WORLD WRESTLING ENTERTAINMENTINC
Form 10-Q/A
April 23, 2004

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

FORM 10-Q/A

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 23, 2004

or

o **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 0-27639

WORLD WRESTLING ENTERTAINMENT, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**04-2693383**
(State or other jurisdiction of incorporation or organization)	**(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)

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.

YesNo
x o

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes x No o

At March 1, 2004, the number of shares outstanding of the Registrant s Class A common stock, par value $.01 per share, was 13,628,839 and the number of shares outstanding of the Registrant s Class B common stock, par value $.01 per share, was 54,780,207.

This amendment is being filed to reflect the restatement of the Company s condensed consolidated financial statements as discussed in Note 2 thereto, and other information related to such restated financial statements.

World Wrestling Entertainment, Inc.

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World Wrestling Entertainment, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 23, 2004	**January 24, 2003**	**January 23, 2004**	**January 24, 2003**
	(as restated, see Note 2)	**(as restated, see Note 2)**	**(as restated, see Note 2)**	**(as restated, see Note 2)**
Net revenues	$ 79,070	$ 92,565	$ 248,176	$ 268,337
Cost of revenues	44,055	56,711	145,543	175,501
Selling, general and administrative expenses	18,873	24,409	51,635	70,831
Stock compensation costs	1,011		1,327	
Depreciation and amortization	3,047	2,746	8,853	7,046
Operating income	12,084	8,699	40,818	14,959
Interest income	1,581	833	4,469	1,274
Interest expense	192	195	584	574
Other income (loss), net	722	30	1,013	(20)
Income before income taxes	14,195	9,367	45,716	15,639
Provision for income taxes	5,332	3,444	17,291	5,731
Income from continuing operations	8,863	5,923	28,425	9,908
Income (loss) from discontinued operations, net of tax	(76)	(21,988)	32	(25,178)
Net income (loss)	$ 8,787	$ (16,065)	$ 28,457	$ (15,270)
Earnings (loss) per common share - basic and diluted:				
Continuing operations	$ 0.13	$ 0.08	$ 0.41	$ 0.14
Discontinued operations	(0.00)	(0.31)	0.00	(0.36)
Net income (loss)	$ 0.13	$ (0.23)	$ 0.41	$ (0.22)
Weighted average common shares outstanding:				
Basic	68,394	70,407	68,603	70,634
Diluted	68,768	70,407	68,822	70,634

See Notes to Consolidated Financial Statements

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

	As of January 23, 2004 (as restated, see Note 2)	As of April 30, 2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 64,136	$ 128,473
Short-term investments	202,552	142,641
Accounts receivable (less allowance for doubtful accounts of $2,970 as of January 23, 2004 and $5,284 as of April 30, 2003)	39,048	49,729
Inventory, net	999	839
Prepaid expenses and other current assets	19,065	18,443
Assets of discontinued operations	20,844	21,129
Total current assets	346,644	361,254
PROPERTY AND EQUIPMENT, NET	74,895	59,325
INTANGIBLE ASSETS, NET	4,990	4,625
OTHER ASSETS	7,834	7,447
TOTAL ASSETS	$ 434,363	$ 432,651
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 821	$ 777
Accounts payable	15,771	14,188
Accrued expenses and other liabilities	41,232	34,991
Deferred income	20,496	24,662
Liabilities of discontinued operations	8,867	11,554
Total current liabilities	87,187	86,172
LONG-TERM DEBT	8,506	9,126
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY:		
Class A common stock	136	182
Class B common stock	548	548
Treasury stock		(30,569)
Additional paid-in capital	248,143	297,315
Accumulated other comprehensive (loss) income	(30)	243
Retained earnings	89,873	69,634
Total stockholders equity	338,670	337,353
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 434,363	$ 432,651

See Notes to Consolidated Financial Statements

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

	Nine Months Ended	
	January 23, 2004	**January 24, 2003**
	(as restated, see Note 2)	**(as restated, see Note 2)**
OPERATING ACTIVITIES:		
Net income	$ 28,457	$ (15,270)
Adjustments to reconcile net income to net cash provided by operating activities:		
(Income) loss from discontinued operations, net of tax	(32)	25,178
Depreciation and amortization	8,853	7,046
Amortization of warrants	(836)	(952)
Non-cash stock compensation costs	469	
Unrealized gain on value of warrants	(422)	
Provision for doubtful accounts	(1,994)	1,353
Provision for inventory obsolescence	19	618
Changes in assets and liabilities:		
Accounts receivable	12,675	10,806
Inventory	(179)	(314)
Prepaid expenses and other assets	1,628	(2,688)
Accounts payable	1,583	(4,562)
Accrued expenses and other liabilities	6,410	80
Deferred income	(4,969)	2,732
Net cash provided by continuing operations	51,662	24,027
Net cash used in discontinued operations	(2,370)	(7,842)
Net cash provided by operating activities	49,292	16,185
INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,485)	(8,885)
Purchase of corporate aircraft	(20,122)	
Purchase of other assets	(1,641)	
(Purchase) sale of short-term investments, net	(60,470)	93,124
Net cash (used in) provided by continuing operations	(85,718)	84,239
Net cash used in discontinued operations		(2,344)
Net cash (used in) provided by investing activities	(85,718)	81,895
FINANCING ACTIVITIES:		
Repayments of long-term debt	(576)	(444)
Stock repurchase, net	(19,182)	(29,477)
Dividends paid	(8,218)	
Net proceeds from exercise of stock options	65	405
Net cash used in continuing operations	(27,911)	(29,516)
Net cash provided by discontinued operations		322
Net cash used in financing activities	(27,911)	(29,194)

NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(64,337)		68,886
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		128,473		86,396
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	64,136	$	155,282
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid during the period for income taxes, net of refunds	$	9,631	$	3,369
Cash paid during the period for interest	$	585	$	574
SUPPLEMENATAL NON-CASH INFORMATION:				
Receipt of warrants	$	1,638	$	

See Notes to Consolidated Financial Statements

World Wrestling Entertainment, Inc.
Consolidated Statement of Stockholders Equity and Comprehensive (Loss) Income
(dollars and shares in thousands)
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance, May 1, 2003	72,996	$ 730	2,579	$ (30,569)	$ 297,315	$ 243	$ 69,634	$ 337,353
Comprehensive income:								
Translation adjustment						130		130
Unrealized holding loss, net of tax						(405)		(405)
Net income (as restated)							28,457	28,457
Total comprehensive income (as restated)								28,182
Dividends paid							(8,218)	(8,218)
Stock compensation costs					469			469
Exercise of stock options	6				65			65
Tax benefit of stock options						2		2
Stock repurchase			2,028	(19,246)				(19,246)
Sale of stock	22		9	103	(40)			63
Retirement of treasury stock	(4,616)	(46)	(4,616)	49,712	(49,666)			
Balance, January 23, 2004 (as restated)	68,408	$ 684		$	$ 248,143	$ (30)	$ 89,873	$ 338,670

See Notes to Consolidated Financial Statements

World Wrestling Entertainment, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except share and per share data)
(Unaudited)

1. Basis of Presentation and Business Description

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 World Wrestling Entertainment brand of entertainment. Our operations are organized around two principal activities:

Live and televised entertainment, which consists of live events and television programming. Revenues are derived principally from 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 are derived from sales of consumer products through third party licensees and direct marketing and sales of merchandise, magazines and home videos.

The accompanying condensed consolidated financial statements include the accounts of World Wrestling Entertainment, Inc., and our wholly owned subsidiaries. In fiscal 2003, we closed the operations of our entertainment complex, *The World*. We recorded the results from operations of this business and the estimated shutdown cost as discontinued operations.

All significant intercompany balances have been eliminated. Certain prior year amounts have been reclassified to conform with the current year presentation. In the opinion of management, 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.

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. 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 April 30, 2003.

Our fiscal year ends on April 30 of each year. Unless otherwise noted, all references to years relate to fiscal years, not calendar years and refer to the fiscal period by using the year in which the fiscal period ends. Our fiscal quarters are thirteen-week periods that end on the thirteenth Friday in the quarter, with the exception of our fourth quarter, which always ends on April 30.

2. Restatement

Subsequent to the issuance of our financial statements for the three and nine months ended January 23, 2004, we determined that certain changes should be made to the accounting related to the March 2001 acquisition of certain assets of World Championship Wrestling, Inc. (WCW) and that our financial statements should be restated to reflect such changes. Specifically, $1,655 capitalized as intangible assets during fiscal 2001 and $4,900 capitalized as intangible assets in fiscal 2002 have now been accounted for as selling, general and administrative expense during those periods. These costs arose from the termination of certain WCW license and related agreements assumed in the transaction. In addition, the $2,500 purchase price, which had been classified as an indefinite lived intangible asset and thus not amortized, is now being amortized over an estimated useful life of six years resulting in additional amortization expense of $105 for both the three months ended January 23, 2004 and January 24, 2003 and $315 for both the nine months ended January 23, 2004 and January 24, 2003.

There were no changes to revenues or cost of revenues as a result of this restatement.

World Wrestling Entertainment, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except share and per share data)
(Unaudited)

The significant effects of this restatement on previously reported amounts are summarized as follows:

(Dollars in thousands, except per share amounts)

	Three months ended January 23, 2004		Three months ended January 24, 2003	
	As previously reported	As restated	As previously reported	As restated
Consolidated Statements of Operations:				
Depreciation and amortization	$ 2,942	$ 3,047	$ 2,641	$ 2,746
Operating income	12,189	12,084	8,804	8,699
Income from continuing operations before income taxes	14,300	14,195	9,472	9,367
Provision for income taxes	5,372	5,332	3,484	3,444
Income from continuing operations	8,928	8,863	5,988	5,923
Net income (loss)	$ 8,852	$ 8,787	$ (16,000)	$ (16,065)
Earnings per share (basic and diluted):				
Continuing operations	$ 0.13	$ 0.13	$ 0.09	$ 0.08
Net income (loss)	$ 0.13	$ 0.13	$ (0.23)	$ (0.23)

	Nine months ended January 23, 2004		Nine months ended January 24, 2003	
	As previously reported	As restated	As previously reported	As restated
Depreciation and amortization	$ 8,538	$ 8,853	$ 6,731	$ 7,046
Operating income	41,133	40,818	15,274	14,959
Income from continuing operations before income taxes	46,031	45,716	15,954	15,639
Provision for income taxes	17,411	17,291	5,851	5,731
Income from continuing operations	28,620	28,425	10,103	9,908
Net income (loss)	$ 28,652	$ 28,457	$ (15,075)	$ (15,270)
Earnings per share (basic and diluted):				
Continuing operations	$ 0.42	$ 0.41	$ 0.14	$ 0.14
Net income (loss)	$ 0.42	$ 0.41	$ (0.21)	$ (0.22)

	As of January 23, 2004	
	As previously reported	As restated
Consolidated Balance Sheet:		
Intangible assets, net	$ 12,735	$ 4,990
Other assets	4,890	7,834
Total assets	439,164	434,363
Retained earnings	94,674	89,873
Total stockholders equity	343,471	338,670
Total liabilities and stockholders equity	$ 439,164	$ 434,363

World Wrestling Entertainment, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3. Stockholders Equity

Pro Forma Fair Value Disclosures

The fair value of options granted to employees, which is amortized to expense over the option vesting period in determining the pro forma impact, is estimated on the date of the grant using the Black-Scholes option-pricing model.

Had compensation expense for our stock options been recognized based on the fair value on the grant date under the methodology prescribed by SFAS No. 123, our income from continuing operations and basic and diluted earnings from continuing operations per common share for the three and nine months ended January 23, 2004 and January 24, 2003 would have been impacted as shown in the following table:

	Three months ended		Nine months ended	
	January 23, 2004	January 24, 2003	January 23, 2004	January 24, 2003
Reported income from continuing operations	$ 8,863	$ 5,923	$ 28,425	$ 9,908
Add: Stock-based employee compensation expense included in reported income from continuing operations, net of related tax effects	626		822	
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,034)	(772)	(2,552)	(2,916)
Pro forma income from continuing operations	$ 8,455	$ 5,151	$ 26,695	$ 6,992
Reported basic and diluted earnings from continuing operations per common share	$ 0.13	$ 0.08	$ 0.41	$ 0.14
Pro forma basic and diluted earnings from continuing operations per common share	$ 0.12	$ 0.07	$ 0.39	$ 0.10

In accordance with SFAS No. 123, the weighted average fair value of stock options granted to employees was based on a theoretical statistical model using assumptions. In actuality, because our stock options are not traded on any exchange, employees can receive no value or derive any benefit from holding stock options under these plans without an increase in market price of our common stock relative to the respective dates of the option grants.

Equity Transactions

Commencing in July 2003, we paid quarterly dividends of $0.04 per share on all Class A and Class B common shares totaling $8,218.

In June 2003, we purchased approximately 2.0 million shares of our common stock from Viacom, Inc. for approximately $19,246, which was a slight discount to the then market value of our common stock. This transaction did not affect other aspects of our business relationship with Viacom. In October 2003, we retired all of our treasury shares.

In June 2003, we granted 792,500 options at an exercise price of $9.60 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,

World Wrestling Entertainment, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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based on the estimated value of the units on the grant date, is $1,709 and will be amortized over the vesting period, which is seven years, unless EBITDA of $65,000 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.

During the third quarter of fiscal 2004, 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 stock price of $13.28 per share, during the offer period. 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 $900, which will result in a total compensation charge of approximately $6,700, of which the cash payment of $800 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 this grant of restricted stock units will be recorded as follows: approximately $100 was recorded in the third quarter ended January 23, 2004, $1,900 in our fourth quarter of fiscal 2004, approximately $3,600 in fiscal 2005, and approximately $1,100 in fiscal 2006. As of January 23, 2004 , after the exchange offer, there were approximately 3.1 million options outstanding at an average exercise price of $12.60 of which 1.5 million were vested. In addition, 0.8 million restricted stock units were outstanding, of which none were vested.

Through his beneficial ownership of a substantial majority of our Class B common stock, our controlling stockholder, Mr. Vincent McMahon, can effectively exercise control over our affairs and his interests could conflict with the holders of our Class A common stock.

4. Earnings Per Share

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

	Three months ended		Nine months ended	
	January 23, 2004	January 24, 2003	January 23, 2004	January 24, 2003
Weighted average common shares outstanding:				
Basic	68,394,341	70,407,085	68,602,818	70,633,799
Diluted	68,767,927	70,407,085	68,822,331	70,633,799
Dilutive effect of outstanding options and restricted stock units	373,586		219,513	
Anti-dilutive outstanding options, end of period	417,700	7,248,925	417,700	7,248,925

5. Segment Information

Our operations are conducted within two reportable segments: live and televised entertainment and branded merchandise. The live and televised entertainment segment consists of live events and television programming. Our branded merchandise segment includes consumer products sold through third party licensees and the marketing and sale of merchandise, magazines and home videos. The results of operations for *The World* are not included in the segment reporting as they are classified as discontinued operations in our consolidated financial statements. We do not allocate corporate overhead to each of the segments and as a result, corporate overhead is a reconciling item in the table below. Included in corporate overhead for the nine months ended January 23, 2004 was a favorable settlement of litigation of $5,885. There are no intersegment revenues. Revenues derived from sales outside of North America were approximately $11,516

World Wrestling Entertainment, Inc.

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(dollars in thousands, except share and per share data)
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and $43,638 for the three and nine months ended January 23, 2004, respectively, and approximately $15,925 and $39,425 for the three and nine months ended January 24, 2003, respectively. Unallocated assets consist primarily of cash, investments and real property.

	Three months ended		Nine months ended	
	January 23, 2004	January 24, 2003	January 23, 2004	January 24, 2003
Net Revenues:				
Live and televised entertainment	$ 55,631	$ 71,015	$ 195,073	$ 209,483
Branded merchandise	23,439	21,550	53,103	58,854
Total net revenues (1)	$ 79,070	$ 92,565	$ 248,176	$ 268,337
Depreciation and Amortization:				
Live and televised entertainment	$ 1,072	$ 962	$ 3,158	$ 2,630
Branded merchandise	694	462	2,002	1,210
Corporate	1,281	1,322	3,693	3,206
Total depreciation and amortization	$ 3,047	$ 2,746	$ 8,853	$ 7,046
Operating Income:				
Live and televised entertainment	$ 18,741	$ 21,960	$ 66,521	$ 57,850
Branded merchandise	10,572	7,802	18,797	16,466
Corporate	(17,229)	(21,063)	(44,500)	(59,357)
Total operating income	$ 12,084	$ 8,699	$ 40,818	$ 14,959

	As of	
	January 23, 2004	April 30, 2003
Assets:		
Live and televised entertainment	$ 61,899	$ 73,727
Branded merchandise	16,160	17,395
Unallocated (2)	356,304	341,529
Total assets	$ 434,363	$ 432,651

(1) Included in net revenues for the three and nine months ended January 23, 2004 was $166 and $836, respectively and for the three and nine months ended January 24, 2003 was $317 and $952, respectively, related to the amortization of deferred revenue resulting from the receipt of warrants. Warrants received from our licensees and our television programming distributor are initially recorded at their estimated fair value on the date of grant using the Black-Scholes option pricing model. A corresponding amount is recorded as deferred revenue and is amortized into operating income over the life of the related agreements using the straight-line method.

(2) Includes assets of discontinued operations of $20,844 and $21,129 as of January 23, 2004 and April 30, 2003, respectively.

World Wrestling Entertainment, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except share and per share data)
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6. Property and Equipment

Property and equipment consisted of the following:

	As of	
	January 23, 2004	April 30, 2003
Land, buildings and improvements	$ 50,292	$ 51,009
Equipment	61,120	40,374
Vehicles	639	639
Property under capital lease	1,056	1,056
	113,107	93,078
Less accumulated depreciation and amortization	38,212	33,753
Total	$ 74,895	$ 59,325

In January 2004, we paid $20,100 to an unrelated, third party lessor to pay off a lease on our corporate jet. The jet was acquired under an operating lease in 2000. The transaction was accounted for as a capital acquisition in the current period. The purchase price of the aircraft, net of a $9,500 estimated residual value, will be depreciated on a straight-line basis over a 10 year period.

Depreciation and amortization expense for property and equipment was $2,550 and $7,508 for the three and nine months ended January 23, 2004, respectively, and $2,641 and $6,731 for the three and nine months ended January 24, 2003, respectively.

7. Intangible Assets

Intangible assets consisted of the following:

	As of January 23, 2004		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Film libraries	$ 4,710	$ (1,030)	$ 3,680
Trademarks and trade names	2,500	(1,190)	1,310
	$ 7,210	$ (2,220)	$ 4,990

As of April 30, 2003		
Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount

Film library	$ 3,000	$	$ 3,000
Trademarks and trade names	2,500	(875)	1,625
	$ 5,500	$ (875)	$ 4,625

During the nine months ended January 23, 2004, we acquired film libraries and certain other assets for $1,710, which will be amortized, using the straight-line method, over three years.

Amortization expense was $497 and $1,345 for the three and nine months ended January 23, 2004, respectively, and was $105 and $315 for the three and nine months ended January 24, 2003, respectively.

World Wrestling Entertainment, Inc.

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Estimated amortization expense for each of the fiscal years ending is as follows:

April 30, 2004	$ 1,841
April 30, 2005	1,986
April 30, 2006	1,986
April 30, 2007	522
	$ 6,335

8. Investments

Short-term investments consisted of the following as of January 23, 2004 and April 30, 2003:

	January 23, 2004		
	Amortized Cost	Unrealized Holding Loss	Fair Value
Fixed-income mutual funds and other	$ 157,108	$ (412)	$ 156,696
United States Treasury Notes	45,856		45,856
Total	$ 202,964	$ (412)	$ 202,552

	April 30, 2003		
	Cost	Unrealized Holding Gain	Fair Value
Government obligations	$ 63,755	$	$ 63,755
Corporate obligations and other	38,711		38,711
Fixed-income mutual funds	40,027	148	40,175
Total	$ 142,493	$ 148	$ 142,641

In addition to the short-term investments above, we have warrants from certain publicly traded companies with whom we have licensing agreements. These warrants were initially recorded in other assets at their fair market value of $1,638 on the date received using the Black-Scholes option pricing model with offsetting deferred revenues. This deferred revenue is amortized into operating income over the life of the respective underlying licensing agreements using the straight line method. We have recorded approximately $423 in mark to market adjustments using the Black-Scholes model, taking into account the most current market assumptions. This amount was included in Other income, net for the three and nine months ended January 23, 2004.

9. Commitments and Contingencies

Television programming agreements
Our contract with UPN 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.

Legal Proceedings

World Wide Fund for Nature

There has been no significant development in this legal proceeding subsequent to the disclosure in Note 11 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K/A for the fiscal year ended April 30, 2003. We cannot quantify the potential impact that an unfavorable outcome of the Fund s damage claim could

World Wrestling Entertainment, Inc.

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(dollars in thousands, except share and per share data)
(Unaudited)

have on our financial condition, results of operations or liquidity, if such a claim ever were to be presented, but based solely on the Fund s unsubstantiated informal assertions, it could be material.

Shenker & Associates

Reference is made to the disclosure in Note 11 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K/A for the fiscal year ended April 30, 2003. Subsequently, on May 23, 2003, we filed a motion for sanctions asserting significant litigation misconduct by the plaintiff, for which we sought, among other things, dismissal of all claims against us and a default judgment granting our counterclaims. On October 16, 2003, the Court issued a comprehensive opinion and order in which the Court dismissed all of plaintiff s case against us with prejudice and entered a default in favor of us on our counterclaims.

In the Court s opinion, the sanctions awarded were proper because the plaintiff had admitted to a wide range of litigation misconduct committed by its principal and owner, Stanley Shenker, including giving perjured deposition testimony, providing perjured interrogatory answers, fabricating evidence after instituting this action, facilitating the destruction of evidence after instituting this action, concealing evidence, and conspiring with Mr. James Bell, our former Senior Vice President of Licensing and Merchandising, to engage in other litigation misconduct. Finally, the Court indicated it would consider an award of counsel fees for expenses directly incurred as a result of the sanctionable conduct of Stanley Shenker & Associates, Inc. upon the conclusion of the damages hearing currently scheduled for September 2004. On November 5, 2003, the plaintiff filed a motion to reconsider the Court s Order dismissing all of its claims and granting a default judgment in favor of us. This motion to reconsider was denied on November 20, 2003. The plaintiff has sought permission to file a renewed motion for reconsideration, which must be filed shortly. While we believe that the decision against Stanley Shenker & Associates was correct, it has the right to appeal. Assuming the decision stands, we will reverse the amounts accrued as commission expense over the life of the agency agreement, to selling, general and administrative expense. The amount accrued as of January 23, 2004 was approximately $7.8 million.

The Court also directed us to file a report with the Court on the discovery we need to prove the damages associated with our counterclaims, which we have done. On December 11, 2003, the parties entered into a stipulation regarding our application for prejudgment remedies permitting WWE to attach assets up to $5.0 million against Stanley Shenker & Associates and up to $850,000 against James Bell and Bell Licensing LLC. On January 31, 2004, we began to attach assets of Stanley Shenker & Associates and, thereafter, assets of James Bell and Bell Licensing LLC as well.

We are continuing our legal action against Mr. Bell with respect to irregularities in the licensing program during his tenure with us, which came to light as a result of discovery in the Shenker litigation. We have filed a motion for sanctions based on Mr. Bell s discovery misconduct.

Marvel Enterprises

Reference is made to the disclosure in Note 11 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K/A for the fiscal year ended April 30, 2003. Subsequently, by Order dated July 31, 2003, the Court granted our motion for summary judgment in its entirety and dismissed all claims asserted against us. The Court also granted in part and denied in part Universal, Inc. s (formerly known as World Championship Wrestling, Inc.) motion for summary judgment. Marvel has filed notices of appeal with respect to the Court s rulings in both actions. Universal, Inc. has also cross-filed a notice of appeal with respect to the Court s denial in part of its motion for summary judgment. While we believe the court s decision to dismiss the claims against us was correct, we are unable to predict the likelihood of success of Marvel s appeal. We are defending Universal, Inc. in connection with Marvel s claims against it. In light of the summary judgment rulings, we do not believe that an unfavorable outcome of the remaining claims against Universal, Inc. would have a material adverse effect on our financial condition or results of operations; however no assurances can be given in this regard.

World Wrestling Entertainment, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except share and per share data)
(Unaudited)

IPO Class Action

Reference is made to the disclosure in Note 11 of Notes to Consolidated Financial Statements in our Annual Report on Form 10-K/A for the fiscal year ended April 30, 2003. Subsequently, the class plaintiffs and the issuer defendants, including our officers named in the suit and us have reached an agreement in principle for the settlement of all claims. To that end, a memorandum of understanding concerning the terms of the settlement (the MOU) was circulated for approval among all issuer defendants. While we strongly deny all allegations, we approved the MOU, subject to certain conditions, including, specifically, approval of the settlement as reflected in the MOU by our primary insurer. It is our understanding that the significant majority of issuer defendants have approved the MOU as well. We expect the settlement process will move forward toward the execution of a definitive settlement agreement; however no assurances can be given in this regard. If a settlement is consummated on the terms set forth in the MOU, we believe it will not have a material adverse effect on our financial condition or results of operations.

We are not currently a party to any other material legal proceedings. However, we are involved in several other suits and claims in the ordinary course of business, and we may from time to time become a party to other legal proceedings. The ultimate outcome of these other matters is not expected to have a material adverse effect on our financial condition or results of operations.

10. Discontinued operations

During fiscal 2003, as a result of continued losses, we closed the restaurant and retail operations of *The World*. As a result, we recorded a charge of approximately $12,100 ($8,900, after tax) related to *The World s* shutdown, the majority of which represented the present value of our obligations under the facility s lease, less estimated sublease rental income over the lease term. As of April 30, 2003, we had a remaining accrual balance of approximately $10,300 relating to the shutdown. Included in the $10,300 was approximately $9,900 of accrued rent and other related costs and approximately $400 for accrued severance and other related costs. The accrual for rent and other related costs assumed no sub-rental 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.

The following table presents the activity in the accruals relating to the shutdown of *The World* during the nine months ended January 23, 2004:

	Accrued Rent and Other Related Costs	Accrued Severance and Other Related Costs	Total
Balance as of April 30, 2003	$ 9,900	$ 400	$ 10,300
Amount paid during the nine months ended January 23, 2004	2,000	300	2,300
Balance as of January 23, 2004	$ 7,900	$ 100	$ 8,000

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.

In early May 2001, we formalized our decision to discontinue operations of the XFL. The results of *The World* business and the assets and liabilities of *The World* and the XFL have been classified as discontinued operations in our consolidated financial statements and are summarized as follows:

World Wrestling Entertainment, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except share and per share data)
(Unaudited)

	Three months ended		Nine months ended	
	January 23, 2004	**January 24, 2003**	**January 23, 2004**	**January 24, 2003**
Discontinued operations:				
Loss (income) from *The World* operations, net of a tax benefit of $33 and tax expense of $17 for the three and nine months ended January 23, 2004, respectively and net of tax benefits of $13,476 and $15,432 for the three and nine months ended January 24, 2003, respectively	$ (76)	$ (21,988)	$ 32	$ (25,178)

	As of	
	January 23, 2004	**April 30, 2003**
Assets:		
Cash	$ 910	$ 1,185
Accounts receivable		5
Income tax receivable	5,347	5,343
Prepaid expenses	90	94
Inventory	60	65
Deferred income taxes, net of valuation allowance of $1,350	14,437	14,437
Total Assets	$ 20,844	$ 21,129
Liabilities:		
Accounts payable	$	$ 19
Accrued expenses	8,915	11,561
Due to World Wrestling Entertainment, Inc.	240	262
Minority interest	(288)	(288)
Total Liabilities	$ 8,867	$ 11,554

Included in income from discontinued operations for the nine months ended January 23, 2004 was $689 of expense recoveries. Assets of the discontinued operations are stated at their estimated net realizable value.

Item 2.

Management s Discussion and Analysis of Financial Condition and Results of Operations

As discussed in Note 2 to the condensed consolidated financial statements, our financial statements have been restated. The accompanying Management s Discussion and Analysis of Financial Condition and Results of Operations give effect to that 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 events and television programming. Revenues are derived principally from 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 are derived from sales of consumer products through third party licensees and direct marketing and sale of merchandise, magazines and home videos.

Results of Operations

Third Quarter Ended January 23, 2004 compared to Third Quarter Ended January 24, 2003
(Dollars in millions, except as noted)

Net Revenues	January 23, 2004	January 24, 2003	better (worse)
Live and televised	$ 55.6	$ 71.0	(22)%
Branded merchandise	23.5	21.6	9%
Total	$ 79.1	$ 92.6	(15)%

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)
Live events	$ 11.7	$ 16.0	(27)%
Number of events	74	79	(6)%
Average attendance	4,140	4,730	(12)%
Average ticket price (dollars)	$ 37.91	$ 41.71	(9)%
Pay-per-view	$ 13.2	$ 21.2	(38)%
Number of buys from domestic pay-per-view events	783,100	1,303,400	(40)%
Advertising	$ 11.7	$ 17.5	(33)%
Average weekly household ratings for *RAW*	3.6	3.5	3%
Average weekly household ratings for *SmackDown!*	3.4	3.4	
Sponsorship revenues	$ 1.9	$ 2.2	(14)%

		January 23, 2004		January 24, 2003	better (worse)
Television rights fees:					
Domestic	$	13.4	$	11.2	20%
International	$	5.6	$	5.0	12%

The decline in live events revenue of $4.3 million was due to a decrease in total attendance coupled with a lower average ticket price. The decrease in total attendance accounted for $2.8 million of the decrease in event revenues and was a result of a decreased number of events held in the current quarter and a decline in the average attendance. The lower average ticket price at these events accounted for approximately $1.2 million of the decline in event revenues. There were only three international events this period as compared to seven in the prior year period. The average ticket price at international events is typically almost double the average ticket price at our domestic events. We anticipate holding twelve international events for the fourth quarter of fiscal 2004 as compared to the five international events held in the fourth quarter of fiscal 2003.

Of the $8.0 million decrease in pay-per-view revenues, approximately $6.8 million of the variance was due to the fact that during the current fiscal quarter we aired only two pay-per-view events as compared to three in the year-ago quarter. Revenues for our January 25, 2004 pay-per-view event, *Royal Rumble*, will be recorded in our fiscal fourth quarter. We will produce 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 due to the rights fees related to our new agreement with UPN. This increase was offset partially by amounts included in the prior year quarter related to rights fees for our former *Tough Enough* series that aired on MTV which accounted for approximately $0.6 million, executive producer fees for a motion picture which accounted for approximately $0.9 million and rights fees related to one additional special which accounted for approximately $0.5 million.

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)**
Licensing	$	10.9	$	8.4	30%
Merchandise	$	4.3	$	5.0	(14)%
Per capita spending (dollars)	$	8.56	$	7.92	8%
Publishing	$	3.0	$	4.0	(25)%
Net units sold		1,113,700		1,753,100	(36)%
Home video	$	3.7	$	2.7	37%
Net units sold:					
DVD		361,100		227,500	59%
VHS		32,900		76,800	(57)%
Total		394,000		304,300	29%
Internet Advertising	$	1.2	$	1.3	(8)%
Other	$	0.4	$	0.2	(100)%

The increase in licensing revenues was due primarily to book publishing revenues.

The decrease in merchandise revenues was due to lower revenues of $0.7 million attributable 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.

The decrease in publishing revenues was due to a $0.7 million decrease in newsstand units sold and a $0.3 million decrease in subscription units sold for our *RAW* and *SmackDown!* branded magazines.

Home video revenues increased by $1.0 million primarily due to a 30% increase in units sold coupled with a 19% increase in the average price for these units. The increase in units sold and average price is due to the success of a recent three DVD set titled *The Ultimate Ric Flair Collection*, which sold approximately 89,000 units during the quarter, as well as from the continued shift in platform from VHS to DVD, which sells for a higher price per unit.

Cost of Revenues	**January 23, 2004**	**January 24, 2003**	**better (worse)**
Live and televised	$ 33.3	$ 44.9	26%
Branded merchandise	10.8	11.8	8%
Total	$ 44.1	$ 56.7	22%
Profit contribution margin	44%	39%	

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)**
Live events	$ 9.7	$ 13.5	28%
Pay-per-view	$ 4.9	$ 8.3	41%
Advertising	$ 3.7	$ 7.4	50%
Television production costs	$ 12.6	$ 12.6	
Other	$ 2.4	$ 3.1	23%

Profit contribution margin was approximately 40% for the quarter ended January 23, 2004 and 37% for the quarter ended January 24, 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.

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

Cost of Revenues Branded Merchandise	**January 23, 2004**	**January 24, 2003**	**better (worse)**
Licensing	$ 2.7	$ 2.8	4%
Merchandise	$ 3.3	$ 4.3	23%
Publishing	$ 2.1	$ 2.3	9%
Home video	$ 1.9	$ 1.5	(27)%
Digital media	$ 0.7	$ 0.8	13%
Other	$ 0.1	$ 0.1	

Profit contribution margin was approximately 54% for the quarter ended January 23, 2004 and 45% for the quarter ended January 24, 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 quarter as compared to the prior year quarter.

	January 23, 2004	January 24, 2003	better (worse)
Selling, general and administrative expenses	$ 18.9	$ 24.4	23%

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

	January 23, 2004	January 24, 2003	better (worse)
Staff related	$ 10.9	$ 8.8	(24)%
Legal and other	3.4	5.8	41%
Offer to settle litigation		1.5	100%
Advertising and promotion	0.8	1.2	33%
All other	3.8	7.1	46%
Total SG&A	$ 18.9	$ 24.4	23%
SG&A as a percentage of net revenues	24%	26%	

The increase in staff related expenses primarily reflects an accrual related to incentive compensation. No accrual was made in the prior year as incentive compensation is tied to the Company s performance as compared to the budget. Included in all other in fiscal 2003 was $0.7 million for the termination of a lease for office space and $0.8 million related to reserves recorded for certain pay-per-view providers. SG&A expenses were down across all areas reflecting the continued benefits of our cost-cutting measures.

	January 23 2004	January 24, 2003
Stock compensation costs	$ 1.0	$

Stock compensation costs were $1.0 million for the current quarter. 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 of $13.28 per share, during the offering period. 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)
Depreciation and amortization	$ 3.0	$ 2.7	(11)%

The increase primarily reflects amortization related to our recently acquired film libraries. 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 commencing in February 2004. As a result of this purchase, quarterly depreciation expense will increase by $0.3 million. We believe this transaction will result in a reduction in our net financing costs.

	January 23, 2004	January 24, 2003	better (worse)
Interest income	$ 1.6	$ 0.8	100%

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 the most current market assumptions.

	January 23, 2004	January 24, 2003
Other income (loss), net	$ 0.7	**$**

Included in the three 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 the most current market assumptions.

	January 23, 2004	January 24, 2003
Provision for income taxes	$ 5.3	$ 3.4
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. Loss from discontinued operations of *The World*, net of taxes, was $0.1 million for the three months ended January 23, 2004, as compared to a loss from discontinued operations, net of taxes, of $22.0 million for the three months ended January 24, 2003. 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.

Nine Months Ended January 23, 2004 compared to Nine Months Ended January 24, 2003
(Dollars in millions, except as noted)

Net Revenues	January 23, 2004	January 24, 2003	better (worse)
Live and televised	$ 195.1	$ 209.4	(7%)
Branded merchandise	53.1	58.9	(10%)
Total	$ 248.2	$ 268.3	(7%)

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)**
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!*		3.4		3.4	
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 current fiscal year to date period reflects eight pay-per-view events as compared to nine pay-per-view events in the prior year. Revenues for our January 25, 2004 pay-per-view event, *Royal Rumble*, will be recorded in our fiscal fourth quarter. We will produce 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.

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)**
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 to date.

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)**
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%	

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)**
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)**
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)%

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 businesses 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)**
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)**
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**
Option exchange program	$ 0.9	$
Amortization of costs for restricted stock units granted June 2003	0.4	
Total stock compensation costs	$ 1.3	$

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 a 75% of the average price of $13.28 per share, during the offering period. 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)**
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)**
Interest income	$ 4.5	$ 1.3	246%

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 the most current market assumptions.

	January 23, 2004	**January 24, 2003**
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 the most current market assumptions.

	January 23, 2004	January 24, 2003
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.

Liquidity and Capital Resources

Cash flows from operating activities for the nine months ended January 23, 2004 and January 24, 2003 were $49.3 million and $16.2 million, respectively. Cash flows provided by operating activities from continuing operations were $51.7 million and $24.0 million for the nine months ended January 23, 2004 and January 24, 2003, respectively. The increase was due primarily to increased operating results in the current period as well as higher interest income earned. Working capital, consisting of current assets less current liabilities, was $259.5 million as of January 23, 2004 and $275.1 million as of April 30, 2003.

Cash flows used for investing activities were $85.7 million cash flows provided by investing activities were $81.9 million for the nine months ended January 23, 2004 and January 24, 2003, respectively. Capital expenditures for the nine months ended January 23, 2004 were $3.5 million, as compared to $8.9 million for the nine months ended January 24, 2003. For fiscal 2004, we estimate capital expenditures to be approximately $6.0 million, which includes a conversion of our critical business and financial systems, television equipment and building improvements. During the nine months ended January 23, 2004, we acquired film libraries and certain other assets for approximately $1.6 million. In January 2004, the Company paid $20.1 million to pay off a lease on our corporate aircraft from cash on hand. The jet was acquired under an operating lease in 2000. The transaction will be accounted for as a capital acquisition in the current period. As of February 18, 2004, we had approximately $218.7 million invested in fixed-income mutual funds, which primarily held AAA and AA debt rated instruments and $46.2 million in United States Treasury Notes. Our investment policy is designed to assume a minimum of credit, interest rate and market risk.

Cash flows used in financing activities for the nine months ended January 23, 2004 were $27.9 million as compared to $29.2 million for the nine months ended January 24, 2003. In June 2003, we purchased, using our available cash on hand, approximately 2.0 million shares of our common stock from Viacom, Inc. for approximately $19.2 million, which was a slight discount to the then market value of our common stock. This transaction did not affect other aspects of our business relationship with Viacom. We made this repurchase as we believed that it was an appropriate use of excess cash and was beneficial to our company and our stockholders. In addition, we began paying quarterly dividends during fiscal 2004, which totaled $8.2 million through the third quarter.

We have not entered into any contracts that would require us to make significant guaranteed payments other than those that previously were disclosed in the Liquidity and Capital Resource section of our Annual Report on Form 10-K/A for our fiscal year ended April 30, 2003.

We believe that cash generated from operations and from existing cash and short-term investments will be sufficient to meet our cash needs over the next twelve months for working capital, capital expenditures and the payment of dividends.

Application of Critical Accounting Policies

There have been no changes to our accounting policies that previously were disclosed in our Annual Report on Form 10-K/A for our fiscal year ended April 30, 2003 or in the methodology used in formulating the significant judgments and estimates that affect the application of these policies. Amounts included in our consolidated balance sheet in accounts that we have identified as being subject to significant judgments and estimates were as follows:

	As of	
	January 23, 2004	April 30, 2003
Pay-per-view accounts receivable	$ 9.8 million	$ 24.3 million
Advertising reserve for underdelivery	$ 5.0 million	$ 6.9 million
Home video reserve for returns	$ 3.5 million	$ 1.5 million
Publishing newsstand reserve for returns	$ 4.2 million	$ 5.0 million
Allowance for doubtful accounts	$ 2.9 million	$ 5.3 million
Accrued commissions that may be reversed pending the outcome of litigation see Note 9 of Notes to Consolidated Financial Statements	$ 7.8 million	$ 6.4 million

The decrease in our pay-per-view accounts receivable balance was due to the timing of certain of our pay-per-view events. As of April 30, 2003, the accounts receivable balance included approximately $10.0 million related to our premier event, *Wrestlemania*, which took place in March 2003. In addition, the accounts receivable balance included approximately $5.0 million related to our April 2003 pay-per-view event. In the current period, our January pay-per-event event did not air during this period and our most recent event in the current period was our December 2003 pay-per-view event.

The decrease in our allowance for doubtful accounts reflects the payment during fiscal 2004 of a previously fully reserved balance from a pay-per-view service.

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 Quarterly Report, the words may, will, could, anticipate, plan, continue, project, intend , estimat 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 Quarterly Report, in press releases and in oral statements made by our authorized officers: (i) our failure to continue to develop creative and entertaining programs and events would likely lead to a decline in the popularity of our brand of entertainment; (ii) our failure to retain or continue to recruit key performers could lead to a decline in the appeal of our storylines and the popularity of our brand of entertainment; (iii) the loss of the creative services of Vincent K. McMahon could adversely affect our ability to create popular characters and creative storylines; (iv) our failure to maintain or renew key agreements could adversely affect our ability to distribute our television and pay-per-view programming, and in this regard our primary distribution agreement with Viacom runs until Fall 2006 for its UPN network and Fall 2005 for its Spike TV network. Our primary television distribution agreement in the U.K. expires on December 31, 2004, and we are currently in negotiations to renew that contract. We cannot give any assurance as to the result of these negotiations; (v) a decline in general economic conditions could adversely affect our business; (vi) a decline in the popularity of our brand of sports entertainment, including as a result of changes in the social and political climate, could adversely affect our business; (vii) changes in the regulatory atmosphere and related private sector initiatives could adversely affect our business; (viii) the markets in which we operate are highly competitive, rapidly changing and increasingly fragmented, and we may not be able to compete effectively, especially against competitors with greater financial resources or marketplace presence; (ix) we face uncertainties associated with international markets; (x) we may be prohibited from promoting and conducting our live events if we do not comply with applicable regulations; (xi) because we depend upon our intellectual property rights, our inability to protect those rights, or our infringement of others intellectual property rights, could adversely affect our business; (xii) we could incur substantial liabilities if pending material litigation is resolved unfavorably; (xiii) our insurance may not be adequate to cover liabilities resulting from accidents or injuries that occur during our physically demanding events; (xiv) we will face a variety of risks if we expand into new and complementary businesses; (xv) through his beneficial ownership of a substantial majority of our Class B common stock, our controlling stockholder, Vincent K. McMahon, can exercise control over our affairs, and his interests may conflict with the holders of our Class A common stock; (xvi) a substantial number of shares will be eligible for future sale by Mr. McMahon, and the sale of those shares could lower our stock price; and (xvii) our Class A common stock has a relatively small public float . The forward-looking statements speak only as of the date of this Quarterly Report and undue reliance should not be placed on these statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, we are exposed to foreign currency exchange rate, interest rate and equity price risks that could impact our results of operations. Our foreign currency exchange rate risk is minimized by maintaining minimal net assets and liabilities in currencies other than our functional currency.

We hold warrants from certain publicly traded companies with whom we have licensing agreements. These warrants are included in our financial statements at their net estimated fair value. Accordingly, we are exposed to market value fluctuations relative to the stock underlying these warrants. For the three months ended January 23, 2004, the estimated fair value of these warrants increased by $0.4 million to approximately $2.0 million. We do not utilize derivative instruments for specific purposes or to hedge our exposure to interest rate or foreign currency risks.

Interest Rate Risk

Our investment portfolio currently consists primarily of fixed-income mutual funds and treasury notes, with a strong emphasis placed on preservation of capital. The market value of those securities can fluctuate with market interest rates. In an effort to minimize our exposure to interest rate risk, our investment portfolio s dollar weighted duration is less than two years. Due to the nature of our investments and our strategy to minimize market and interest rate risk, our portfolio would not be materially impacted by an adverse movement of interest rates of 1%.

Item 4. Controls and Procedures

Based on their most recent review, as of January 23, 2004, our Chairman, Chief Executive Officer, as co-principal executive officers, and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chairman, Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to ensure that such information is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. While we are in the process of formalizing certain of our control procedures, there were no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of this evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9 to Notes to Consolidated Financial Statements, which is incorporated herein by reference.

Item 6. Exhibits and Reports on Form 8-K

(a.) **Exhibits**

31.1 Certification by Vincent K. McMahon pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).

31.2 Certification by Linda E. McMahon pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).

31.3 Certification by Philip B. Livingston pursuant to Section 302 of Sarbanes-Oxley Act of 2002 (filed herewith).

32.1 Certification by Vincent K. McMahon, Linda E. McMahon and Philip B. Livingston pursuant to Section 906 of Sarbanes-Oxley Act of 2002 (filed herewith).

(b.) **Reports on Form 8-K**
The registrant filed a report on Form 8-K dated November 17, 2003 under Item 7, Financial Statements and Exhibits.

SIGNATURE

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, 2004

By: /s/ PHILIP B. LIVINGSTON

Philip B. Livingston
Chief Financial Officer