

# **EXHIBIT 25**



**World Wrestling Entertainment  
Inc. NYSE:WWE**

***Special Call***

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## Call Participants

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### EXECUTIVES

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*Chief Strategy and Financial Officer*

**Michael Weitz**

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*Co-Founder, Chairman, Chief Executive  
Officer and Chairman of Executive  
Committee*

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## Presentation

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### Operator

Hello. And welcome to the webcast entitled WWE Network Overview. We have just a few announcements before we begin. Please download the slides via the resources widget at the bottom of the screen. Also the bottom of your browser you'll find a help icon for technical assistance. Please note the slides will not advance during the presentation. You will see the cover page only. [Operator Instructions]

I will now turn the call over to Michael Weitz, SVP, Financial Planning and Investor Relations. Please go ahead, Michael.

### Michael Weitz

Thank you, and good morning, everyone. Welcome to today's conference call. Last week we made a historic announcement regarding the launch of WWE Network and we are delighted that we can follow that announcement by providing you with even more information and an overview of the Network opportunity.

Leading today's discussion are Vince McMahon, our Chairman and CEO; and George Barrios, our Chief Strategy and Financial Officer. We posted our presentation for today's call and a more detailed financial release on our website, corporate.wwe.com.

Today's discussion will include forward-looking statements. These forward-looking statements reflect our current views, are based on various assumptions and are subject to risks and uncertainties disclosed from time to time in our SEC filings. Actual results may differ materially and undue reliance should not be placed on them.

Additionally, the matters we will be discussing today may include non-GAAP financial measures. Reconciliation of non-GAAP to GAAP information is set forth in the notes to this presentation. Finally, as a reminder, today's conference call is being recorded.

At this time, it's my pleasure to turn the presentation over to Vince.

### Vincent K. McMahon

*Co-Founder, Chairman, Chief Executive Officer and Chairman of Executive Committee*

Good morning, everyone. First thing I'd like to do is thank everyone for bearing with us, all of our investors, through the years quite frankly, because it has taken years for us to come up with the right formula we have attempted to delve into around it's a linear Network and had great discussions and things of that nature with similar providers. Almost did that and said, "Wait a minute, that's not quite right, let's look at more of the premium model, because our audiences, in fact, have been accustomed to paying for premium content in terms of pay-per-view."

Then we finally came to the right model and through exhaustive research and everything else, we have come up with the right model, the right formula at the right time and hence the announcement, finally, the WWE Network is here.

The only other thing I'd like to make reference to, other than thanking all of you to hanging in there with us, I'd also like to state that I was quoted, I want to say it again, we're not advocates of anyone cutting the court and that's not what we want to do.

We're giving our audience an alternative and this is the best alternative for them in terms of the way the Network is set up, in terms of having a linear model as far as viewing 24x7 in addition to all these other shows and other ways in which you can use our Network. Our audience will be blown away with the way you can actually use our Network, with so many hours and what have you. We've talked about it for years now, the legacy material, so many things we can do live.

Notwithstanding pay-per-view, which of course is a -- from a financial standpoint, extremely attractive to our audience, when you add up all the cost of our pay-per-views on an annualized basis, over \$600, and we are looking at \$9.99 a month.

So there's great value and there's a different audience, not just this strict pay-per-view audience that we are attracting. Because at \$9.99, so many other people can afford this now, that could not afford it. It also allows us to bring back lapsed fans

who have enjoyed the Hulk Hogan era, Stone Cold era, yardy yardy. It can come back and participate as well. Hopefully, we will turn those individuals back into current fans.

The other aspect of this is, that this goes hand in hand -- everything we do is synergistic. It all is. And our Network will increase our television ratings for U.S.A. or hopefully, with U.S.A., or whomever it is we're with, which is, you know our rights fees are coming up. So it all fits together in a very, very nice pattern and what's good for WWE is good for everyone in the aggregate.

And with that in mind, I'll throw it over to George.

**George A. Barrios**

*Chief Strategy and Financial Officer*

Thanks, Vince. There are several key topics which we are excited to bring you today. These include management discussion of our WWE Network business plan, our strategy, expected financial performance, as well as key milestones that we will use to measure and monitor our success.

As a key element of the company's business plan, the launch of a global network represents the historic milestone in our efforts to transform our business and significantly raise our earnings profile by 2015.

As highlighted on Page 5 of the presentation, the significant economic potential of the WWE Network derives from the unprecedented value that it offers our fans and its availability on a global platform.

We believe the WWE Network is an innovative way to deliver an uncompromising viewing experience to our fans that builds upon the tremendous appeal of WWE's content.

The Network takes advantage of the sharp rise in its consumption of stream video programming, especially among WWE fans, as it will be delivered to subscribers through over-the-top digital distribution rather than be a traditional providers.

As such, we will become the first content producer to distribute a 24 hour live stream network exclusively on a digital OTC platform. Our fans will get a scheduled network and will also be able to view WWE content however, wherever and whenever they desire.

They will also benefit from never seen before footage and the tailored experience based on their viewing behavior. In addition, with the WWE Network app, subscribers will be able to access our content through a big screen TV, smartphones or tablets.

Ultimately, we believe the great experience fans enjoy with the WWE Network will reinforce their affinity for WWE content and products and drive consumption across other lines of business including live events, television viewership and digital products.

Over time, we expect to bring the same 360-degree monetization scheme that WWE has employed in its current business to the WWE Network. This may include additional consumer products revenue, integrated sponsorship and marketing among other opportunities. I'd like to discuss the underlying factors which support the launch of a premium OTT Network. The first factor which we believe works to our advantage is the growing online video space.

Turning to Page 7, here we see that the rapid growth of Internet connected TVs, media players, consoles and tablet use is driving the growth of online viewing. Although traditional TV accounts for the majority of video consumption today, online viewing already represents a material portion of viewing and is expected to overtake traditional TV in the next few years.

While OTT consumption is growing among all age groups, it's increasing at a much faster pace among younger demographics. As indicated on Page 8, 34% of millennials watch more online video than traditional TV. So while we see a tremendous opportunity today to capitalize on the robust state of online or stream video consumption today, we also foresee continued growth in such consumption over a longer time horizon.

In addition, we've seen a proliferation of OTT video services in response to this growing demand as shown on Page 9. Over the last few years, WWE has invested in the online video space, producing and distributing more video content through online channels and we believe now is the right time to launch our own platform.

A comparison of the WWE Network offering to existing OTT services currently in the market, such as Netflix or MLB.TV, is shown

on Page 10. As shown, the WWE Network offers a unique combination of features. These features include a 24/7 scheduled stream, live programming in the form of our pay-per-view events, other original programming only available on the Network and access to a deep video-on-demand library.

All of this will be offered as a subscription service for \$9.99 per month which is very competitive, compared to other services and is a great value for our fans. Looking at the numbers of current OTT service subscriptions and in particular Netflix, we believe that there is proven demand for premium over-the-top video services. Based on the growth shown on Page 11, Netflix has passed Comcast as the largest consumer entertainment subscription service.

Moreover, our internal research summarized on Page 12, suggest that of the 116 million television households in the U.S., 53% or 62 million have some affinity for WWE. Among these, 41 million homes have an active WWE fan, including passionate and casual viewers. And in addition, our research indicates that an additional 80% of TV households, or 21 million homes, include lapsed fans that we have the potential to reengage with our content.

The combined 62 million homes and their members with affinity for WWE, represents the broadest fan base that could subscribe to the WWE Network. Similar response rates can be applied to the 88 million broadband homes in the U.S., which result in 47 million WWE broadband homes.

In general, our fans are TV fans that have already embraced OTT, therefore spending more time viewing content online than non-fans. As shown on Page 13, passionate WWE fans were expected to be the Network's earliest adopters, spend the most amount of time consuming online video. As such, the Network is entirely mainstreamed for our fans and should involve only a small learning curve for them.

Overall, we believe the viewing habits of passion and casual WWE fans provide compelling support for launching an OTT Network. As discussed, we see 3 main drivers that support our belief that our fans are ready for a WWE OTT Network. First, the consumption of OTT video content is growing rapidly, gaining traction, especially over the last few years. Second, WWE has a very large active fan base and third, these fans are already digitally engaged.

I'd now like to walk you through the WWE Network offer and our value proposition in more detail. As mentioned earlier and summarized on Page 16, the WWE Network will have 2 main content offerings. First, a live scheduled stream with a 24/7 programming schedule including all 12 of our live pay-per-view events and second, an extensive video-on-demand offering drawn from WWE Library including acquired brands such as WCW.

Subscribers will be able to view every WWE pay-per-view, every WCW pay-per-view, Raw, SmackDown and ECW programs, wherever and whenever they choose. Both forms of programming will be accessible to all subscribers and will be delivered across the various devices where the WWE Network is available. The WWE Network will offer a unique mix of 24/7 scheduled content, exclusive new original series and an extensive library.

Page 17 takes a closer look at our programming mix. Our original programming will be anchored by our pay-per-view events. In addition, the Network will deliver new originals series such as the Monday Night War, which explores the shocking real-life stories that fueled the mid-90s rivalry between Vince McMahon's WWE and Ted Turner's WCW. And WrestleMania Rewind, an exciting review of the most groundbreaking matches and dramatic moments in WrestleMania history.

We believe that the transition of our pay-per-view events of the Network provides a strong incentive for current pay-per-view buyers and other fans to subscribe to the Network. Moreover, we believe that the broader set of original programming including our pay-per-view events represents a remarkable value proposition for our fans.

A distinct advantage of the Network is that we can use our existing flagship programs to build must watch programming nights. In addition, we can tap into a video library for VOD that will include over 1,500 hours at launch and that will grow over time. With our current pricing of \$9.99 per month with a 6-month commitment, we believe the WWE Network offers tremendous value.

As shown on Page 18, this is especially true for pay-per-view buyers who will be able to get access to all pay-per-views at more than 80% below the historic retail price. In addition, we believe there is upside to our current business model from non-pay-per-view buyers who desire more WWE content and perceive the significant value of the Network.

While pay-per-views alone make the Network a great value, our pay-per-view buyers and non-buyers agree that the key

elements of our programming are all very important to them. Based on our surveys, almost 80% of our fans are interested in the Network, reported a high interest in our pay-per-view events, current TV programmers -- programs, original new programs and library content.

Now, I would like to take a closer look at our distribution strategy as summarized on Page 20. Fans can subscribe to the WWE Network beginning at 9 a.m. Eastern Time on Monday, February 24 at [wwe.com](http://wwe.com), and for a limited time will be offered a free one-week trial. WWE Network, the first 24x7 Network delivered directly to fans through over-the-top digital distribution will be available on desktops and laptop via [wwe.com](http://wwe.com).

WWE Network will also be available through the WWE App on Amazon's Kindle Fire devices; Android devices such as Samsung Galaxy; iOS devices such as Apple iPad and iPhone; Roku streaming device; Sony PlayStation 3 and Sony PlayStation 4 and Xbox 360. Availability on additional devices, including Xbox One and select Smart TVs, will follow.

To deliver the best service possible to this array of platforms, we've entered into an agreement with Major League Baseball Advanced Media. MLBAM has a strong track record in managing the technical transmission and commercial processes around standalone OTT services.

As you know, MLBAM is a proven provider of OTT video services, not only for the highly successful MLB.tv service but for other media partners such as CBS Sports and ESPN3. MLBAM has powered more than 25,000 live events in 2013. Additionally, to provide our subscribers with best-in-class customer service, we've engaged Harte Hanks. Harte Hanks is one of the world's leading marketing service organizations supporting top brands and call centers across 18 countries and in more than 25 languages.

Now, I'd like to provide some perspective on the financial impact of the WWE Network and the enormous value that we believe the Network will create, not only for our fans but also for WWE and our shareholders.

Let's turn to Page 23 of the presentation. According to our projections, launch of a domestic WWE Network via over-the-top digital distribution has the potential to generate incremental OIBDA of \$50 million to \$150 million at steady state, net of the potential cannibalization of other WWE assets including pay-per-view.

Based on our extensive market research, including the evaluation of our fan based and projected Network take rates, we estimate that our fully distributed Network could ultimately attract between 2 million and 3 million subscribers at a steady state. Supporting this subscriber range, the take rates of 2% to 3% of U.S. broadband households or 4% to 6% of WWE broadband households are based on the value proposition for the Network as discussed earlier.

At a price point of \$9.99 per month, this would represent revenue to WWE of between \$225 million and \$350 million and incremental OIBDA between \$50 million and \$150 million at a steady state.

Similarly, the rollout of WWE Network in international markets, as shown on Page 24, also had significant earnings potential. We expect to launch WWE Network in the U.K., Canada, Australia, New Zealand, Singapore, Hong Kong and the Nordic countries by the end of 2014 or early 2015.

We estimate that our fully distributed Network in these Phase 1 countries could ultimately attract between 750,000 and 1.5 million subscribers in aggregate at a steady state. Supporting this subscriber range, the take rates of 1% and 3% broadband homes or 3% to 6% of WWE broadband homes in these Phase 1 countries are also based on the value proposition for the Network as discussed earlier and extensive consumer research.

At price points ranging up to USD 10 per month, this would represent revenue to WWE of between \$70 million and \$140 million and incremental OIBDA between \$25 million and \$85 million at steady state. The economic potential of the WWE Network in international markets could be larger with continued expansion beyond these Phase 1 countries.

In addition to launching WWE Network, we expect we will be able to negotiate our key domestic agreement, content agreement by the end of April 2014 as we've disclosed previously. Although these initiatives hold significant potential, our financial performance for 2014 could fall within a wide range of outcome depending on the rate of Network subscriber acquisition, the level of potential pay-per-view cannibalization and the outcome of our content negotiations.

This wide range of outcomes in 2014 includes potentially lower earnings in 2013. We expect to have better visibility on the



Network and our key content agreement by the time we announce our first quarter earnings. At that time, we expect to update you, our analyst and investors, on our guidance for 2014 and our progress towards doubling or tripling our 2012 OIBDA results of \$63 million by 2015.

As we manage the transition to such earnings growth, our plan indicates efficient financial capacity to fund our growth initiatives, support ongoing business requirements and maintain our current dividend. I'd like to close by outlining key milestones as we execute our plan and these are listed on Page 26.

In the first quarter 2014, we'll finalize our initial platform distribution agreement. We'll also put the finishing touches on the service itself to ensure we deploy effective content delivery mechanism at launch and the WWE Network will be launched on February 24, 2014.

During the second quarter, we'll focus on continuing to roll out our Network service on other platforms and devices and work at new content. By year end 2014, we expect to reach over 1 million subscribers. By that time, we'll already be looking to expand our offering of compelling original programming.

In the fourth quarter 2014 and early 2015, we expect to launch the WWE Network in the United Kingdom, Canada, Australia, New Zealand, Singapore, Hong Kong and the Nordic countries. As mentioned earlier, the launch of the Network is a key element of our business plan and marks a historic milestone in our effort to transform our earnings profile.

Management may change its expectations that the planned Network will contribute to potentially doubling or tripling the company's 2012 OIBDA results of \$63 million by 2015. In addition to delivering a significant contribution to WWE's economic returns, we're confident that the Network will further reinforce our global appeal, brand strength and direct relationship with our fans.

That concludes this portion of our call. And I will now turn it back to Michael.

**Michael Weitz** Thank you, George. John, we're ready now. Please open the lines for questions.



## Question and Answer

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### Operator

[Operator Instructions] Our first question comes from Daniel Moore from CJS Securities.

### Daniel Moore

*CJS Securities, Inc.*

You mentioned during the prepared remarks that you -- the launch of the Network you believe would increase viewership of the Raw and SmackDown of the traditional TV outlet for NBCU and Syfy, given the fact that you will be rebroadcasting some of those programming, just maybe elaborate on why the launch of the Network wouldn't be somewhat cannibalistic to your -- potentially cannibalistic to your current audience base for those key properties?

### Vincent K. McMahon

*Co-Founder, Chairman, Chief Executive Officer and Chairman of Executive Committee*

No, the idea is live and that's the value of our output deals. It's live live. So meaning that Raw is live and that's the huge value that NBCC or NBCU sees. And WWE, as well as other providers, they see the value of live. And so there's -- if you will note, there is no repeats of Monday night Raw in any form whatsoever on USA. The reason for that is, again it's the live value.

That means that much to them and by the way, this is not something that is just a WWE point of view. This is also a USA point of view, having discussions obviously with management. There, they too, the Network USA, they too believe this is going to increase television ratings.

When we take some of our legacy footage, we take some of the things that we're currently going to do, even some of the pay-per-view, you drop it back into a Monday night Raw, drop it back into SmackDown, not to the extent that you don't have to have the Network. But it samples, it shows the breadth and depth of our programming and what we can do. Reality shows, things of that nature are already in the can. So it will increase the overall awareness of WWE and exponentially, thus increasing the interest in overall televisions ratings. So again, it's not just a WWE view. This is a USA view as well.

### Daniel Moore

*CJS Securities, Inc.*

Very good. And along those lines, can you update us at all on the status or potential timing of the renegotiations of those contracts?

### George A. Barrios

*Chief Strategy and Financial Officer*

Dan, just like we mentioned before, we're in our exclusive window now and regardless of what the outcome is, we think we'll have something to announce by the end of April, early May.

### Daniel Moore

*CJS Securities, Inc.*

Can't blame me for trying. One more while I've got you. Maybe talk a little bit about the agreement with MLB, elaborate on what they bring to the table. Is it a revenue-sharing model or are they paid by subscriber? Just help me, help us understand the economics a little better.

### George A. Barrios

*Chief Strategy and Financial Officer*

Yes. I'm not going to get into the specific construct of the deal, but it's not any type of equity participation. They are providing a service for us.

**Daniel Moore**  
*CJS Securities, Inc.*

That's a fixed cost, potentially.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Say that again. I missed that, Daniel.

**Daniel Moore**  
*CJS Securities, Inc.*

It's not a first subscriber cost, it's a more...

**George A. Barrios**  
*Chief Strategy and Financial Officer*

I don't want to get into the specific mechanics, but there's not an equity like participation. Really is a service fee.

**Daniel Moore**  
*CJS Securities, Inc.*

Got it. Okay. I will jump back in queue.

**Operator**

Our next question comes from Robert Routh from National Alliance Capital Markets.

**Robert G. Routh**  
*National Alliance Capital Markets, Research Division*

Few quick questions. First, give me what you're doing in the uniqueness of your content compared to everything else that's out there. And you're renegotiating all these linear deals now because they're all coming up for renewal.

It would seem you have the leverage that you could possibly get the linear distributors to have the option of not only having the linear rights but also bundling it in some way with an Internet-based product. I was wondering if you would consider that where, they would pay one rate to you guys for the linear but if they wanted to bundle it and sell to the distributors, et cetera, with the Internet and the broadband, they could pay \$7.99 a month instead of \$9.99 but you would suddenly get 5 million subs instead of 0.5 million to 1 million. I was wondering, have you thought of any ways to market the service that way as you go in to your renegotiations with the Networks as far as distribution? Then I have a -- one follow-up.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Sure. Yes, we thought about a variety of different models, Rob, including kind of offshoots of the general model you are describing. We think this is the best way to go and frankly kind of continue something that we've been pretty good at for a long time, which is tiering our content.

So we're going to bring our core programming, like Vince mentioned, live-live, which has immense amount of value to Networks today and to our audience. And then we're going to tier and provide a second tier content for our more passionate fans through the WWE Network.

So it kind of continues the model that we've been pretty good at, but to answer your point directly. We've considered a lot of thing at discussions on a variety of models and we think the one we settled on is just about perfect for us.

**Robert G. Routh**

*National Alliance Capital Markets, Research Division*

Okay. Great and then similar type of questions is given how popular WWE content is, especially the live events and now you are growing internationally. Have you considered, now that you're launching this very soon, initially, possibly giving anyone who buys a ticket to a live event, a free 1 week or 2 week trial to this Network included with their ticket at no cost because that way I would think people going to live events and all they remember when they go home and login, as another way to kind of really promote and grow the subscriber base very quickly.

Have you considered kind of cross promoting that way or giving discounts on WWE merchandise bought through the site for people who are subscribers to the WWE Network, or is that not something you are considering?

**George A. Barrios**

*Chief Strategy and Financial Officer*

Well, we're not going to give away all our secrets today on the call but I think most people would say we're pretty creative marketers. So I think you're going to see a lot of cool offerings out in the marketplace. And starting with one week free, so we will launch with one week free which we think is a great way for someone who might be on the fence. Although frankly, I don't know why anybody would be on the fence. But if they are, they get one week free and then after that our marketing team has some cool things in store but we're not going to give it away on an earnings call or on a financial call.

**Vincent K. McMahon**

*Co-Founder, Chairman, Chief Executive Officer and Chairman of Executive Committee*

But the one week free would not be a week in which there is a pay-per-view, right?

**Robert G. Routh**

*National Alliance Capital Markets, Research Division*

Fair enough. And just one last question, given how popular your content is here and has been for decades, and now internationally continues to grow, where do you see in 5 or 10 years, as having the bigger opportunity, domestically or the international marketplace, given kind of the size that they are now and this obviously will allow people in any country anywhere to access all your content whether or not it's carried by their international cable company or what have you, because now they do it through the internet. I'm curious as to what you envision long term as a potential, domestically, internationally in your growth.

**George A. Barrios**

*Chief Strategy and Financial Officer*

Well, I -- none of us has a crystal ball but the U.S. is big, the rest of the world is bigger. Rest of the world is probably going to grow faster. So if you ask me to take a point of view 5 to 10 years from now, I think we'd be looking at faster growth rates outside the U.S. Although I'm still bullish on the U.S. because of the Network we announced today and some of the other initiatives we have.

**Operator**

Our next question comes from Brad Safalow from PAA Research.

**Bradley G. Safalow**

*PAA Research LLC*

First question has to do with the size of the potential fan universe that would be interested in the product. You've given us a nice kind of total addressable market in terms of the WWE fan base. But I'm interested in your research of that fan base. What percentage demonstrated an affinity to actually pay out-of-pocket for what is now the Network, but something akin to the Network.

**George A. Barrios**

*Chief Strategy and Financial Officer*

Yes. So we did -- the numbers you see that \$2 million to \$3 million we quoted, essentially that is the range that expressed the interest to pay. So that's where those numbers came from and as you can imagine, we did a lot of testing on price points and so on, to kind of understand the elasticity. So all of that went into the final decision-making.

**Bradley G. Safalow**

*PAA Research LLC*

Okay. And then you guys had a big press event last week. I mean, we can see that for a period of time, WWE Network was trending #1 on Twitter. How would you characterize response to the Network offering?

**Vincent K. McMahon**

*Co-Founder, Chairman, Chief Executive Officer and Chairman of Executive Committee*

Enormous. We knew it was a great value and we knew that our audience had been waiting a long time for this. But the positive response has been overwhelming.

**Bradley G. Safalow**

*PAA Research LLC*

Okay. And I'm just curious. Why aren't consumers available to sign up now? I thought that was kind of a curious decision.

**George A. Barrios**

*Chief Strategy and Financial Officer*

Look, a lot of it -- some of you asked me, in a perfect world, how would you have done it? I said, unfortunately, we don't live in one of those, but there was a lot of timing issues around discussions with our current providers of pay-per-view. And at the end of the day, we did not want to miss the 6-week, 7-week run up to WrestleMania.

So without getting too much into kind of contractual gymnastics, this was the best time to do it. We knew one of the potential downside was people were going to be chomping at the bit to order. So they've got a few weeks to wait, but we think it was a right way to go.

**Bradley G. Safalow**

*PAA Research LLC*

Understood. And then just looking at Slide 23, I just want to make sure this is crystal clear. The incremental OIBDA that you're showing is incremental for the lost pay-per-view revenues, whatever you are going to lose on the DVD, WWE Classics On Demand and maybe some digital.

**George A. Barrios**

*Chief Strategy and Financial Officer*

That's right. That's the best estimate of what that cannibalization will be.

**Bradley G. Safalow**

*PAA Research LLC*

So that was \$60 million.

**Vincent K. McMahon**

*Co-Founder, Chairman, Chief Executive Officer and Chairman of Executive Committee*

[Indiscernible] in contact with our pay-per-view providers, our normal pay-per-view providers and we are hopeful that in addition to the WWE Network that our pay-per-view providers will supply programming as they normally do to a WWE customer through pay-per-view.

**Bradley G. Safalow**  
*PAA Research LLC*

And just on that point, I guess DIRECT TVs suggested they might not carry your pay-per-views going forward. What's been the response from your other partners?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Look, I don't want to divulge those conversations, they're private. I think DIRECT TV was one that made a public statement. But we will continue to work with them. I mean as Vince said, at the end of day we care most about our fans. We want to give them as much choice as possible, so we are ready, willing and able to continue providing our pay-per-views in that manner to our providers and we'll work with them to make that happen.

**Bradley G. Safalow**  
*PAA Research LLC*

Okay. One last question and I'll jump back into the queue. Just on the expense side, you've given us some detail at 1 million, 2 million and 3 million subs in the U.S. Obviously the incremental margins are going from 2 million to 3 million subs are quite high. Just want to understand from a notional perspective, are you assuming the same level of investment in advertising and content under these 3 scenarios and that what we're looking at is really the incredible cost of distribution?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

No, the incremental -- in essence, there's 2 elements that I'd classify as variable. One hits the average revenue per unit or user, the ARPU and that's where people subscribe and the platform splits, so there is one element of that. The second, which is more of a variable cost, is the transmission and the variable cost, not including the splits, are probably roughly 10% of revenue.

So what you see in that incremental increase is really fixed cost, it's additional programming costs, quite frankly. If we're as successful as we think we can be, we're going to be as we do in our core businesses. We're going to invest in them to make them even more successful, so it's fixed costs.

**Bradley G. Safalow**  
*PAA Research LLC*

I see. So this is not a, "Hey, we got a 2 million subscriber base on the Network" as it exists today. There are some assumptions on that there is an initial response rate and that you invest commensurately to get to these expense numbers.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

That's right. I'd frame it a little bit differently. My point is, if we get to the 2 million to 3 million subscribers, we're going to be investing significantly in the content.

**Operator**

Our next question comes from Jeff Thomison from Hilliard Lyons.

**Jeffrey S. Thomison**  
*Hilliard Lyons, Research Division*

Most of my questions have been answered already, but I just wanted to give you a chance to revisit the topic of cannibalization. And that is, Network subscription price of \$10 a month for at least 6 months versus buying individual pay-per-views.

So, I guess why are you comfortable with the cannibalization outlook of up to \$60 million? My first reaction to the pricing was happiness as a consumer, but perhaps some caution as an investor. I just want to make you sure that I understand kind of the mechanics behind what consumers options are.

So in theory, could a consumer sign up in February, be under a commitment for a \$60 outlay for 6 months, and for that, they could get all Network related content and features, several pay-per-views and WrestleMania and in theory, cancel after 6 months and their \$60 outlay?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

In theory, they could. Obviously, we don't think they will, once they see the incredible value that the Network provides. And they will be getting our 12 premier live events on the Network but mechanically, in theory, they could.

**Jeffrey S. Thomison**  
*Hilliard Lyons, Research Division*

But that doesn't concern you.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Well, I've got confidence in our ability to execute. We're great at delivering great content, we're great in engaging our fans. I've had the benefit of actually playing around with live prototypes and I can't believe that once somebody gets a taste of this, they are going to back out.

**Operator**

Our next question comes from Daniel Moore from CJS securities.

**Daniel Moore**  
*CJS Securities, Inc.*

Any additional detail you might be able to provide regarding the revenue sharing agreements with your initial technology partners, Roku, Sony, Apple, et cetera?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Dan, I don't want to get into specific agreements but if you follow that world, there is a general standard that's been set and it's determined by where the subscription happens and this goes from magazines as well as videos, as well as digital newspapers and that. If you are within the platform and obviously, Apple is a leader in that space, it's a 70-30 split. If you are outside the platform, there is no split. So that's generally the way the world works today. Again, each distributor is a little bit different but I think everyone in the industry knows that's the general guidelines.

**Daniel Moore**  
*CJS Securities, Inc.*

So initially, it will be relatively standard then. Okay. And any sense, I know it's obviously a crystal ball study, but would you say, expect more than 50% of, say, the first 1 million to come directly through wwe.com, less than 50%? Any guidelines on the thought process in the split would be helpful.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Yes. My crystal ball is nowhere near as good as that, so we'll stay away from that. We think a million by the end of the year is a pretty good target.

**Daniel Moore**  
*CJS Securities, Inc.*

Okay. And lastly, the potential cannibalization of up to \$60 million. Any range on what that might be in year one?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Well, we gave the range up to \$60 million across all the different scenarios, but potentially that could be in year one. And again, a lot of that depends on the pay-per-view providers in the U.S. and also consumer behavior.

**Daniel Moore**  
*CJS Securities, Inc.*

So that's not necessarily a top-end that 3 million subscribers in 2 years let's say that's up to...

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Well, there's the relationship and I'm not trying to avoid the question...

**Daniel Moore**  
*CJS Securities, Inc.*

Yes.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

It's just there's some unknowns. So one unknown is how many providers are going to continue to offer in the case of pay-per-view.

**Daniel Moore**  
*CJS Securities, Inc.*

Yes.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

And then in the second, irrespective of that, is how quickly will people change their behavior, because even though it's an amazing value proposition, we all know there is human inertia. Some people takes them a little bit longer to change. So we don't know the intersection of those 2 factors. At the most extreme case is that 60 million number but there's a myriad of potential outcomes below that.

**Operator**

Our next question comes from Brad Safalow from PAA Research.

**Bradley G. Safalow**  
*PAA Research LLC*

Just a question on the content, 1,500 hours at launch, can you help us understand what your investment in content will be kind of on a steady state basis. You've outlined the situation in which Network -- essentially you invest more in content, which is understandable. But let's just say a trend as you expect, is the OpEx related to content what we've seen for the last couple of years, for example?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

No. It will be a little bit more than that and just so -- and I know you know this, Brad, but for everyone on the call, when you're



talking about the P&L impact of the content, it will be amortized, so there is an element going on the balance sheet in cash and then there's the amortization of that. So this year you'll see the amortization of shows we've already created as well on the cash side, you'll see us capitalizing the cost as we create new shows.

So there is that technicality, but if you ask me in 2014 between amortization of dollars that's been spent and then additional content, for example, a studio show that we plan on putting on air in a few months, I'd say roughly \$20 million of programming OpEx in '14.

**Bradley G. Safalow**  
*PAA Research LLC*

Okay.

**George A. Barrios**  
*Chief Strategy and Financial Officer*

That's -- we're learning as we go. So you have to put a range on that. But I think that's a pretty good mix on the range.

**Bradley G. Safalow**  
*PAA Research LLC*

That's helpful. And then, I just want to clarify, your -- the model you've laid out here or the scenarios you laid out here do not include any sort of sponsorship for advertising revenues, correct?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

That's right. At this point, we'll see how it goes at launch and we've got some creative ideas. And Brad, I said this, but I just want to underscore the point because it's critical, on the programming that's incremental, so for example that 20 does not include the programming cost for our pay-per-views, the cost to produce those that we currently have today. So that was just incremental.

**Operator**

Our next question comes from Robert Routh from National Alliance Capital Markets.

**Robert G. Routh**  
*National Alliance Capital Markets, Research Division*

Just 2 quick follow-ups, everything else. I was wondering, given the \$9.99 price point per month, if you're considering or will consider our prepaid annual subscription at discount if somebody wanted to say, "Hey I want to do this, I'm going to pay whatever \$100 per year." Is that something that you would consider doing given your fan base is very loyal but at the same time the incomes are all over the map?

And the second question is, since the WWE Network will be an OTT type Network where interactivity is easily facilitated, are you considering adding things to what you already have in forms of possibly chats with stars that people can pay extra for, if they want to talk to divas or to John Cena or whatever, down the future or is it just going to be kind of as you have it now with the on-demand and the live events and all of that. I was just curious as to other things you might want to be thinking of adding to what you've already built in the future?

**George A. Barrios**  
*Chief Strategy and Financial Officer*

Well, on the first point, not only will you have the prepaid annual, you'll be able to give it as a gift. So I'm hoping not only will you be able to subscribe, but you'll give it to some of your closest friends and family.

On the second one, well, I don't like to sound like I'm showing, but I use our current second-screen app for Raw and I've used it for things like the Walking Dead and HBO Game of Thrones just to see what that's like. And I think we do the best job of anybody

out there and we said this is going to be the most interactive Network ever. So the second-screen app for the Network is going to do what you described and a whole lot more.

**Robert G. Routh**

*National Alliance Capital Markets, Research Division*

Okay, great. And there's nothing in that \$9.99 per month that's include -- that would all be at an incremental charge or would that be included or you don't know yet?

**George A. Barrios**

*Chief Strategy and Financial Officer*

We're the best value in entertainment, so that comes with the \$9.99.

**Operator**

Our next question comes from Mike Hickey from Benchmark.

**Michael Hickey**

*The Benchmark Company, LLC, Research Division*

Just curious on the pricing, \$9.99. Obviously, there's a lot of value to Premium and Netflix. I'm just wondering how you came to that price and how elastic you feel your audience is?

**George A. Barrios**

*Chief Strategy and Financial Officer*

Yes. We -- look we did a lot of testing and at the end of it, we want to be able to drive value for our audience. We do our planning, we go through each of our businesses and the first thing we ask is how do we deliver more value to our customers, because we know if we do that we've got a great business. So that's what we were focused on.

Technically, if you looked at all the pricing analytics that we did, we're pre-unitary elastic. So each -- the price went up by X percent, the take rates went down by that percent. So it really came down to once we understood that, it really came down to how do we bring the most value and bring the most -- our best content to the most -- to the biggest part of our audience and all of that, we ended up at \$9.99.

**Michael Hickey**

*The Benchmark Company, LLC, Research Division*

Okay. I'm just curious, if providing that much value, if at any level you feel that you might kind of compromise the proceed values of your content to your fan base, would you expect that there could be kind of follow-on pricing pressure to your live events or your pay-per-view events?

**George A. Barrios**

*Chief Strategy and Financial Officer*

Not at all. We -- if you'll compare us and we spend a lot of time comparing ourselves to what others are doing, because we want to deliver the most value, our live events deliver great value, our toys deliver great value, this Network will deliver great value. So we're not really concerned about the proceeds value decreasing.

**Operator**

We have no further questions at this time.

**Vincent K. McMahon**

*Co-Founder, Chairman, Chief Executive Officer and Chairman of Executive Committee*

Thank you, everyone. We very much appreciate you listening to the call today. If you have any questions, do not hesitate to reach

out to us. Thank you.

**Operator** Thank you, ladies and gentlemen. This concludes today's webcast. Thank you for participating. You may now disconnect.

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