay-per-view buys, live event attendance and branded merchandise sales. Our strategy is to capitalize on the significant operating leverage of our business model through the distribution of this intellectual property across existing platforms as well as new and emerging distribution platforms.

Our success in 2004 reflects a focused effort on brand-building, commencing with the strategic separation of our brands and culminating in the record-setting results of *WrestleMania XX.* Building on this success, we intend to pursue the following initiatives:

Continue to strengthen our brands. In spring 2002, we made the strategic decision to separate our content into two brands, *Raw* and *SmackDown!*. By having two brands, we are able to more effectively expand our fan base and establish stronger brand loyalty. The creation of dual brands with distinct storylines, tours and talent has allowed us to expand our touring schedule. The evolution of two strong brands has also supported greater international expansion and provides significant opportunity for the development of new talent.

Continue to expand internationally. International expansion represents an important part of our growth. The broad appeal of our content has yielded high international demand for our television programs and live events. To further nurture this demand, we plan to continue to expand our international television distribution. Increasing our television penetration around the world will likely increase the demand for live events abroad, which, in turn, should increase sales of our branded merchandise. Our dual brands enable us to execute this strategy by freeing up schedules for talent to perform at more events in more countries.

Effectively utilize our valuable library of wrestling content. Over the past three years, we have expanded our library by strategically acquiring the libraries of WCW, ECW, AWA and SMW. The result is an archive of more than 75,000 hours of programming content, 25,000 hours of which was previously aired or released as finished product. This library has been converted to a digital format, and is being catalogued to support future programming and other monetization opportunities, such as video-on-demand, subscription video on demand and digital channels. We currently plan to capitalize on this asset and new technologies in an effort to attract new and recapture past viewers. In this regard, we recently announced the launch of WWE 24/7, a subscription video-on-demand service that will feature the content of our library.

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Explore options in filmed entertainment. In 2002, we established WWE Films to explore options in filmed entertainment in order to promote our Superstars and capitalize on our intellectual property and fan base. We have acted as executive producer on several films, including *Scorpion King, The Rundown* and *Walking Tall*, all featuring WWE Superstar The Rock. We currently have several film projects in development featuring other Superstars.

In summary, we seek to be a preeminent global provider of entertainment that evokes a uniquely passionate emotion from our fans. We will continue to leverage our content and talent across all media platforms to drive revenue and strengthen our brand.

RECENT DEVELOPMENTS

Based upon preliminary, unaudited information, we expect fiscal full year revenue for 2004 to be $370 to $375 million, as compared to fiscal 2003 revenue of $374 million. We expect operating income to be $68 to $73 million, as compared to 2003 operating income of $27 million; such amounts include depreciation and amortization of $12 to $13 million in 2004 and $11 million in 2003. In addition, operating income for 2004 contains a $13 million net positive impact for legal settlements and the impact of the reversal of accrued commissions associated with litigation. Operating income for 2003 contained a net negative impact of $7 million for legal settlements. We expect 2004 net income to be $44 to $48 million and earnings per share on a diluted basis to be $0.64 to $0.70, as compared to a 2003 net loss of $19 million and loss per share of $0.28.

The estimates for the year ended April 30, 2004 are preliminary and subject to possible change as we complete our year-end procedures and the audit of our financial statements.

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The offering

Class A common stock offered by the selling stockholder	6,144,908 shares
Common stock to be outstanding after the offering	
Class A	19,807,450 shares
Class B	48,635,299 shares
Dividend Policy	We have declared and paid cash dividends of $.04 per share on both the Class A common stock and Class B common stock in each fiscal quarter since June 2003. Holders of Class A common stock and Class B common stock are entitled to equal per share dividends. On April 27, 2004, our board of directors declared a dividend of $.06 per share on our Class A and Class B common stock payable on July 8, 2004 to stockholders of record on June 28, 2004. Our quarterly dividend is based on a number of factors, including our liquidity and historical and projected cash flows. The declaration and payment of dividends, and the determination of the amount of any dividend, is subject to the discretion of our board of directors. Any determination as to the payment of dividends, including the amount of dividends, will depend on, among other things, general economic and business conditions, our strategic plan, our financial results and condition, contractual and legal restrictions on the payment of dividends and such other factors as our board of directors may consider to be relevant.
Voting Rights	The holders of Class A Common stock generally have rights identical to holders of Class B common stock, except that holders of Class A common stock are entitled to one vote per share, and holders of Class B common stock are entitled to ten votes per share. Holders of both classes of common stock generally will vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by applicable Delaware law. Holders of Class A common stock and Class B common stock are not entitled to cumulate votes in the election of Directors. See Description of Capital Stock.

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Selling Stockholder	The selling stockholder is The Vincent K. McMahon Irrevocable Trust dated June 30, 1999, which was established as an estate planning vehicle for the benefit of Vincent K. McMahon and members of his family. Following the sale of all 6,144,908 shares in this offering by the selling stockholder, Mr. McMahon and Mrs. McMahon collectively will own more than 70% of our outstanding common stock. See Selling Stockholder.
Use of Proceeds	We will not receive any proceeds from the sale of the shares of common stock by the selling stockholder.
NYSE symbol	WWE

Upon a sale of shares by the selling stockholder pursuant to this prospectus supplement, each share of Class B common stock sold by the selling stockholder will be converted automatically into one share of Class A common stock.

The number of shares of common stock outstanding after this offering is based upon the number of shares outstanding as of April 30, 2004. This number does not include the following:

- 3,757,802 shares of Class A common stock issuable upon exercise of outstanding options and vesting of restricted stock units; or

- 6,006,498 shares of Class A common stock reserved for future issuance under our 1999 Long-Term Incentive Plan.

Unless otherwise noted, the information is this prospectus supplement assumes that the over-allotment option granted to the underwriters by the selling stockholder has not been exercised.

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Capitalization

The following table sets forth our capitalization as of January 23, 2004:

on an actual basis; and

as adjusted to give effect to the automatic conversion of the 6,144,908 shares of Class B common stock offered hereby into the same number of shares of Class A common stock.

We will not receive any proceeds from, or pay any of the expenses of, this offering.

	As of January 23, 2004	
	Actual	**As adjusted**
	(unaudited, in thousands)	
Cash and cash equivalents	$ 64,136	$ 64,136
Short-term investments	202,552	202,552
Total	$266,688	$266,688
Total debt (including current portion)	$ 9,327	$ 9,327
Stockholders equity:		
Common stock, $.01 par value		
Class A common stock 180,000,000 shares authorized; 19,759,042 shares issued and outstanding, as adjusted	136	198
Class B common stock 60,000,000 shares authorized; 48,635,299 shares issued and outstanding, as adjusted	548	486
Additional paid in capital	248,143	248,143
Accumulated other comprehensive loss	(30)	(30)
Retained earnings	89,873	89,873
Total stockholders equity	338,670	338,670
Total capitalization	$347,997	$347,997

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Selected consolidated financial data

The following table sets forth our selected historical consolidated financial data for each of the five fiscal years in the period ended April 30, 2003. The selected historical consolidated financial data as of April 30, 2003 and 2002 and for the fiscal years ended April 30, 2003, 2002 and 2001 have been derived from the audited consolidated financial statements included elsewhere in this prospectus supplement. The selected historical consolidated financial data as of January 23, 2004 and for the nine months ended January 23, 2004 and January 24, 2003 have been derived from the unaudited consolidated financial statements included elsewhere in this prospectus supplement. We have restated our consolidated financial statements as of and for the years ended April 30, 2003, 2002 and 2001 and as of and for nine months ended January 23, 2004 and January 24, 2003. Refer to Notes to Consolidated Financial Statements for further discussion regarding the impact of this restatement. The selected historical consolidated financial data as of January 24, 2003 have been derived from our unaudited consolidated financial statements, which are not included in this prospectus supplement. The selected historical consolidated financial data as of April 30, 2001, 2000 and 1999 and for the fiscal years ended April 30, 2000 and 1999 have been derived from our audited consolidated financial statements, which are not included in this prospectus supplement. You should read the selected historical consolidated financial data in conjunction with our historical consolidated financial statements and related notes and the information set forth under Management s Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this prospectus supplement.

	Fiscal year ended April 30,					Nine months ended January 23/24,	
Operations data:	**2003**	**2002**	**2001**	**2000**	**1999**	**2004**	**2003**
	(as restated)[6]					**(as restated)[6]**	
	(dollars in millions, except per share data)					**(unaudited)**	
Net revenues	$374.3	$409.6	$438.1	$377.9	$250.3	$248.2	$268.3
Cost of revenues[1]	237.3	251.1	249.3	219.6	145.9	145.5	175.5
Selling general and administrative expenses[1]	99.3	103.2	98.1	71.1	45.5	51.6	70.8
Income from continuing operations before income taxes [2]	26.9	59.7	101.0	74.8	58.0	45.7	15.6
Income from continuing operations[3]	16.1	37.7	63.5	59.6	56.0	28.4	9.9
Net (loss) income[4]	$ (19.5)	$ 38.9	$ 14.9	$ 58.9	$ 56.0	$ 28.5	$ (15.3)
Earnings (loss) per share basic and diluted:							
Income from continuing operations	$ 0.22	$ 0.51	$ 0.88	$ 0.95	$ 0.99	$ 0.41	$ 0.14
Net (loss) income	$ (0.28)	$ 0.53	$ 0.21	$ 0.94	$ 0.99	$ 0.41	(0.22)

	Fiscal year ended April 30,					Nine months ended January 23/24,	
Cash flows data:	**2003**	**2002**	**2001**	**2000**	**1999**	**2004**	**2003**
	(as restated)[6]					**(as restated)[6]**	
	(dollars in millions)					**(unaudited)**	
Net (loss) income	$(19.5)	$38.9	$ 14.9	$ 58.9	$ 56.0	$ 28.5	$(15.3)
Depreciation and amortization	11.0	10.6	4.8	2.5	1.9	8.9	7.0
Changes in working capital	(3.8)	28.6	(10.6)	(3.2)	(2.3)	17.1	6.1
Capital expenditures and other investing activities, net[5]	(13.6)	0.4	(12.7)	(15.1)	(14.6)	(25.2)	(8.9)
Financing activities from continuing operations, net	(29.1)	(1.3)	61.1	110.5	(6.1)	(27.9)	(29.5)

(footnotes on following page)

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Selected consolidated financial data

Balance sheets data (as of period end):	Fiscal year ended April 30, 2003	2002	2001	2000	1999	January 23/24, 2004	2003
		(as restated)(6) (dollars in millions)				(as restated)(6) (unaudited)	
Cash and cash equivalents and short-term investments	$271.1	$293.8	$239.1	$209.0	$ 45.7	$266.7	$269.9
Property and equipment, net	59.3	59.2	54.8	41.5	28.4	74.9	63.2
Total assets	432.7	491.0	464.1	337.0	130.2	434.4	428.1
Total debt	9.9	9.9	10.5	11.4	12.8	9.3	9.5
Total stockholders equity	337.4	385.1	346.8	258.5	72.3	338.7	340.9

Other non-financial data:	Fiscal year ended April 30, 2003	2002	2001	2000	1999	Nine months ended January 23/24, 2004	2003
Average weekly television ratings*:							
RAW:							
USA Network			6.1	6.2	5.1		
SpikeTV	3.7	4.6	5.0			3.7	3.7
SmackDown!	3.4	4.0	4.6	4.7		3.3	3.4
Number of live events	327	237	212	206	199	242	253
Total attendance	1,815,100	2,032,754	2,449,800	2,485,100	2,273,701	1,168,860	1,323,190
Number of buys from our pay-per-view events	5,378,100	7,135,464	8,010,400	6,884,600	5,365,100	3,202,100	3,559,300

* Source: Nielsen Media Research (Galaxy Explorer, 5/1/98 4/30/04)

(1) Fiscal 2001 included a $7.0 million ($4.3 million, net of taxes) payment for the settlement of a lawsuit. Fiscal 2003 included a $5.9 million charge related to the settlement of a lawsuit, of which $3.5 million was included in cost of revenues and $2.4 million was included in selling, general and administrative expenses. Fiscal 2003 also included the receipt of $3.5 million which was included in selling, general and administrative expenses for the favorable settlement of a lawsuit. Nine months ended January 23, 2004 included the receipt of $5.9 million which was included in selling, general and administrative expenses for the favorable settlement of a lawsuit.

(2) Fiscal 2001 and 2000 included non-cash stock option charges of approximately $0.8 million ($0.5 million, net of taxes) and approximately $6.0 million ($3.7 million, net taxes), respectively, relating to the granting of stock options to certain performers who are independent contractors. In addition, fiscal 2000 included a non-cash charge of $9.3 million ($5.7 million, net of taxes). In April 2000, we entered into a non-forfeitable agreement with Viacom whereby Viacom acquired approximately 2.3 million newly issued shares of our Class A common stock at $13 per share.

(3) Concurrent with the issuance of shares in our initial public offering in October 1999, we terminated our election to be subject to the provisions of Subchapter S and became subject to the provisions of Subchapter C of the United States Internal Revenue Code. The provision for income taxes reflected in our historical consolidated financial statements through the date of our initial public offering relates only to foreign and certain state income taxes for those states that did not recognize Subchapter S status.

(4) Our net (loss) income included the operating results of our discontinued operations, *The World* and the XFL, and their respective estimated shutdown costs.

(5)

Capital expenditures and other investing activities, net are purchases of property and equipment, asset acquisitions and the net proceeds from the sale of investments.

(6) We have restated our consolidated financial statements as of and for the fiscal years ended April 30, 2003, 2002 and 2001 and as of and for the nine months ended January 23, 2004 and January 24, 2003. Refer to Note 2 of the Notes to Consolidated Financial Statements regarding the impact of this restatement.

Management s discussion and analysis of financial condition and results of operations

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the related notes included in this prospectus supplement. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in those forward-looking statements as a result of a number of factors, including those set forth in Risk Factors. We have restated our consolidated financial statements for the nine months ended January 23, 2004 and January 24, 2003 and for the periods ended April 30, 2003, 2002 and 2001. The accompanying Management s Discussion and Analysis of Financial Condition and Results of Operations gives effect to this restatement. Refer to Notes to Consolidated Financial Statements for further discussion regarding the impact of this restatement.

BACKGROUND

We are an integrated media and entertainment company principally engaged in the development, production and marketing of television programming and live events and the licensing and sale of branded consumer products featuring our highly successful brands.

Our operations are organized around two principal activities:

Live and televised entertainment, which consists of live event and television programming. Revenues consist principally of attendance at live events, sale of television advertising time and sponsorships, domestic and international television rights fees and pay-per-view buys.

Branded merchandise, which consists of licensing and direct sale of merchandise. Revenues include the marketing and sale of merchandise, magazines and home videos, and revenues from consumer products sold through third party licensees.

Nine Months Ended January 23, 2004 compared to Nine Months Ended January 24, 2003

Net Revenues	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Live and Televised	$195.1	$209.4	(7)%
Branded Merchandise	53.1	58.9	(10)%
Total	$248.2	$268.3	(7)%

Management s discussion and analysis of financial condition and results of operations

The following chart reflects comparative revenues and key drivers for each of the businesses within our live and televised segment:

Live and televised revenues	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Live Events	$ 47.4	$ 53.2	(11)%
Number of Events	242	253	(4)%
Average Attendance	4,830	5,230	(8)%
Average Ticket Price (dollars)	$ 39.87	$ 39.35	1%
Pay-Per-View	$ 51.7	$ 59.3	(13)%
Number of buys from domestic pay-per-view events	3,202,100	3,559,300	(10)%
Advertising	$ 45.9	$ 53.9	(15)%
Average weekly household ratings for *RAW*	3.7	3.7	
Average weekly household ratings for *SmackDown!*	3.3	3.4	3%
Sponsorship revenues	$ 4.8	$ 6.6	(27)%
Television Rights Fees			
Domestic	$ 33.3	$ 28.9	15%
International	$ 16.8	$ 14.0	20%

Of the $7.6 million decrease in pay-per-view revenues, approximately $6.8 million of the variance was due to the fact that the nine months ended January 23, 2004 reflects eight pay-per-view events as compared to nine pay-per-view events in the prior year period. Revenues for our January 25, 2004 pay-per-view event, *Royal Rumble*, will be recorded in our fiscal fourth quarter. We produced 12 pay-per-view events in fiscal 2004, consistent with recent years.

The decline in advertising revenues was due to our new agreement with UPN which began in October 2003. On that date, UPN began to sell all advertising inventory and pay us a rights fee.

The increase in domestic television rights fees was primarily due to rights fees received in connection with our new agreement with UPN. This increase was offset partially by $1.0 million for rights fees related to our former *Tough Enough* series that aired on MTV during the prior year period and by $1.0 million related to two additional specials that aired in the prior year period.

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The following chart reflects comparative revenues and certain drivers for each of the businesses within our branded merchandise segment:

Branded merchandise revenues	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Licensing	$ 18.1	$ 16.8	8%
Merchandise	$ 12.8	$ 16.6	(23)%
Per capita spending (dollars)	$ 8.37	$ 8.52	(2)%
Publishing	$ 7.6	$ 10.9	(30)%
Net units sold	3,194,500	4,827,200	(34)%
Home video	$ 10.3	$ 10.7	(4)%
Net units sold:			
DVD	831,700	765,000	9%
VHS	159,100	400,300	(60)%
Total	990,800	1,165,300	(15)%
Internet Advertising	$ 3.8	$ 3.4	12%
Other	$ 0.5	$ 0.5	

Of the $3.8 million decrease in merchandise revenues, $1.7 million was due to the change that occurred in fiscal 2004 from the direct sale of merchandise to a licensing arrangement for merchandise sold at our Canadian and international live events. In addition, $1.3 million was due to lower domestic event sales resulting from lower average attendance at our live events and the lower number of events held during the period.

Of the $3.3 million decrease in publishing revenues, $1.3 million was due to a decrease in the number of special magazines published in the current year as compared to the prior year period, $1.1 million was from a decrease in newsstand units sold and $0.8 million was from a decrease in subscription units sold for our *RAW* and *SmackDown!* branded magazines.

Although the total units sold of our home videos has decreased from the prior year primarily due to a court ordered injunction prohibiting the sale of such titles containing our former logo, the resulting revenue decrease was partially offset by the continued shift in platform from VHS to DVD, which sells for a higher price per unit, as well as the success of a recent three DVD set titled *The Ultimate Ric Flair Collection*, which sold approximately 89,000 units during the third fiscal quarter.

Cost of revenues	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Live and televised	$ 117.4	$ 139.5	16%
Branded merchandise	28.1	36.0	22%
Total	$ 145.5	$ 175.5	17%
Profit contribution margin	41%	35%	

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The following chart reflects comparative cost of revenues for each of the businesses within our live and televised segment:

Cost of revenues Live and televised	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Live events	$36.7	$42.9	14%
Pay-per-view	$18.8	$23.4	20%
Advertising	$17.9	$27.4	35%
Television production costs	$36.4	$36.9	1%
Other	$ 7.6	$ 8.9	15%

Profit contribution margin was approximately 40% for the nine months ended January 23, 2004 as compared to 33% for the nine months ended January 23, 2003. The profit margin for the current period was favorably impacted by the change in our UPN agreement, which was renewed in October 2003 with modified terms. Under the provisions of this new contract, we do not sell the advertising inventory, but rather receive a fixed rights fee for the program and a share of all advertising revenue sold by UPN in excess of a certain contractual amount. Under our former agreement with UPN, we sold almost the entire advertising inventory related to our *SmackDown!* programming. UPN participated in this revenue to the extent of the greater of a contractual percentage or a minimum guaranteed amount. The impact of this change on our consolidated financial statements is a reduction in advertising revenues which was offset by an increase in television rights fees and the elimination of the participation costs to UPN. Although there should be no material effect on our net income relative to this change in terms, it should result in a favorable impact to our profit margins in future periods. Included in the prior year advertising cost of revenues was a $3.5 million charge related to the William Morris Agency, Inc. settlement. Absent this $3.5 million charge, the prior year margin was 35%.

The following chart reflects comparative cost of revenues for certain of the businesses within our branded merchandise segment:

Cost of revenues Branded merchandise	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Licensing	$ 4.9	$ 5.6	13%
Merchandise	$10.3	$15.3	33%
Publishing	$ 5.3	$ 6.8	22%
Home video	$ 4.9	$ 5.5	11%
Digital media	$ 2.3	$ 2.5	8%
Other	$ 0.4	$ 0.3	(33)%

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Profit contribution margin was approximately 47% for the nine months ended January 23, 2004 as compared to 39% for the nine months ended January 23, 2003, the increase due to higher licensing margins. The increase in our licensing margin was due to the mix of products sold during the quarter that resulted in a higher percentage of non-royalty bearing revenues in the current period as compared to the prior year period. In addition, licensing revenues have high margins relative to our other branded merchandise and during the current quarter accounted for a higher percentage of branded merchandise revenues as compared to the prior year period.

	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Selling, general and administrative expenses	$51.6	$70.8	27%

The following chart reflects the amounts and percent change of certain significant overhead items:

	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Staff related	$31.6	$26.9	(17)%
Legal and other professional	11.7	18.8	38%
Settlement of litigation, net	(5.9)	(1.1)	436%
Advertising and promotion	2.8	7.1	61%
Bad debt	(2.0)	1.4	243%
All other	13.4	17.7	24%
Total SG&A	$51.6	$70.8	27%
SG&A as a percentage of net revenues	21%	26%	

The increase in staff related expenses primarily reflects an accrual related to incentive compensation. No accrual was made in the prior year as the incentive compensation is tied to the Company s performance as compared to the budget. The current period reflects a $5.9 million favorable settlement of litigation and the prior year period reflects the net impact of a $3.5 million favorable settlement of litigation offset partially by a $2.4 million unfavorable settlement of litigation. The decrease in advertising and promotion expenses was primarily a result of costs incurred in the prior year period related to our advertising campaign associated with our new company name and logo. The decrease in bad debt expense was a result of a payment received from a pay-per-view service in the current year that was fully reserved for in the prior year.

Stock compensation costs	January 23, 2004	January 24, 2003
	(dollars in millions)	
Option exchange program	$0.9	$
Amortization of costs for restricted stock units granted June 2003	0.4	
Total stock compensation costs	$1.3	$

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Stock compensation costs were $1.3 million for the first nine months of fiscal 2004. During the third quarter, we completed an exchange offer that gave all active employees and independent contractors who held options with a grant price of $17 or higher the ability to exchange options, at a 6 to 1 ratio, for restricted stock units, or, for holders with fewer than 25,000 options, for cash at 75% of the average price during the offer period of $13.28 per share. Overall, 4.2 million options were eligible for the offer, of which 4.1 million were exchanged for either cash or restricted stock units. In exchange for the options tendered, we granted an aggregate of 591,416 restricted stock units and made cash payments in the aggregate amount of approximately $0.9 million, which will result in a total compensation charge of approximately $6.7 million, of which the cash payment of $0.8 million to employees was recorded in our third fiscal quarter ended January 23, 2004, and the portion related to the grant of the restricted stock units to employees will be recorded over the 24 month vesting period. As a result, the compensation charge related to the grant of restricted stock units will be recorded as follows: $0.1 million was recorded in the third quarter ended January 23, 2004, approximately $1.9 million in our fourth quarter of fiscal 2004, approximately $3.6 million in fiscal 2005, and approximately $1.1 million in fiscal 2006.

In June 2003, we granted 792,500 options at an exercise price of $9.60 per share and granted 178,000 restricted stock units at an average price per share of $9.60. Such issuances were granted to officers and employees under our 1999 Long-Term Incentive Plan (the Plan). Total compensation costs related to the grant of restricted stock units, based on the estimated value of the units on the grant date, is $1.7 million and will be amortized over the vesting period, which is seven years, unless EBITDA of $65.0 million is met for any fiscal year during the vesting period. In that event, the unvested restricted stock units immediately vest and, accordingly, the unamortized balance at that date would be expensed. EBITDA is a measure of our operating performance, and is defined in the Plan as earnings from continuing operations before interest, taxes, depreciation and amortization.

	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Depreciation and amortization	$8.9	$7.0	(27)%

The increase reflects amortization related to our recently acquired film libraries and depreciation associated with our new *WWEshopzone.com* commerce engine. In January 2004, we paid $20.1 million to pay off a lease on our corporate aircraft from cash on hand. The purchase price of the aircraft, net of a $9.5 million estimated residual value, will be depreciated on a straight-line basis over a 10 year period. As a result of this purchase, annual depreciation expense will increase by $1.1 million. This transaction should result in a reduction in our net financing costs.

	January 23, 2004	January 24, 2003	better (worse)
	(dollars in millions)		
Interest income	$4.5	$1.3	246%

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The increase reflects a higher overall rate of return on our investments in the current quarter and, to a lesser extent, a $0.4 million unrealized holding gain resulting from the revaluation of warrants received from two of our licensees using the Black-Scholes model, taking into account then current market assumptions.

	January 23, 2004	January 24, 2003
	(dollars in millions)	
Other income (loss), net	$ 1.0	$

Included in the nine months ended January 23, 2004 was a $0.4 million unrealized holding gain resulting from the revaluation of warrants received from two of our licensees using the Black-Scholes model taking into account then current market assumptions.

	January 23, 2004	January 24, 2003
	(dollars in millions)	
Provision for income taxes	$ 17.3	$ 5.7
Effective tax rate	38%	37%

Discontinued operations *The World*In fiscal 2003, we closed the operations of our entertainment complex, *The World*. As a result, the operations of *The World* have been reflected in discontinued operations. Income from discontinued operations of *The World*, net of taxes, was approximately $0.1 million for the nine months ended January 23, 2004, as compared to a loss from discontinued operations, net of taxes, of $25.2 million for the nine months ended January 24, 2003. Included in income from discontinued operations for the nine months ended January 23, 2004 was $0.7 million of expense recoveries. Included in the loss from discontinued operations for the nine months ended January 24, 2003 was an impairment charge of $32.9 ($20.4 million, net of tax). The shutdown charge of $8.9 million recorded in our fiscal year ended April 30, 2003 in accordance with SFAS No. 146 assumed no sub-let income for fiscal 2004 and assumed 75% sub-rental income for fiscal years 2005 through the end of the lease term, which is October 31, 2017. Although we are actively seeking to sub-let the property, we have not found a tenant. Our assumptions relating to the sub-rental income and the related rent accrual will continue to be monitored and adjusted accordingly. Rental payments for fiscal 2005, assuming no sub-let rental income, would be approximately $2.5 million.

Fiscal Year Ended April 30, 2003 compared to Fiscal Year Ended April 30, 2002

Net revenues	2003	2002	better (worse)
	(dollars in millions)		
Live and Televised	$ 295.4	$ 323.5	(9)%
Branded Merchandise	78.9	86.1	(8)%
Total	$ 374.3	$ 409.6	(9)%

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The following chart reflects comparative revenues and key drivers for each of the businesses within our live and televised segment:

Live and televised revenues	2003	2002	better (worse)
	(dollars in millions)		
Live Events	$ 72.2	$ 74.1	(3)%
Number of Events	327	237	38%
Average Attendance	5,551	8,562	(35)%
Average Ticket Price (dollars)	$ 38.82	$ 35.69	9%
Pay-Per-View	$ 91.1	$ 112.0	(19)%
Number of buys from domestic pay-per-view events	5,378,100	7,135,464	(25)%
Retail Price, excluding *WrestleMania*	$ 29.95	$ 24.95	20%
Advertising	$ 72.9	$ 83.6	(13)%
Average weekly household ratings for *RAW*	3.7	4.6	(20)%
Average weekly household ratings for *SmackDown!*	3.4	4.0	(15)%
Sponsorship revenues	$ 8.7	$ 13.2	(34)%
Television Rights Fees			
Domestic	$ 38.8	$ 35.0	11%
International	$ 19.7	$ 18.3	8%

Of the $3.8 million increase in domestic television rights fees revenues, $1.6 million was due to an executive producer fee received related to a feature film and approximately $1.1 million was due to the production of two additional television specials in the period.

The following chart reflects comparative revenues and certain drivers for selected business within our branded merchandise segment:

Branded merchandise revenues	2003	2002	better (worse)
	(dollars in millions)		
Licensing	$21.8	$24.4	(11)%
Merchandise	$22.4	$26.2	(14)%
Per capita spending (dollars)	$9.15	$8.48	8%
Publishing	$15.2	$	