WORLD WRESTLING ENTERTAINMENTINC
Form 10-K
March 01, 2012

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the year ended December 31, 2011
	or
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-16131

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)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT

Class A Common Stock, $.01 par value per share	**New York Stock Exchange**
(Title of each class)	***(Name of each exchange on which registered)***

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	o

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

Aggregate market value of the common stock held by non-affiliates of the Registrant at June 30, 2011 using our closing price on June 30, 2011 was $261,862,033.

As of February 29, 2012, the number of shares outstanding of the Registrant s Class A common stock, par value $.01 per share, was 28,626,143 and the number of shares outstanding of the Registrant s Class B common stock, par value $.01 per share, was 45,850,830 shares. Portions of the Registrant s definitive proxy statement for the 2012 Annual Meeting of Stockholders are incorporated by reference in Part III of this Form 10-K.

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* Incorporated by reference from the Registrant s Proxy Statement for the 2012 Annual Meeting of Stockholders (the Proxy Statement).

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PART I

Item 1. Business

WWE is an integrated media and entertainment company. We have been involved in the sports entertainment business for more than 30 years, and have developed WWE into one of the most popular brands in global entertainment today. We develop unique and creative content centered around our talent and present it 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 brands. Anchored by these brands, we are able to leverage our content and talent across virtually all media outlets. Our live and televised events, consumer products, digital media and feature film outlets provide significant cross-promotion and marketing opportunities that reinforce our brands while effectively reaching our fans.

We continually evaluate additional opportunities to monetize new and existing content, including the potential creation of a WWE network. In support of this initiative, during 2011, the Company increased staffing levels and expanded our content production capabilities. We believe that executing this strategy has the power to transform our business.

WWE refers to World Wrestling Entertainment, Inc. and its subsidiaries, unless the context otherwise requires. References to we, us, our ar the Company refer to WWE and its subsidiaries. The initials WWE and our stylized and highly distinctive scratch logo are two of our trademarks. This report also contains other WWE trademarks and trade names as well as those of other companies. All trademarks and trade names appearing in this report are the property of their respective holders.

Our operations are centered around the following four business segments:

Live and Televised Entertainment

- Revenues consist principally of ticket sales to live events, sales of merchandise at these live events, television rights fees, sales of television advertising and sponsorships, and fees for viewing our pay-per-view and video on demand programming.

Consumer Products

- Revenues consist principally of direct sales of WWE produced home videos and magazine publishing and royalties or license fees related to various WWE themed products such as video games, toys and books.

Digital Media

- Revenues consist principally of advertising sales on our websites, sale of merchandise on our website through our WWEShop internet storefront and sales of various broadband and mobile content.

WWE Studios

- Revenues consist of receipts from the distribution of filmed entertainment.

Live and Televised Entertainment

(represents 70%, 69% and 70% of our net revenues in 2011, 2010 and 2009, respectively)

Live Events

Our four brands, Monday Night RAW , Friday Night SmackDown , WWE Superstars and WWE NXT , allow us to perform in numerou domestic markets and take advantage of the strong international demand for our events. Live events and television programming are our principal creative content and production activities. 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 ring and unfold on our weekly television shows, and culminate in our monthly pay-per-view events.

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In 2011, we produced 241 live events throughout North America, entertaining approximately 1,500,000 fans at an average ticket price of $42.11. We hold many of our live events at major arenas across the country. 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 our storylines and characters.

In 2011, we produced 80 live events internationally, reaching approximately 500,000 fans at an average ticket price of $68.74. These events were spread over several international tours throughout Europe, Latin America and Australia.

Live events net revenues were $104.7 million, $104.6 million and $108.8 million, representing 22%, 22% and 23% of total net revenues in 2011, 2010 and 2009, respectively.

Venue Merchandise

Our venue merchandise business consists of the design, sourcing, marketing and distribution of numerous WWE-branded products, such as T-shirts, caps and many other novelty items, all of which feature our Superstars, Divas and/or logos. These items are offered for sale at our live events.

Venue merchandise net revenues were $18.3 million, $18.4 million and $19.8 million, representing 4% of total net revenues in each of 2011, 2010 and 2009.

Pay-Per-View Programming

WWE has been the world s pre-eminent provider of pay-per-view programming over the past 28 years. In 2011, WWE televised 13 live pay-per-view events which ranked among the highest selling live event programs in the industry. WWE s annual crown jewel, *WrestleMania*, has historically achieved more than one million buys per event worldwide. On April 3, 2011, WWE celebrated the 27th Anniversary of *WrestleMania* in Atlanta, GA before a sold-out crowd with millions watching at home. *WrestleMania XXVII* achieved approximately 1,100,000 buys and generated $24.2 million in pay-per-view revenue.

WWE produced 13 domestic pay-per-view programs in both 2011 and 2010. The suggested domestic retail price for all pay-per-view events in 2011 was $44.95, with the exception of *WrestleMania* which had a suggested domestic retail price of $54.95. Consistent with industry practices, we share the revenues with cable systems and satellite providers such as DirecTV, and pay service fees to iNDEMAND and TVN. Average revenue per buy was $19.94 in 2011 and $18.32 in 2010.

Our international pay-per-view partners include SKY in the United Kingdom, SKY Deutschland in Germany, SKY Perfect TV! in Japan, SKY Italia in Italy and Main Event in Australia, among many others.

Pay-per-view net revenues were $78.3 million, $70.2 million and $80.0 million, representing 16%, 15% and 17% of total net revenues in 2011, 2010 and 2009, respectively.

Television Rights Fees

Relying on our in-house production capabilities at our technologically advanced, high definition, production facility, we produce six hours of original weekly programming, 52 weeks per year. This programming is distributed domestically, internationally and via WWE.com. Our domestic programs are: Monday Night Raw on USA Network and replayed on mun2 and Universal HD; and Friday Night SmackDown on Syfy and replayed on mun2. WWE NXT and WWE Superstars are available on WWE.com and distributed to more than 60 countries internationally. WWE s TV programs reach approximately 12 million viewers in the United States during the average week. USA Network and the Syfy Channel are owned by NBC Universal.

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Monday Night RAW is a two-hour primetime program that is broadcast live on USA Network. It is among the most watched regularly scheduled programs on primetime cable television and anchors USA, helping make it a top-rated network. As part of the agreement with USA Network s parent company, NBC Universal, Monday Night Raw also airs in replays on mun2 and Universal HD.

The two-hour Friday Night SmackDown airs on Syfy in primetime on Fridays. Friday Night SmackDown is on average Syfy s most-watched program each week. Friday Night SmackDown has become the second longest running weekly episodic program in primetime TV history, only behind Monday Night Raw. As part of the agreement with USA Network s parent company, NBC Universal, Friday Night SmackDown also airs in replays on mun2.

WWE NXT and WWE Superstars transitioned to WWE.com domestically in October 2010 and April 2011, respectively.

Each year, more than 7,500 hours of WWE s television programming can be seen in more than 145 countries and 30 languages around the world. Our broadcast partners include: BSkyB in the UK; Ten Sports in India, and J SPORTS in Japan, among many others.

Television rights fee net revenues were $131.5 million, $127.0 million and $111.9 million, representing 27%, 27% and 24% of total net revenues in 2011, 2010 and 2009, respectively.

WWE Classics On Demand

WWE Classics On Demand is a Subscription Video On Demand (SVOD) service that offers highly-rated and best-selling classic television shows, pay-per-view events, specials and original programming for a monthly subscription fee. Most of this material is drawn from WWE's 100,000 hour video library and includes other leading wrestling brands. WWE owns and controls the content from the vast libraries of such promotions as WCW, ECW and AWA. WWE Classics on Demand subscribers have access to approximately 50 hours of content each month.

WWE Classics On Demand is currently distributed with 18 of the top 20 cable operators in the United States, making WWE Classics on Demand available to approximately 80 percent of video-on-demand enabled subscribers. Major North American distributors currently include: Comcast Communications, Cox Communications, Charter Communications, Cablevision, Mediacom, and Verizon Communications, among others.

WWE Classics On Demand net revenues were $4.6 million in 2011, $4.6 million in 2010 and $5.4 million in 2009, representing 1% of total net revenues in each period.

Television Advertising

We provide sponsorships in the US domestic market and Canada to meet the needs of our advertisers. Through these sponsorships, we offer advertisers a full range of our promotional vehicles, including internet and print advertising, arena signage, on-air announcements and pay-per-view sponsorship. Starting in January 2011, we no longer sell advertising on our Canadian television programs.

Television advertising and sponsorship net revenues were $1.1 million, $5.9 million and $7.7 million, in 2011, 2010 and 2009, respectively.

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Consumer Products

(represents 20%, 20% and 21% of our net revenues in 2011, 2010 and 2009, respectively)

Licensing

We have established a worldwide licensing program using our marks and logos, copyrighted works and characters on a large variety of retail products, including toys, video games, apparel and books. Currently, we have relationships with more than 200 licensees worldwide that provide products for sale at major retailers. To maintain the distinctive style and quality of our intellectual property and brand, we retain creative approval over the design, packaging, advertising and promotional materials associated with these products.

Videogames and toys are the largest components of our licensing program. We are under a multi-year video game license with THQ Inc. and a comprehensive, multi-year licensing agreement with Mattel, Inc. as our master toy licensee, covering all global territories.

We have publishing licensing agreements with Simon & Schuster, Dorling Kindersley, Penguin Books, Pedigree, and Titan, which allow us to publish original content in a variety of genres and formats, including fiction, histories, how-to, comics, and biographies and autobiographies. During 2011, we published twelve new books, including a novelization of *The Reunion* movie, a digital-only book on the Hall of Fame induction of Shawn Michaels, and several childrens books.

Music is an integral part of the entertainment experience surrounding WWE s live events, television programs and pay-per-views. We compose and record most of our music, including our Superstar entrance themes, in our recording studio. In addition to our own composed music, we license music performed by popular artists. Music links the WWE brand to all media platforms including television, film, radio, video games, live events and other emerging digital technologies.

WWE programming and WWE.com have music woven in from up-and-coming artists, thus maintaining our commitment to developing artists and providing a platform for awareness to an audience to which they might not be exposed through traditional record company marketing.

Licensing net revenues, including music, were $54.4 million, $51.7 million and $44.7 million, representing 11%, 11% and 9% of total net revenues in 2011, 2010 and 2009, respectively.

Home Video

In 2011, we released 28 new home video productions and shipped approximately 3.3 million DVD and Blu-ray units, including catalog titles released in prior years. Vivendi Entertainment is our domestic home video distributor. Outside the United States, third-party licensees distribute our home video productions.

Home video net revenues were $30.4 million, $32.1 million and $39.4 million, representing 6%, 7% and 8% of total net revenues in 2011, 2010 and 2009, respectively.

Magazine Publishing

The magazine division of WWE publishes *WWE Magazine, WWE Kids* magazine and several special magazines.

The flagship title, *WWE Magazine,* is a global men s lifestyle publication with licensed editions in the UK, Mexico, Greece and Turkey among others. Every issue is filled with features, photos, exclusive interviews and access that fans will not see on television. In the US, *WWE Magazine* reaches more than 5.1 million readers every month.

Our *WWE Kids* magazine was launched in April 2008 and published ten issues in 2011. *WWE Kids* also has licensed editions in the UK, Mexico, Greece and Turkey.

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Magazine publishing net revenues were $7.7 million, $11.0 million and $13.5 million, representing 2%, 2% and 3% of total net revenues in 2011, 2010 and 2009, respectively.

Digital Media

(represents 6%, 6% and 7% of our net revenues in 2011, 2010 and 2009, respectively)

WWE.com

WWE utilizes the Internet to promote our brands, create a community experience among our fans, market and distribute our online and mobile products and sell online advertising. Our primary website, WWE.com, attracted an average of 12.7 million monthly unique visitors worldwide during 2011. These visitors viewed an average of more than 286 million pages and approximately 24.7 million video streams per month. WWE wallpapers, ringtones, voicetones and videos are available through our mobile partnerships.

WWE currently has location based websites spanning 13 countries worldwide where fans can experience WWE in their own language with a concentration on events and shows in their region. Some of the worldwide countries include China, France, Germany, India, Japan, Poland, Portugal, Spain and Russia. Local sales agencies are selling ad inventory on WWE.com in over 9 countries.

WWE currently streams its video content on Hulu.com, YouTube.com, TV.com, and other select video portals. The wide range of content includes full length episodes of Friday Night SmackDown , WWE NXT and WWE Superstars . WWE also offers short-form clips of Monday Night RAW , Friday Night SmackDown , WWE NXT and classic content.

WWE.com net revenues were $12.5 million, $14.9 million and $16.8 million, representing 3%, 3% and 4% of total net revenues in 2011, 2010 and 2009, respectively.

WWEShop

WWEShop is our e-commerce storefront. WWEShop processed over 330,000 orders during 2011 as compared to 290,000 in 2010.

WWEShop net revenues were $15.6 million, $14.0 million and $16.0 million, representing 3% of total net revenues in 2011, 2010 and 2009.

WWE Studios

(represents 4%, 4% and 2% of our net revenues in 2011, 2010 and 2009, respectively)

Established in 2002 and re-branded in 2008, WWE Studios creates a diversified mix of filmed entertainment for the WWE fan base, as well as broader audiences, by means of strategic production, distribution and acquisition partnerships. WWE movies frequently cast well-known actors and actresses in lead roles supported by WWE Superstars, such as John Cena and Triple H.

WWE Studios has released four feature films: *See No Evil*, *The Marine*, *The Condemned*, and *12 Rounds* and two direct-to-DVD films, *Behind Enemy Lines: Columbia* and *The Marine 2*, by utilizing third-party distribution partners (Licensed films). Beginning in 2010, WWE Studios started self-distributing its films, with the releases of *Legendary* and *Knucklehead*. During 2011, WWE Studios released four films under this self-distribution model; *The Chaperone*, *That s What I Am*, *Inside Out* and *The Reunion*.

WWE Studios recently co-produced *No One Lives* with Pathe Pictures, starring Luke Evans and WWE Superstar Brodus Clay, and acquired the 2011 Toronto International Film Festival cult hit *The Day* starring Shawn Ashmore and Dominic Monaghan. These film projects, as well as two previously completed film projects under our self-distribution model, will be released over the next twelve to eighteen months.

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With its strong WWE fan base and its content creation and distribution partners, WWE Studios continues to build its brand recognition and increase its reach on all platforms. WWE Studios movies can be seen in theatres, and are available for purchase or rental through major retail and distribution channels including Walmart, Netflix and DirecTV.

WWE Studios net revenues were $20.9 million, $19.6 million and $7.7 million, representing 4%, 4% and 2% of total net revenues in 2011, 2010 and 2009, respectively.

We have substantial capitalized film costs. The accounting for our film business in accordance with generally accepted accounting principles entails significant judgment used to develop estimates of expected future revenues from films. If expected revenue for one or more of our films does not materialize because audience demand does not meet expectations, our estimated revenues may not be sufficient to recoup our investment in the film. If actual revenues are lower than our estimated revenues or if costs are higher than expected, or if other conditions indicate our film assets may not be recoverable, we calculate the estimated fair value of the film. If the unamortized cost of the film is greater than the estimated fair value, we are required to record an impairment charge and write down the capitalized costs of the film to the estimated fair value. During the year ended December 31, 2011 we recorded $23.4 million of impairment charges associated with our film business. See Note 7 to the Consolidated Financial Statements included in this report for further discussion.

International

Revenues generated outside of North America were $133.4 million for 2011, $135.3 million for 2010 and $127.1 million for 2009. Revenues generated from international sources accounted for 28% of total revenues generated in 2011, 28% in 2010 and 27% in 2009. Revenues generated in the United Kingdom, our largest international market, were $33.2 million, $33.9 million and $36.5 million for 2011, 2010 and 2009, respectively. The Company had approximately $0.2 million in property and equipment located outside the United States as of December 31, 2011.

See Note 17 to the Consolidated Financial Statements included in this report for additional information by segment and by geographic area.

Creative Development and Production

Headed by our Chairman and Chief Executive Officer, 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 ring and unfold on our weekly television shows, and culminate in our monthly pay-per-view events. We voluntarily designate the suitability of each of our television shows using standard industry ratings, and all of our programming carries a PG rating.

Our success is due primarily to the continuing popularity of our Superstars and Divas. We currently have approximately 140 Superstars and Divas under exclusive contracts, ranging from multi-year guaranteed contracts with established Superstars to developmental contracts with our Superstars in training. Our Superstars and Divas are highly trained and motivated independent contractors, whose compensation is tied to the revenue that they help generate. We own the rights to substantially all of our characters and exclusively license the rights we do not own through agreements with our Superstars and Divas. We continually seek to identify, recruit and develop additional talent for our business.

Competition

While we believe that we have a loyal fan base, the entertainment industry is highly competitive and subject to fluctuations in popularity, which are not easy to predict. For our live, television, pay-per-view and movie audiences, we face competition from professional and college sports as well as from other forms of live, filmed and televised entertainment and other leisure activities. We compete with entertainment companies, professional and college sports leagues and other makers of branded apparel and merchandise for the sale of our branded merchandise. As we continue to expand into the highly competitive digital media market we face increased competition from websites offering paid and free web-based and wireless content. Many companies with whom we compete have greater financial resources than we do.

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Trademarks and Copyrights

Intellectual property is material to all aspects of our operations, and we expend substantial cost and effort in an attempt to maintain and protect our intellectual property and to maintain compliance vis-à-vis other parties intellectual property. We have a large portfolio of registered and unregistered trademarks and service marks worldwide and maintain a large catalog of copyrighted works, including copyrights in our television programming, music, photographs, books, magazines and apparel art. A principal focus of our efforts is to protect the intellectual property relating to our originally created characters portrayed by our performers, which encompasses images, likenesses, names and other identifying indicia of these characters. We also own a large number of internet website domain names and operate a network of developed, content-based sites, which facilitate and contribute to the exploitation of our intellectual property worldwide.

We vigorously seek to enforce our intellectual property rights by, among other things, searching the internet to ascertain unauthorized use of our intellectual property, seizing goods that feature unauthorized use of our intellectual property and seeking restraining orders and/or damages in court against individuals or entities infringing our intellectual property rights. Our failure to curtail piracy, infringement or other unauthorized use of our intellectual property rights effectively, or our infringement of others intellectual property rights, could adversely affect our operating results.

Financial Information about Segments

See Note 17 to Notes to Consolidated Financial Statements, which is included elsewhere in this Form 10-K, for financial information about each of our segments.

Employees

As of February 2012, we had approximately 660 employees. This headcount excludes our Superstars, who are independent contractors. Our in-house production staff is supplemented with contract personnel for our television production. We believe that our relationships with our employees are good. None of our employees are represented by a union.

Regulation

Live Events

In various states in the United States and some foreign jurisdictions, athletic commissions and other applicable regulatory agencies require us to obtain licenses for promoters, medical clearances and/or other permits or licenses for performers and/or permits for events in order for us to promote and conduct our live events. If we fail to comply with the regulations of a particular jurisdiction, we may be prohibited from promoting and conducting our live events in that jurisdiction. The inability to present our live events over an extended period of time or in a number of jurisdictions could lead to a decline in the various revenue streams generated from our live events, which could adversely affect our operating results.

Television Programming

The production of television programming by independent producers is not directly regulated by the federal or state governments, but the marketplace for television programming in the United States and internationally is substantially affected by government regulations applicable to, as well as social and political influences on, television stations, television networks and cable and satellite television systems and channels. We voluntarily designate the suitability of each of our television shows using standard industry ratings, and all of our programming carries a PG rating. Changes in governmental policy and private-sector perceptions could further restrict our program content and adversely affect our levels of viewership and operating results.

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Available Information

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports, are available free of charge on our website at http://corporate.wwe.com as soon as reasonably practicable after such reports are filed with or furnished to the Securities and Exchange Commission (SEC). Our reports are also available free of charge on the SEC s website, http://www.sec.gov. The public may read and copy any materials filed by the Company with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. None of the information on any of our websites is part of this Annual Report on Form 10-K. Our Corporate Governance Guidelines, Code of Business Conduct and charters of our Audit, Compensation and our Governance and Nominating Committees are also available on our website. A copy of any of these documents will be mailed to any stockholder without charge upon request to us at 1241 East Main Street, Stamford, CT 06902, Attn: Investor Relations Department.

Item 1A. Risk Factors

There are inherent risks and uncertainties associated with our business that could adversely affect our operating performance and financial condition. Set forth below are descriptions of those risks and uncertainties that we currently believe to be material, but the risks and uncertainties described below are not the only risks and uncertainties that could affect our business. See the discussion under Cautionary Statement for Purposes of the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995 in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, in this Annual Report on Form 10-K.

The Company has announced that it anticipates increasing content production for distribution on various platforms, including the potential creation of a WWE network, and these efforts could have a material adverse affect on our operating results.

The increase in content production requires significant capital and operating expenses to develop sufficient infrastructure and programming. The failure to enter into distribution agreements for this content with revenues sufficient to cover costs could have a material adverse effect on our operating results.

Our failure to maintain or renew key agreements could adversely affect our ability to distribute television and pay-per-view programming which could adversely affect our operating results.

Our television programming is distributed by broadcast and cable networks, and our pay-per-view programming is distributed by pay-per-view providers. Because our revenues are generated, directly and indirectly, from this distribution of our programming, any failure maintain or renew arrangements with distributors, the failure of distributors to continue to provide services to us or the failure to enter into new distribution opportunities could adversely affect our operating results. We regularly engage in negotiations relating to substantial agreements covering the distribution of our television programming by carriers located in the United States and abroad. Over the past several years we have expanded our relationship with NBC Universal and they currently distribute a majority of our domestic television programming.

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 and could adversely affect our operating results.

The creation, marketing and distribution of our live and televised entertainment, including our pay-per-view events, as well as additional derivative programming, is at the core of our business. The production of compelling live and televised content is critical to our ability to generate revenues across our media platforms and product outlets. Our failure to continue to create popular live events and televised programming would likely lead to a decline in our television ratings and attendance at our live events, which would adversely affect our operating results.

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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, which could adversely affect our operating results.

Our success depends, in large part, upon our ability to recruit, train and retain athletic performers who have the physical presence, acting ability and charisma to portray characters in our live events and televised programming. We cannot guarantee that we will be able to continue to identify, train and retain these performers in the future. Additionally, we cannot guarantee that we will be able to retain our current performers during the terms of their contracts or when their contracts expire. Our failure to attract and retain key performers or a serious or untimely injury to, or the death of, or unexpected or premature loss or retirement for any reason of, any of our key performers could lead to a decline in the appeal of our storylines and the popularity of our brand of entertainment, which could adversely affect our operating results.

The unexpected loss of the services of Vincent K. McMahon could adversely affect our ability to create popular characters and creative storylines or could otherwise adversely affect our operating results.

In addition to serving as Chairman of our Board of Directors and Chief Executive Officer, Mr. McMahon leads the creative team that develops the storylines and the characters for our televised programming and live events. Mr. McMahon, from time to time, has also been an important member of our cast of performers. The loss of Mr. McMahon due to unexpected retirement, disability, death or other unexpected termination for any reason could have a material adverse effect on our ability to create popular characters and creative storylines or could otherwise adversely affect our operating results.

A decline in general economic conditions or disruption of financial markets may, among other things, reduce the discretionary income of consumers or erode advertising markets, which could adversely affect our business.

Our operations are affected by general economic conditions, which affect consumers disposable income. The demand for entertainment and leisure activities tends to be highly sensitive to the level of consumers disposable income. Declines in general economic conditions could reduce the level of discretionary income that our fans and potential fans have to spend on our live and televised entertainment and consumer products, which could adversely affect our revenues. Volatility and disruption of financial markets could limit our clients , licensees and distributors ability to obtain adequate financing to maintain operations and result in a decrease in sales volume that could have a negative impact on our business, financial condition and results of operations. Our television partners derive revenues from the sale of advertising. We also sell advertising directly on our website and in our magazines and, depending upon the distribution methods used to monetize additional content; we may have additional advertising to sell. Softness in the advertising markets, due to a weak economic environment or otherwise, could adversely affect our revenues or the financial viability of our distributors.

Our accounts receivable represent a significant portion of our current assets and relate principally to a limited number of distributors and licensees, increasing our exposure to bad debts and could potentially have a material adverse affect on our results of operations.

A substantial portion of our accounts receivable are from distributors of our pay-per-view, television, home video and magazine products and licensees who produce consumer products containing our intellectual trademarks. The concentration of our accounts receivable across a limited number of distributors subjects us to individual credit risk with respect to such parties. Additionally, adverse changes in general economic conditions and/or contraction in global credit markets could precipitate liquidity problems among our debtors, including our key distributors and/or licensees. This could increase our exposure to losses from bad debts and have a material adverse effect on our business, financial condition and results of operations.

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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.

Our operations are affected by consumer tastes and entertainment trends, which are unpredictable and subject to change and may be affected by changes in the social and political climate. Our programming is created to evoke a passionate response from our fans. Changes in our fans tastes or a material change in the perceptions of our business partners, including our distributors and licensees, whether as a result of the social and political climate or otherwise, could adversely affect our operating results.

Changes in the regulatory atmosphere and related private sector initiatives could adversely affect our business.

While the production of television programming by independent producers is not directly regulated by the federal or state governments in the United States, the marketplace for television programming in the United States is affected significantly by government regulations applicable to, as well as social and political influences on, television stations, television networks and cable and satellite television systems and channels. We voluntarily designate the suitability of each of our television shows using standard industry ratings, and all of our programming currently has a PG rating. Domestic and foreign governmental and private-sector initiatives relating to the content of media programming are announced from time to time. Any failure by us to meet these governmental policies and private-sector expectations could restrict our program content and adversely affect our levels of viewership and operating results.

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, which could adversely affect our operating results.

For our live, television and pay-per-view audiences, we face competition from professional and college sports, as well as from other forms of live and televised entertainment and other leisure activities in a rapidly changing and increasingly fragmented marketplace. The manner in which audio/video content is distributed and viewed is constantly changing. While we attempt to distribute our content across all platforms, our failure to continue to do so effectively (including, for example only, our emphasizing a distribution platform that in time lessens in importance or becomes obsolete or our loss of, or other inability to procure, carriage on an important platform) could adversely affect our operating results. For the sale of our consumer products, we compete with entertainment companies, professional and college sports leagues and other makers of branded apparel and merchandise. Many of the companies with whom we compete have greater financial resources than we do.

Our failure to compete effectively could result in a significant loss of viewers, venues, distribution channels or performers and fewer entertainment and advertising dollars spent on our form of sports entertainment, any of which could adversely affect our operating results.

We face uncertainties associated with international markets, which could adversely affect our operating results and impair our business strategy.

Our production of live events overseas subjects us to the risks involved in foreign travel and local regulations, including regulations requiring us to obtain visas for our performers. In addition, these live events and the licensing of our television and consumer products in international markets expose us to some degree of currency risk. International operations may be subject to political instability inherent in varying degrees in those markets. These risks could adversely affect our operating results and impair our ability to pursue our business strategy as it relates to international markets.

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We may be prohibited from promoting and conducting our live events if we do not comply with applicable regulations, which could lead to a decline in the various revenue streams generated from our live events, which could adversely affect our operating results.

In the United States and some foreign jurisdictions, athletic commissions and other applicable regulatory agencies require us to obtain licenses for promoters, medical clearances and/or other permits or licenses for performers and/or permits for events in order for us to promote and conduct our live events. In the event that we fail to comply with the regulations of a particular jurisdiction, we may be prohibited from promoting and conducting our live events in that jurisdiction. The inability to present our live events over an extended period of time or in a number of jurisdictions could lead to a decline in the various revenue streams generated from our live events, which could adversely affect our operating results.

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.

Our inability to protect our large portfolio of trademarks, service marks, copyrighted material and characters, trade names and other intellectual property rights from piracy, counterfeiting or other unauthorized use could negatively affect our business. Intellectual property is material to all aspects of our operations, and we expend substantial cost and effort in an attempt to maintain and protect our intellectual property and to maintain compliance vis-à-vis other parties intellectual property. We have a large portfolio of registered and unregistered trademarks and service marks worldwide and maintain a large catalog of copyrighted works, including copyrights to our television programming, music, photographs, books, magazines and apparel art. A principal focus of our efforts is to protect the intellectual property relating to our originally created characters portrayed by our performers, which encompasses images, likenesses, names and other identifying indicia of these characters. We also own a large number of Internet website domain names and operate a network of developed, content-based sites, which facilitate and contribute to the exploitation of our intellectual property worldwide.

Our failure to curtail piracy, infringement or other unauthorized use of our intellectual property rights effectively, or our infringement of others intellectual property rights, could adversely affect our operating results.

We could incur substantial liabilities if pending litigation is resolved unfavorably.

We are currently a party to civil litigation, which, if concluded adversely to our interests, could adversely affect our operating results. In the ordinary course of business we become subject to various complaints and litigation matters. The outcome of litigation is inherently difficult to assess and quantify, and the defense against such claims or actions can be costly. Any adverse judgment significantly in excess of our insurance coverage could adversely affect our financial condition or results of operations.

We could incur substantial liability in the event of accidents or injuries occurring during our physically demanding events.

We hold numerous live events each year. This schedule exposes our performers and our employees who are involved in the production of those events to the risk of travel and performance-related accidents, the consequences of which may not be fully covered by insurance. The physical nature of our events exposes our performers to the risk of serious injury or death. Although our performers, as independent contractors, are responsible for maintaining their own health, disability and life insurance, we self-insure medical costs for our performers for injuries that they incur while performing. We also self-insure a substantial portion of any other liability that we could incur relating to such injuries. Liability to us resulting from any death or serious injury sustained by one of our performers while performing, to the extent not covered by our insurance, could adversely affect our business, financial condition and operating results.

Our live events entail other risks inherent in public live events, which could lead to disruptions to our business as well as liability to other parties, any of which could adversely affect our financial condition or results of operations.

We hold numerous live events each year, both domestically and internationally. Certain risks are inherent in large events of this type as well as the travel to and from them. Although we believe we take appropriate safety and financial precautions in connection with our events, possible difficulties could occur including air and land travel interruption or accidents, the spread of illness, injuries resulting from building problems or other equipment malfunction, violence, local labor strikes and other force majeure type events. These issues could result in cancelled events and other disruptions to our business as well as liability to other parties, any of which could adversely affect our financial condition or results in operation.

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We continue to face certain risks relating to our feature film business, which could result in higher production costs and asset impairment charges, which could adversely affect our financial condition or our results of operations.

We have substantial capitalized film costs. The accounting for our film business in accordance with generally accepted accounting principles entails significant judgment used to develop estimates of expected future revenues from films. If expected revenue for one or more of our films does not materialize because audience demand does not meet expectations, our estimated revenues may not be sufficient to recoup our investment in the film. If actual revenues are lower than our estimated revenues or if costs are higher than expected, we may be required to record an impairment charge and write down the capitalized costs of the film. We recorded impairment charges of $23.4 million during 2011 related to our film production assets. See Note 7 to Notes to Consolidated Financial Statements included elsewhere in this Form 10-K for further discussion. No assurance can be given that we will not record additional impairment charges in future periods. In addition capitalized film costs are reflected net of certain production tax incentives granted by various governmental authorities. Our ability to realize these credits may be limited by changes in the legislation governing the incentives and/or the economic environment. The inability to realize these credits would have the effect of increasing our overall production costs.

We could face a variety of risks if we expand into new and complementary businesses.

We have entered into new or complementary businesses in the past and may do so again in the future, including the potential creation of a WWE Network. Risks of expansion may include, among other risks: potential diversion of management s attention and other resources, including available cash, from our existing businesses; unanticipated liabilities or contingencies; reduced earnings due to increased amortization, impairment charges and other costs; competition from other companies with more experience in such businesses; and possible additional regulatory requirements and compliance costs.

We face various risks relating to our computer systems and online operations, which could have a negative impact on our financial condition or our results of operations.

The Company faces the risk of a security breach or disruption, whether through external cyber intrusion or from persons with access to systems inside our organization. Although the Company makes significant efforts to maintain the security of its computer systems, and it has implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that these security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging or that the Company would be promptly aware of them. The Company receives certain personal information through web services which information is subject to the Company s privacy policies. This personal information includes credit card information in certain instances, most notably WWEShop, the Company s internet retail operations. The Company expends significant effort to ensure compliance with its privacy policy and to ensure that its strategic partners safeguard credit card information. The Company requires that its vendors remain compliant with applicable PCI Data Security Standards. However, a significant security breach or other disruption involving the Company s computer systems could: disrupt the proper functioning of these systems and therefore its operations; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information; require significant management attention and resources to remedy the damages that could result; subject the Company to litigation; or damage its reputation, any or all of which could have a negative impact on its financial condition or results of operations.

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

We have Class A common stock and Class B common stock. 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.

A substantial majority of the issued and outstanding shares of Class B common stock is owned beneficially by Vincent K. McMahon. Mr. McMahon controls approximately 81% of the voting power of the issued and outstanding shares of our common stock. Through his beneficial ownership of a substantial majority of our Class B common stock, Mr. McMahon effectively can exercise control over our affairs, and his interest could conflict with the holders of our Class A common stock. In addition, the voting power of Mr. McMahon through his ownership of our Class B common stock could discourage others from initiating potential mergers, takeovers or other change of control transactions. As a result, the market price of our Class A common stock could decline.

To the extent the Company s dividend distributions represent a return of capital for tax purposes; shareholders will recognize an increased capital gain upon a subsequent sale of the Company s Common Stock.

The Company s aggregate dividend distributions paid in 2011 were in excess of its current and accumulated earnings and profits for that year calculated under applicable Internal Revenue Code (IRC) provisions. Under the IRC, distributions in excess of both the Company s current earnings and profits and the Company s accumulated earnings and profits constitute a return of capital and reduce the stockholder s adjusted tax basis in its Common Stock. If a stockholder s adjusted basis in its Common Stock is reduced to zero, these excess distributions thereafter constitute a capital gain to the stockholder.

Our dividend is significant and is affected by a number of factors.

Our Board of Directors regularly evaluates the Company s Common Stock dividend policy and determines the dividend rate each quarter. The level of dividends will continue to be influenced by many factors, including, among other things, our liquidity and historical and projected cash flow, our strategic plan (including alternative uses of capital), our financial results and condition, contractual and legal restrictions on the payment of dividends (including under our revolving credit facility), general economic and competitive conditions and such other factors as our Board of Directors may consider relevant from time to time. We cannot assure our stockholders that dividends will be paid in the future, or that, if paid, dividends will be at the same amount or with the same frequency as in the past. Any reduction in our dividend payments could have a negative effect on our stock price.

A substantial number of shares are eligible for sale by Mr. McMahon and members of his family or trusts established for their benefit, and the sale of those shares could lower our stock price.

All of the issued and outstanding shares of Class B common stock are held by Vincent McMahon and other members of the McMahon family and trusts set up for these family members. Sales of substantial amounts of these shares, or the perception that such sales could occur, may lower the prevailing market price of our Class A common stock. If any sales or transfers of Class B common stock were to occur to persons outside of the McMahon family, the shares would automatically convert into Class A common stock.

Our Class A common stock has a relatively small public float.

Historically, as a result of our relatively small public float, our Class A common stock has been less liquid than the common stock of companies with broader public ownership, and the trading prices for our Class A common stock have been more volatile than generally may be the case for more widely-held common stock. Among other things, trading of a relatively small volume of our Class A common stock may have a greater impact on the trading price of our Class A common stock than would be the case if our public float were larger.

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Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We have executive offices, television and music recording studios, post-production operations and warehouses at locations in or near Stamford, Connecticut. We also have sales offices in New York and Los Angeles, and have regional international offices in London, Tokyo, Shanghai and Mumbai. We own two of the buildings in which our executive and administrative offices, our television and music recording studios and our production operations are located. We lease space for our sales offices, WWE Studios office and other facilities.

In order to allow for future growth, during 2011, we began expanding our content production facilities. We leased additional space in Norwalk and Stamford, Connecticut and commenced construction on owned facilities to accommodate the expansion.

Our principal properties consist of the following:

Facility	Location	Square Feet	Owned/Leased	Expiration Date of Lease
Corporate offices	Stamford, CT	114,300	Owned	
Warehouse space	Norwalk, CT	66,000	Leased	November 2016
Corporate offices and production facilities	Stamford, CT	37,000	Leased	Various through January 2015
Production facility	Stamford, CT	39,000	Owned	
Studio space	Stamford, CT	8,000	Leased	Various through November 2015
WWE Studios office	Los Angeles, CA	11,000	Leased	April 2020
Sales offices	Various	11,000	Leased	Various through October 2015
Warehouse space	Stamford, CT	5,600	Leased	May, 2012

All of the facilities listed above are utilized in our Live and Televised Entertainment, Consumer Products and Digital Media segments, with the exception of the WWE Studios office in Los Angeles, which focuses on our WWE Studios segment.

Item 3. Legal Proceedings

World Wide Fund for Nature

In April 2000, the World Wide Fund for Nature and its American affiliate, the World Wildlife Fund (collectively, the Fund) instituted legal proceedings against us in the English High Court seeking injunctive relief and unspecified damages for alleged breaches of a 1994 agreement between the Fund and us regarding the use of the initials wwf . In August 2001, a High Court judge granted the Fund's motion for summary judgment, holding that we breached the agreement by using the initials wwf in connection with certain of our website addresses and our former scratch logo. The English Court of Appeal subsequently upheld that ruling. As a result we are subject to an injunction barring us, either directly or indirectly, from most uses of the initials wwf.

As part of its original complaint, the Fund included a damages claim. On October 29, 2004, the Fund filed a claim for, among other things, substantial monetary claims in an amount calculated as a royalty based on certain percentages of our profits over the period January 1997 through November 2002. The English courts have denied the Fund s claim for profit-based damages. We strongly believe that the Fund has not suffered any loss or damage, and would vigorously defend against any other type of damage claim if the Fund attempted, after so many years, to amend its complaint to assert one. Based upon the decisions of the English courts, we do not believe this matter will have a material adverse effect on our financial condition, results of operations or liquidity.

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IPO Class Action

In December 2001, a purported class action complaint was filed against us and certain of our officers in the United States District Court for the Southern District of New York alleging violations of federal securities laws relating to our initial public offering in 1999. According to the claims, the underwriters, who were also named as defendants, allegedly engaged in manipulative practices by, among other things, pre-selling allotments of shares of our stock in return for undisclosed, excessive commissions from the purchasers and/or entering into after-market tie-in arrangements to artificially inflate the Company s stock price. The complaint further alleges that we knew or should have known of such unlawful practices. In or around March 2009, the parties agreed to a global settlement of the litigation in its entirety. On April 2, 2009, the plaintiffs filed a motion for preliminary approval of settlement, which was granted by the court by order dated June 10, 2009. On October 6, 2009, the court granted final approval of the settlement agreement, to which the Company is a party, and various objectors filed notices to appeal this decision. The appeals were resolved during 2011, and the settlement is complete, with no liability on the part of the Company.

Other Matters

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, the outcome of which is not expected to have a material adverse effect on our financial condition, results of operations or liquidity. We may from time to time become a party to other legal proceedings.

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A common stock trades on the New York Stock Exchange under the symbol WWE.

The following table sets forth the high and the low sale prices for the shares of Class A common stock as reported by the New York Stock Exchange and the dividends paid on shares of Class A and Class B common stock for the periods indicated.

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Fiscal Year 2011

	Quarter Ended				
	March 31	**June 30**	**September 30**	**December 31**	**Full Year**
Class A common stock price per share:					
High	$ 14.39	$ 12.93	$ 10.33	$ 10.80	$ 14.39
Low	$ 11.50	$ 8.88	$ 8.67	$ 8.70	$ 8.67
Class A dividends paid per share	$ 0.36	$ 0.12	$ 0.12	$ 0.12	$ 0.72
Class B dividends paid per share	$ 0.24	$ 0.12	$ 0.12	$ 0.12	