WORLD WRESTLING ENTERTAINMENTINC
Form 10-Q
August 01, 2014

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

FORM 10-Q

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

For the quarterly period ended June 30, 2014

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to ______

Commission file number 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)

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 website, if any, every Interactive Data File required to be submitted and posted pursuant 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 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	o	(Do not check if a smaller reporting company)	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

At July 30, 2014 the number of shares outstanding of the Registrant's Class A common stock, par value $.01 per share, was 33,173,259 and the number of shares outstanding of the Registrant's Class B common stock, par value $.01 per share, was 42,298,437.

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WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED INCOME STATEMENTS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Net revenues	$156,310	$152,282	$281,882	$276,283
Cost of revenues (including amortization and impairments of feature film and television production assets of $12,115 and $1,372, respectively, and $16,383 and $7,446, respectively)	121,747	96,855	206,463	171,721
Selling, general and administrative expenses	49,176	40,504	97,204	78,335
Depreciation and amortization	7,909	6,084	12,918	11,316
Operating (loss) income	(22,522)	8,839	(34,703)	14,911
Investment income, net	196	390	460	838
Interest expense	(515)	(480)	(990)	(832)
Other income (expense), net	34	(388)	(39)	(1,733)
(Loss) income before income taxes	(22,807)	8,361	(35,272)	13,184
(Benefit from) provision for income taxes	(8,310)	3,179	(12,739)	4,968
Net (loss) income	$(14,497)	$5,182	$(22,533)	$8,216
(Loss) Earnings per share:				
Basic and diluted	$(0.19)	$0.07	$(0.30)	$0.11
Weighted average common shares outstanding:				
Basic	75,148	74,821	75,146	74,810
Diluted	75,148	75,368	75,146	75,305
Dividends declared per common share (Class A and B)	$0.12	$0.12	$0.24	$0.24

See accompanying notes to consolidated financial statements.

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WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net (loss) income	$(14,497)	$5,182	$(22,533)	$8,216
Other comprehensive income (loss):				
Foreign currency translation adjustment	45	(92)	54	(180)
Change in unrealized holding gain/(loss) on available-for-sale securities (net of tax (benefit)/expense of $28 and ($267), respectively, $63 and ($274), respectively)	46	(438)	103	(448)
Reclassification adjustment for gains realized in net income - available-for-sale securities (net of tax expense of $0 and $1, respectively, and $1 and $1, respectively)	—	1	(2)	1
Total other comprehensive income (loss)	91	(529)	155	(627)
Comprehensive (loss) income	$(14,406)	$4,653	$(22,378)	$7,589

See accompanying notes to consolidated financial statements.

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WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	As of June 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$17,364	$32,911
Short-term investments, net	61,566	76,476
Accounts receivable (net of allowances for doubtful accounts and returns of $10,765 and $9,344 respectively)	53,036	59,552
Inventory	4,028	2,874
Deferred income tax assets	19,934	12,237
Prepaid expenses and other current assets	15,740	16,147
Total current assets	171,668	200,197
PROPERTY AND EQUIPMENT, NET	121,506	133,480
FEATURE FILM PRODUCTION ASSETS, NET	24,178	16,018
TELEVISION PRODUCTION ASSETS, NET	8,219	10,772
INVESTMENT SECURITIES	10,738	8,299
OTHER ASSETS, NET	25,970	9,696
TOTAL ASSETS	$362,279	$378,462
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$4,298	$4,251
Accounts payable and accrued expenses	62,570	47,882
Deferred income	31,759	30,112
Total current liabilities	98,627	82,245
LONG-TERM DEBT	23,759	25,385
NON-CURRENT INCOME TAX LIABILITIES	2,304	4,884
NON-CURRENT DEFERRED INCOME	6,825	—
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A common stock: ($.01 par value; 180,000,000 shares authorized; 32,860,120 and 31,302,790 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively)	329	313
Class B convertible common stock: ($.01 par value; 60,000,000 shares authorized; 42,298,437 and 43,797,830 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively)	423	438
Additional paid-in-capital	352,231	346,974
Accumulated other comprehensive income	3,667	3,512
Accumulated deficit	(125,886)	(85,289)
Total stockholders' equity	230,764	265,948
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$362,279	$378,462

See accompanying notes to consolidated financial statements.

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WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock				Additional	Accumulated Other		
	Class A Shares	Amount	Class B Shares	Amount	Paid - in Capital	Comprehensive Income	Accumulated Deficit	Total
Balance, December 31, 2013	31,303	$313	43,798	$438	$346,974	$3,512	$(85,289)	$265,948
Net loss	—	—	—	—	—	—	(22,533)	(22,533)
Other comprehensive income	—	—	—	—	—	155	—	155
Stock issuances, net	57	1	—	—	243	—	—	244
Conversion of Class B common stock by shareholder	1,500	15	(1,500)	(15)	—	—	—	—
Excess tax benefits from stock-based payment arrangements	—	—	—	—	87	—	—	87
Dividends paid	—	—	—	—	27	—	(18,064)	(18,037)
Stock-based compensation	—	—	—	—	4,900	—	—	4,900
Balance, June 30, 2014	32,860	$329	42,298	$423	$352,231	$3,667	$(125,886)	$230,764

See accompanying notes to consolidated financial statements.

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WORLD WRESTLING ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended	
	June 30, 2014	June 30, 2013
OPERATING ACTIVITIES:		
Net (loss) income	$(22,533)	$8,216
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Amortization and impairments of feature film production assets	2,069	7,446
Amortization of television production assets	14,314	—
Depreciation and amortization	13,614	11,316
Amortization of bond premium	775	1,089
Amortization of debt issuance costs	278	279
Stock-based compensation	4,900	2,758
Provision for (recovery from) doubtful accounts	4	(184)
Services provided in exchange for equity instruments	(439)	(439)
Loss on disposal of property and equipment	11	323
(Benefit from) provision for deferred income taxes	(15,868)	2,168
Other non-cash items	(145)	63
Cash (used in)/provided by changes in operating assets and liabilities:		
Accounts receivable	6,566	(5,965)
Inventory	(1,154)	43
Prepaid expenses and other assets	2,155	3,192
Feature film production assets	(10,229)	(5,100)
Television production assets	(11,761)	(3,962)
Accounts payable, accrued expenses and other liabilities	4,285	(10,381)
Deferred income	8,472	(4,970)
Net cash (used in)/provided by operating activities	(4,686)	5,892
INVESTING ACTIVITIES:		
Purchases of property and equipment and other assets	(6,266)	(13,139)
Net proceeds from infrastructure improvement incentives	2,937	—
Purchases of short-term investments	(2,511)	(17,374)
Proceeds from sales and maturities of investments	16,813	23,063
Purchase of cost method investments	(2,000)	(2,200)
Proceeds from sales of property and equipment	—	36
Net cash provided by/(used in) investing activities	8,973	(9,614)
FINANCING ACTIVITIES:		
Proceeds from the issuance of note payable	364	—
Repayment of long-term debt	(1,943)	—
Dividends paid	(18,037)	(17,956)
Debt issuance costs	(758)	(674)
Proceeds from issuance of stock	453	326
Excess tax benefits from stock-based payment arrangements	87	4
Net cash used in financing activities	(19,834)	(18,300)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,547)	(22,022)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	32,911	66,048
CASH AND CASH EQUIVALENTS, END OF PERIOD	$17,364	$44,026

NON-CASH INVESTING TRANSACTIONS:		
Non-cash purchase of property and equipment	$1,270	$2,554

See accompanying notes to consolidated financial statements.

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WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
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1. Basis of Presentation and Business Description
The accompanying consolidated financial statements include the accounts of WWE. "WWE" refers to World Wrestling Entertainment, Inc. and its subsidiaries, unless the context otherwise requires. References to "we," "us," "our" and the "Company" refer to WWE and its subsidiaries. We are an integrated media and entertainment company, principally engaged in the production and distribution of content through various channels including our recently launched digital over-the-top WWE Network, television rights agreements, pay-per-view event programming, live events, feature films, licensing of various WWE themed products and the sale of consumer products featuring our brands. Our operations are organized around the following four principal activities:
Media Division:
Network
- Revenues consist principally of subscriptions to WWE Network and fees for viewing our pay-per-view and video-on-demand programming.

Television
- Revenues consist principally of television rights fees and television advertising fees.

Home Entertainment
- Revenues consist principally of sales of WWE produced content via home entertainment platforms.

Digital Media
- Revenues consist principally of advertising sales on our websites, rights fees received for digital content, sales of various broadband and mobile content and magazine publishing.

Live Events
- Revenues consist principally of ticket sales and travel packages for live events.

Consumer Products Division:
Licensing
- Revenues consist principally of royalties or license fees related to various WWE themed products such as video games, toys and apparel.

Venue Merchandise
- Revenues consist of sales of merchandise at our live events.

WWEShop
- Revenues consist of sales of merchandise on our website through our WWEShop internet storefront.

WWE Studios
- Revenues consist of amounts earned from the investment in, the production and/or distribution of filmed entertainment.

In our prior reports filed with the Securities Exchange Commission ("SEC") through fiscal year 2013, we presented five reportable segments: Live and Televised Entertainment, Consumer Products, Digital Media, WWE Studios and Unallocated Corporate and Other. Effective January 1, 2014, we now present ten reportable segments. Information presented for the three and six months ended June 30, 2013 included in the unaudited consolidated financial statements herein and elsewhere in this Quarterly Report has been recast to reflect our new segment presentation. See Note 2, Segment Information, for further details on our reportable segments. Such revisions have no impact on our consolidated financial condition, results of operations or cash flows for the periods presented.

Within the Consolidated Statements of Cash Flows from operating activities, certain prior year amounts were reclassified to conform to the current period presentation.

The accompanying consolidated financial statements are unaudited. All adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented have been included. The results of operations of any interim period are not necessarily indicative of the results of operations for the full year. All intercompany balances are eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain information and note disclosures normally included in annual financial statements have been condensed or omitted from these interim financial statements; these financial statements should be read in conjunction with the financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2013.

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). This ASU will supersede the revenue recognition requirements in ASC 605, “Revenue Recognition”, and most industry-specific guidance. The ASU requires an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to receive in exchange for goods or services. This guidance is effective for annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. This standard update is effective for our fiscal year beginning of January 1, 2017. We are currently evaluating the impact of the adoption of this new standard on our consolidated financial statements.

2. Segment Information

During the first quarter of 2014, the Company launched WWE Network, which changed the way that certain content is delivered to our customers. The launch of WWE Network coupled with the continued convergence within the media landscape, has resulted in a change in the Company’s management reporting to its chief operating decision maker. These changes necessitated a change in the Company’s segment reporting to align with management’s operational view. As discussed in Note 1, the Company currently classifies its operations into ten reportable segments. The ten reportable segments of the Company now include the following: Network (which includes our pay-per-view business), Television, Home Entertainment and Digital Media, individual segments that comprise the Media Division; Live Events; Licensing, Venue Merchandise, WWEShop, individual segments that comprise the Consumer Products Division; WWE Studios and Corporate and Other (as defined below).

We do not disclose assets by segment information. In general, assets of the Company are leveraged across its reportable segments and we do not provide assets by segment information to our chief operating decision maker, as that information is not typically used in the determination of resource allocation and assessing business performance of each reportable segment.

The Company presents OIBDA as the primary measure of segment profit (loss). The Company believes the presentation of OIBDA is relevant and useful for investors because it allows investors to view our segment performance in the same manner as the primary method used by management to evaluate segment performance and make decisions about allocating resources. The Company defines OIBDA as operating income before depreciation

and amortization, excluding feature film and television production asset amortization and impairments.
We do not allocate certain costs included in OIBDA of our Corporate and Other segment to the other reportable segments. Corporate and Other expense primarily includes corporate overhead and certain expenses related to sales and marketing, including our international offices, and talent development functions, including costs associated with our WWE Performance Center. These costs benefit the Company as a whole and are therefore not allocated. Revenues from transactions between our operating segments are not material.

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

The following tables present summarized financial information for each of the Company's reportable segments:

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net revenues:				
Network	$43,235	$38,162	$61,667	$54,166
Television	43,787	38,678	84,079	76,456
Home Entertainment	5,400	7,097	15,863	14,062
Digital Media	5,191	7,494	11,878	14,549
Live Events	40,334	41,546	62,000	62,581
Licensing	5,443	6,641	19,523	30,663
Venue Merchandise	6,521	6,891	11,500	12,000
WWEShop	4,019	3,028	8,195	6,541
WWE Studios	1,745	2,118	6,081	4,023
Corporate & Other	635	627	1,096	1,242
Total net revenues	$156,310	$152,282	$281,882	$276,283
OIBDA:				
Network	$(7,347)	$8,241	$(10,936)	$13,220
Television	11,710	11,337	22,289	23,420
Home Entertainment	2,855	3,095	9,146	6,284
Digital Media	(843)	1,096	(1,193)	2,416
Live Events	15,487	17,135	19,299	21,542
Licensing	1,468	4,336	10,622	24,431
Venue Merchandise	2,604	2,715	4,693	4,531
WWEShop	1,017	368	1,671	1,158
WWE Studios	(230)	(328)	1,361	(5,372)
Corporate & Other	(41,334)	(33,072)	(78,737)	(65,403)
Total OIBDA	$(14,613)	$14,923	$(21,785)	$26,227

Reconciliation of Total Operating (Loss) Income to Total OIBDA

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Total operating (loss) income	$(22,522)	$8,839	$(34,703)	$14,911
Depreciation and amortization	7,909	6,084	12,918	11,316
Total OIBDA	$(14,613)	$14,923	$(21,785)	$26,227

WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

Geographic Information

Net revenues by major geographic region are based upon the geographic location of where our content is distributed. The information below summarizes net revenues to unaffiliated customers by geographic area:

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
North America	$123,258	$119,025	$224,976	$216,849
Europe/Middle East/Africa	23,345	23,904	36,194	40,157
Asia Pacific	8,297	7,958	17,287	15,843
Latin America	1,410	1,395	3,425	3,434
Total net revenues	$156,310	$152,282	$281,882	$276,283

Revenues generated from the United Kingdom, our largest international market, totaled $12,463 and $19,535 for the three and six months ended June 30, 2014, respectively, and $11,825 and $19,528 for the corresponding periods in 2013. The Company’s property and equipment was almost entirely located in the United States at June 30, 2014 and 2013.

3. Stock-based Compensation

Restricted Stock Units

The Company grants restricted stock units ("RSUs") to officers and employees under the 2007 Amended and Restated Omnibus Incentive Plan (the "2007 Plan"). Stock-based compensation costs associated with our RSUs are determined using the fair market value of the Company’s common stock on the date of the grant. These costs are recognized over the requisite service period using the graded vesting method, net of estimated forfeitures. RSUs have a service requirement typically over a three-year to three and one half year vesting schedule. We estimate forfeitures based on historical trends when recognizing compensation expense and adjust the estimate of forfeitures when they are expected to differ. Unvested RSUs accrue dividend equivalents at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying RSUs.

The following table summarizes the RSU activity during the six months ended June 30, 2014:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2014	107,034	$ 9.87
Granted	106,296	$ 23.28
Vested	(28,689)	$ 10.43
Forfeited	(20,733)	$ 11.89
Dividend equivalents	2,448	$ 17.91
Unvested at June 30, 2014	166,356	$ 18.21

Performance Stock Units

Stock-based compensation costs associated with our performance stock units ("PSUs") are initially determined using the fair market value of the Company’s common stock on the date the awards are approved by our Compensation Committee (service inception date) and are granted under the 2007 Plan. The vesting of these PSUs are subject to certain performance conditions and a service requirement of approximately three and one half years. Until such time as the performance conditions are met, stock compensation costs associated with these PSUs are re-measured each reporting period based upon the fair market value of the

WORLD WRESTLING ENTERTAINMENT, INC.
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(In thousands, except share data)
(Unaudited)

Company's common stock and the probability of attainment on the reporting date. The ultimate number of PSUs that are issued to an employee is the result of the actual performance of the Company at the end of the performance period compared to the performance conditions. Stock compensation costs for our PSUs are recognized over the requisite service period using the graded vesting method, net of estimated forfeitures. Unvested PSUs accrue dividend equivalents once the performance conditions are met at the same rate as are paid on our shares of Class A common stock. The dividend equivalents are subject to the same vesting schedule as the underlying PSUs.
The following table summarizes the PSU activity during the six months ended June 30, 2014:

	Units	Weighted-Average Grant-Date Fair Value
Unvested at January 1, 2014	1,259,629	$ 13.46
Granted	278,281	$ 11.93
Achievement adjustment	(387,633)	$ 23.99
Vested	—	$ —
Forfeited	(30,926)	$ 18.30
Dividend equivalents	12,303	$ 15.23
Unvested at June 30, 2014	1,131,654	$ 14.44

During the year ended December 31, 2013, we granted 804,896 PSUs which were subject to performance conditions. During the three months ended March 31, 2014, certain performance conditions related to these PSUs were partially met which resulted in a reduction of 387,633 PSUs in 2014 relating to the initial 2013 PSU grant.
During the three months ended March 31, 2014, we granted 278,281 PSUs which are subject to certain performance conditions.
Stock-based compensation costs totaled $1,770 and $1,543 for the three months ended June 30, 2014 and 2013, respectively, and $4,900 and $2,758 for the six months ended June 30, 2014 and 2013, respectively.
4. Property and Equipment
Property and equipment consisted of the following:

	As of June 30, 2014	December 31, 2013
Land, buildings and improvements	$105,836	$106,749
Equipment	111,371	107,305
Corporate aircrafts	31,273	51,757
Vehicles	244	244
	248,724	266,055
Less accumulated depreciation	(127,218)	(132,575)
Total	$121,506	$133,480

Depreciation expense for property and equipment totaled $7,499 and $12,106 for the three months and six months ended June 30, 2014, respectively, as compared to $5,696 and $10,542 for the corresponding periods in the prior year. During the first quarter of 2014, the Company received tax credits relating to our infrastructure improvements in conjunction with capital projects to support our increased content production efforts. Depreciation expense for the six months ended June 30, 2014 reflects a benefit of $1,224 from the recognition of the infrastructure tax credit noted above. The credit was used to reduce the carrying value of the assets as of their in-service date and consequently the adjustment to depreciation expense reflects the revised amount incurred

(In thousands, except share data)

to date. The credit was received in the current year, but related to assets placed in service in prior years. Additionally, in conjunction with the anticipated sale of our old Corporate Aircraft, depreciation expense for the six months ended June 30, 2014 includes an adjustment of $1,600 to reduce the carrying value of the asset to its estimated fair value. We have reclassified the remaining carrying value of $3,400 to Prepaid Expenses and Other Current Assets in our Consolidated Balance Sheets as of June 30, 2014 as we anticipate completing the sale of the aircraft within a year.

5. Feature Film Production Assets, Net

Feature film production assets consisted of the following:

	As of June 30, 2014	December 31, 2013
Feature film productions:		
In release	$11,891	$9,413
Completed but not released	4,014	3,130
In production	7,747	2,686
In development	526	789
Total	$24,178	$16,018

Approximately 34% of “In release” film production assets are estimated to be amortized over the next 12 months and approximately 74% of “In release” film production assets are estimated to be amortized over the next three years. We anticipate amortizing 80% of our "In release" film production asset within four years as we receive revenues associated with international distribution of our licensed films.

During the six months ended June 30, 2014, we released one feature film via theatrical distribution, Oculus, and one film direct to DVD, Scooby Doo at WrestleMania, which comprises $4,199 of our "In release" feature film assets as of June 30, 2014. Third-party distributors control the distribution and marketing of co-distributed films, and as a result, we recognize revenue on a net basis after the third-party distributor recoups distribution fees and expenses and results are reported to us. Results are typically reported to us in periods subsequent to the initial release of the film. During the six months ended June 30, 2013, we released three feature films via theatrical distribution, No One Lives, The Call and Dead Man Down and two films, 12 Rounds 2: Reloaded and The Marine 3: Homefront direct to DVD, which aggregate $4,013 of our "In release" feature film assets as of June 30, 2014.

Unamortized feature film production assets are evaluated for impairment each reporting period. We review and revise estimates of ultimate revenue and participation costs at each reporting period to reflect the most current information available. If estimates for a film’s ultimate revenue are revised and indicate a significant decline in a film’s profitability or if events or circumstances change that indicate we should assess whether the fair value of a film is less than its unamortized film costs, we calculate the film's estimated fair value using a discounted cash flows model. If fair value is less than unamortized cost, the film asset is written down to fair value.

We did not record any impairment charges during the three months ended June 30, 2014 and 2013 related to our feature films. During the six months ended June 30, 2013, we recorded an impairment charge of $4,696 related to the feature film, Dead Man Down. These impairment charges represent the excess of the recorded net carrying value over the estimated fair value. There were no impairment charges recorded during the six months ended June 30, 2014.

We currently have two theatrical films designated as "Completed but not released" and have nine films "In production". We also have capitalized certain script development costs for various other film projects designated as “In development”. Capitalized script development costs are evaluated at each reporting period for impairment and to determine if a project is deemed to be abandoned. During the three and six months ended June 30, 2014, we expensed $204 and $339, respectively, related to previously capitalized development costs of abandoned projects. We did not incur any comparable expenses in the prior year periods.

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WORLD WRESTLING ENTERTAINMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)
(Unaudited)

6. Television Production Assets, Net

Television production assets consisted of the following:

	As of June 30, 2014	December 31, 2013
Television productions:		
In release	$2,964	$1,365
Completed but not released	1,633	—
In production	3,622	9,407
Total	$8,219	$10,772

Television production assets consist primarily of episodic content series we have produced for distribution through a variety of platforms including on WWE Network. Amounts capitalized primarily include development costs, production costs, production overhead and employee salaries. We have $8,219 and $10,772 capitalized as of June 30, 2014 and December 31, 2013, respectively, related to this type of programming. Costs to produce our live event programming are expensed when the event is first broadcast. Costs to produce episodic programming for television or distribution on WWE Network are amortized in the proportion that revenues bear to management's estimates of the ultimate revenue expected to be recognized from exploitation, exhibition or sale. During the three and six months ended June 30, 2014, we amortized $11,483 and $14,314, of which $7,064 and $8,147 were related to the Network and $4,419 and $6,167 were related to Television programming, respectively. We did not amortize any expenses during the three and six months ended June 30, 2013. Unamortized television production assets are evaluated for impairment each reporting period. If conditions indicate a potential impairment, and the estimated future cash flows are not sufficient to recover the unamortized asset, the asset is written down to fair value. In addition, if we determine that a program will not likely air, we will write-off the remaining unamortized asset. During the three and six months ended June 30, 2014 and 2013, we did not record any impairments related to our television production assets.

7. Investment Securities and Short-Term Investments

Investment Securities:

On March 14, 2014, the Company invested $2,000 in Series E Preferred Stock of a software application developer. On May 30, 2013, the Company made an investment of $2,200 in a live event touring business. On June 25, 2012, the Company invested $5,000 in Series B Preferred Stock of a mobile video publishing business, ("Investment"). Additionally, this Investment includes shares received in conjunction with a strategic partnership of which approximately $1,098 was in prior periods and $439 was received during the six months ended June 30, 2014. These investments are accounted for under the cost method. We evaluate our cost method investments for impairment if factors indicate that a significant decrease in value has occurred. No such indicators were noted during the six months ended June 30, 2014. Included in Investment Securities in our Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013 are $10,738 and $8,299, respectively, related to these investments. Subsequent to the end of the quarter, the Investment initiated a process of obtaining additional financing, which will likely result in a decrease in our fully diluted ownership and a change in our position in the capital structure. See Note 15, Subsequent Events, for additional information.

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Short-Term Investments:
Short-term investments measured at fair value consisted of the following:

	June 30, 2014				December 31, 2013			
		Gross Unrealized				Gross Unrealized		
	Amortized Cost	Gain	(Loss)	Fair Value	Amortized Cost	Gain	(Loss)	Fair Value
Municipal bonds	$34,987	$156	$(7)	$35,136	$44,636	$176	$(91)	$44,721
Corporate bonds	26,400	75	(45)	26,430	31,825	104	(174)	31,755
Total	$61,387	$231	$(52)	$61,566	$76,461	$280	$(265)	$76,476

We classify the investments listed in the above table as available-for-sale securities. Such investments consist primarily of corporate and municipal bonds, including pre-refunded municipal bonds. These investments are stated at fair value as required by the applicable accounting guidance. Unrealized gains and losses on such securities are reflected, net of tax, as other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income. Our municipal and corporate bonds are included in Short-term investments, net on our Consolidated Balance Sheets. Realized gains and losses on investments are included in earnings and are derived using the specific identification method for determining the cost of securities sold. As of June 30, 2014, contractual maturities of these bonds are as follows:

	Maturities
Municipal bonds	1 month-8 years
Corporate bonds	1 month-3 years

The following table summarizes the short-term investment activity:

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Proceeds from sale of short-term investments	$—	$2,793	$7,778	$2,793
Proceeds from maturities and calls of short-term investments	$4,005	$11,485	$9,035	$20,270
Gross realized gains on sale of short-term investments	$—	$1	$3	$1

8. Fair Value Measurement

Fair value is determined based on the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement based on assumptions that "market participants" would use to price the asset or liability. Accordingly, the framework considers markets or observable inputs as the preferred source of value followed by assumptions based on hypothetical transactions, in the absence of market inputs. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of assets and liabilities should include consideration of non-performance risk including the Company's own credit risk.
Additionally, the accounting guidance establishes a three-level hierarchy that ranks the quality and reliability of information used in developing fair value estimates. The hierarchy gives the highest priority to quoted prices in active markets and the lowest

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priority to unobservable data. In cases where two or more levels of inputs are used to determine fair value, a financial instrument's level is determined based on the lowest level input that is considered significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are summarized as follows:

Level 1-	quoted prices in active markets for identical assets or liabilities;
Level 2-	quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
Level 3-	unobservable inputs, such as discounted cash flow models or valuations

The following assets are required to be measured at fair value on a recurring basis and the classification within the hierarchy was as follows:

	Fair Value at June 30, 2014				Fair Value at December 31, 2013			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Municipal bonds	$35,136	$—	$35,136	$—	$44,721	$—	$44,721	$—
Corporate bonds	26,430	—	26,430	—	31,755	—	31,755	—
Total	$61,566	$—	$61,566	$—	$76,476	$—	$76,476	$—

Certain financial instruments are carried at cost on the Consolidated Balance Sheets, which approximates fair value due to their short-term, highly liquid nature. The carrying amounts of cash and cash equivalents, money market accounts, accounts receivable and accounts payable approximate fair value because of the short-term nature of such instruments.

We have classified our investment in municipal and corporate bonds within Level 2 as their valuation requires quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and/or model-based valuation techniques for which all significant inputs are observable in the market or can be corroborated by observable market data. The municipal and corporate bonds are valued based on model-driven valuations. A third party service provider assists the Company with compiling market prices from a variety of industry standard data sources, security master files from large financial institutions and other third-party sources that are used to value our municipal and corporate bond investments.

The fair value measurements of our investment securities, which are recorded under the cost method, are classified within Level 3 as significant unobservable inputs are used to fair value these assets due to the absence of quoted market prices and inherent lack of liquidity. Significant unobservable inputs include variables such as near-term prospects of the investees, recent financing activities of the investees, and the investees' capital structure as well as other economic variables, which reflect assumptions market participants would use in pricing these assets. Our investments are recorded at fair value only if an impairment charge is recognized. During the six months ended June 30, 2014 and June 30, 2013 the Company did not record any impairment charges on these assets. Subsequent to the end of the quarter, one of the Company's cost method investees initiated a process of obtaining additional financing, which will likely result in a decrease in our fully diluted ownership and a change in our position in the capital structure. See Note 15, Subsequent Events, for additional information.

The Company's long lived property and equipment, feature film and television production assets are required to be measured at fair value on a non-recurring basis if it is determined that indicators of impairment exist. These assets are recorded at fair value only when an impairment is recognized. During the three months ended June 30, 2014, the Company recorded an adjustment of $1,600 to reduce the carrying value of our old Corporate Aircraft to its estimated fair value. During the first quarter of 2014, the Company did not record any impairment charges on these assets. During the six months ended June 30, 2013, the Company recorded an impairment charge of $4,696 on a feature film production asset based on a fair value measurement of $989. See Note 5, Feature Film Production Assets, for further discussion. The Company classifies these assets as Level 3 within the fair value hierarchy due to significant unobservable inputs. The Company utilizes a discounted cash flows model to determine the fair value of impaired films where indicators of impairment exist. The significant unobservable inputs to this model are the Company's expected cash flows for the film, including projected home video sales, pay and free TV sales and international sales, and a discount rate of 13% that we estimate market participants would seek for bearing the risk associated with such assets. The Company utilizes an independent third party valuation specialist who assists us in gathering the necessary inputs used in our model.

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The fair value of the Company’s long-term debt, consisting of a promissory note payable to RBS Asset Finance, Inc. is estimated based upon quoted price estimates for similar debt arrangements. At June 30, 2014, the face amount of the note approximates its fair value.

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	As of June 30, 2014	December 31, 2013
Trade related	$5,938	$8,565
Payroll and related benefits	12,694	11,291
Talent related	12,401	6,304
Accrued WWE Network related expenses	7,105	2,477
Accrued event and television production	5,137	4,429
Accrued home entertainment expenses	879	1,341
Accrued legal and professional	2,416	1,903
Accrued purchases of property and equipment	1,270	1,700
Accrued film liability	2,559	2,654
Accrued other	12,171	7,218
Total	$62,570	$47,882

Accrued other includes accruals for our publishing and licensing business activities and other miscellaneous accruals, none of which categories individually exceeds 5% of current liabilities. The increase in accrued expenses is primarily related to talent related expenses for WrestleMania and for various accrued expenses related to WWE Network operations.

10. Debt

Aircraft Financing

On August 7, 2013, the Company entered into a $31,568 promissory note (the “Note”) with RBS Asset Finance, Inc., for the purchase of a 2007 Bombardier Global 5000 aircraft and refurbishments. The Note bears interest at a rate of 2.18% per annum, is payable in monthly installments of $406, inclusive of interest, beginning in September 2013, and has a final maturity of August 7, 2020. The Note is secured by a first priority perfected security interest in the newly purchased aircraft. As of June 30, 2014, the amount outstanding under the Note was $28,057.

Revolving Credit Facility

In September 2011, the Company entered into a $200,000 senior unsecured revolving credit facility with a syndicated group of banks, with JPMorgan Chase acting as administrative agent. Applicable interest rates for the borrowings under the revolving credit facility are based on the Company's current consolidated leverage ratio. As of June 30, 2014, the LIBOR-based rate plus margin was 2.48%.The Company is also required to pay a commitment fee calculated at a rate per annum of 0.375% on the average daily unused portion of the credit facility. Under the terms of the revolving credit facility, the Company is subject to certain financial covenants and restrictions, including restrictions on our ability to pay dividends and limitations with respect to our indebtedness, liens, mergers and acquisitions, dispositions of assets, investments, capital expenditures, and transactions with affiliates.

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In April 2013, the Company amended and restated the revolving credit facility. Under the terms of the amended credit facility, (i) the maturity date was extended to September 9, 2016, (ii) changes were made to the applicable margin for borrowings under the facility, and (iii) restrictions on certain financial covenants were amended to provide for greater financial flexibility.

On May 1, 2014, the Company entered into a First Amendment to its Amended and Restated Credit Facility ("the Amendment") and further modified certain financial covenants to provide for greater financial flexibility. The Amendment, among other things, (a) adjusts the consolidated EBITDA calculation for the four quarterly periods in 2014 and the first and second quarters of 2015 by permitting the add-back of WWE Network Expenses subject to specified maximum amounts in such periods, (b) increases the consolidated EBITDA calculation by the amount of any net investments in respect of feature film production, subject to specified maximum amounts for the quarters ending September 30, 2014 and December 31, 2014 and (c) reduces the consolidated fixed charge coverage ratio for four quarters in 2014 and the first two quarters in 2015 such that the consolidated fixed charge coverage ratio may not be less than 1.0:1.0 for the respective quarterly periods ending March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014, increasing to 1.10:1.0 for the quarter ending March 31, 2015, to 1.15:1.0 for the quarter ending June 30, 2015, and to 1.25:1.0 for the quarter ending September 30, 2015 and thereafter. The Amendment also includes certain additional allowances for the Company to make investments in special film entities.

As of June 30, 2014, the Company is in compliance with the provisions of the Amendment and has available debt capacity under the terms of the revolving credit facility of approximately $120,000. As of June 30, 2014 and December 31, 2013, there were no amounts outstanding under the credit facility.

11. Concentration of Credit Risk

We continually monitor our position with, and the credit quality of, the financial institutions that are counterparties to our financial instruments. Our accounts receivable relate principally to a limited number of distributors, including our network, television, pay-per-view and home video distributors and licensees that produce consumer products containing our intellectual trademarks. We closely monitor the status of receivables with these customers and maintain allowances for anticipated losses as deemed appropriate. At June 30, 2014, our largest single customer balance was approximately 12% of our gross accounts receivable balance.

12. Income Taxes

As of June 30, 2014, we had $19,934 of deferred tax assets, net included in current assets and $5,491 included in Other Assets in our Consolidated Balance Sheets. As of December 31, 2013, we had $12,237 of deferred tax assets, net included in current assets and $2,681 of deferred tax liabilities, net included in Noncurrent Income Tax Liabilities in our Consolidated Balance Sheets. The large increase in our deferred tax asset balance was driven by our operating loss in the current year and associated net operating loss and foreign tax credit carryforwards.

The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is required to reduce the net deferred tax assets to the amount that is more likely than not to be realized in future periods. The Company believes that based on past performance, expected future taxable income and prudent and feasible tax planning strategies, it is more likely than not that the net deferred tax asset will be realized. Changes in these factors may cause us to increase our valuation allowance on deferred tax assets, which would impact our income tax expense in the period we determine that these factors have changed.

13. Film and Television Production Incentives

The Company has access to various governmental programs that are designed to promote film and television production within the United States of America and certain international jurisdictions. Incentives earned with respect to expenditures on qualifying film, television and other production activities, including qualifying capital projects, are included as an offset to the related asset or as an offset to production expenses when we have reasonable assurance regarding the realizable amount of the incentives. During the six months ended June 30, 2014, we received $3,080 for infrastructure improvement incentives relating to qualifying capital projects. Of this amount $2,937, was recorded as a reduction in property and equipment. We did not receive any similar incentives

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for the six months ended June 30, 2013. During the three and six months ended June 30, 2014 and 2013, we received $456 and $437, respectively, of incentives relating to feature film productions which reduced the related assets. During the three and six months ended June 30, 2014, we did not receive any incentives relating to television production activities that was recorded as an offset to production expenses. During the three and six months ended June 30, 2013, we received $395 of incentives related to television production activities that were recorded as an offset to production expenses.

14. Commitments and Contingencies

Legal Proceedings

On July 26, 2014, the Company received notice of a lawsuit filed in the United States District Court for the District of Connecticut, entitled Warren Ganues and Dominic Varriale, on behalf of themselves and all others similarly situated, v. World Wrestling Entertainment, Inc., Vincent K. McMahon and George A. Barrios, alleging violations of federal securities laws in connection with certain disclosures relating to the negotiation of WWE's domestic television license and seeking class certification and unspecified damages. The Company believes the claims are without merit and intends to vigorously defend itself against them.

In addition to the foregoing, we are involved in several other litigations and claims that we consider to be in the ordinary course of our business. By its nature, the outcome of litigation is not known but the Company does not currently expect this litigation 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.

15. Subsequent Events

Investment Securities

Subsequent to the end of the quarter, we learned that one of the Company's cost method investees is in the process of obtaining additional financing, which will likely result in a decrease in our fully diluted ownership and a change in our position in the capital structure. As a result, the Company will reassess the fair value of this investment. If the estimated fair value is less than our current carrying value (approximately $6,500 as of June 30, 2014), the Company will reduce the investment to its estimated fair value, which may have a material adverse impact on our financial statements.

Restructuring Plan

On July 31, 2014, the Company announced a restructuring plan in support of a cost cutting initiative. Included in this restructuring was the shutdown of our magazine publishing business, a shift in our gamification strategy, and a reduction in our approved headcount. Additionally, the cost cutting initiatives include reducing prospective spending throughout our operations. As a result of these efforts, the Company anticipates recording a one-time pre-tax restructuring charge of approximately $4,500 in the third quarter of 2014, comprised primarily of a cash charge of approximately $2,000 for severance costs and the write-down of certain assets associated with our gamification business resulting in a non-cash charge of approximately $2,500. We anticipate that a majority of cash expenditures related to this restructuring will be paid during the remainder of fiscal 2014.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
Background
The following analysis outlines all material activities contained within each of our reportable segments.
Media Division:
Network
- Revenues consist principally of subscriptions to WWE Network and fees for viewing our pay-per-view and video-on-demand programming.

Television
- Revenues consist principally of television rights fees and television advertising fees.

Home Entertainment
- Revenues consist principally of sales of WWE produced content via home entertainment platforms.

Digital Media
- Revenues consist principally of advertising sales on our websites, rights fees received for digital content, sales of various broadband and mobile content and magazine publishing.

Live Events
- Revenues consist principally of ticket sales and travel packages for live events.

Consumer Products Division:
Licensing
- Revenues consist principally of royalties or license fees related to various WWE themed products such as video games, toys and apparel.

Venue Merchandise
- Revenues consist of sales of merchandise at our live events.

WWEShop
- Revenues consist of sales of merchandise on our website through our WWEShop internet storefront.

WWE Studios
- Revenues consist of amounts earned from the investment in, the production and/or distribution of filmed entertainment.

Corporate & Other
- Revenues consist of amounts earned from talent appearances. Expenses include corporate overhead and certain expenses related to sales and marketing, including our international offices, and talent development functions.

Results of Operations
The Company presents OIBDA as the primary measure of segment profit (loss). The Company believes the presentation of OIBDA is relevant and useful for investors because it allows investors to view our segment performance in the same manner as the primary method used by management to evaluate segment performance and make decisions about allocating resources. The Company defines OIBDA as operating income before depreciation and amortization, excluding feature film and television production asset amortization and impairments. OIBDA is a non-GAAP financial measure and may be different than similarly-

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titled non-GAAP financial measures used by other companies. A limitation of OIBDA is that it excludes depreciation and amortization, which represents the periodic charge for certain fixed assets and intangible assets used in generating revenues for our business. OIBDA should not be regarded as an alternative to operating income or net income as an indicator of operating performance, or to the statement of cash flows as a measure of liquidity, nor should it be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. We believe that operating income is the most directly comparable GAAP financial measure to OIBDA. See Note 2, Segment Information in the accompanying Consolidated Financial Statements for a reconciliation of OIBDA to operating income for the periods presented.

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of Operations
Three Months Ended June 30, 2014 compared to Three Months Ended June 30, 2013
(dollars in millions)
Summary

	Three Months Ended June 30, 2014	June 30, 2013	increase (decrease)
Net Revenues			
Media Division	$97.7	$91.4	7 %
Live Events	40.3	41.6	(3)%
Consumer Products Division	16.0	16.6	(4)%
WWE Studios	1.7	2.1	(19)%
Corporate & Other	0.6	0.6	— %
Total	156.3	152.3	3 %
OIBDA			
Media Division	$6.4	$23.7	(73)%
Live Events	15.5	17.2	(10)%
Consumer Products Division	5.1	7.4	(31)%
WWE Studios	(0.2)	(0.4)	(50)%
Corporate & Other	(41.4)	(33.0)	25 %
Total	(14.6)	14.9	(198)%
OIBDA as a percentage of revenues	(9)%	10 %	
Depreciation and amortization expense	$7.9	$6.1	30 %
Operating (loss) income	(22.5)	8.8	(356)%
Investment and other expense, net	(0.3)	(0.4)	(25)%
(Loss) income before income taxes	(22.8)	8.4	(371)%
(Benefit from) provision for income taxes	(8.3)	3.2	(359)%
Net (loss) income	$(14.5)	$5.2	(379)%

As compared to the prior year quarter, our improved revenue performance in our Media Division was more than offset by increased investments in WWE Network, talent development, international expansion and digital presence, as well as, a decrease in pay-per-view revenue and reduced video game royalties.

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Media Division

The following tables present the performance results for our segments within our Media division (dollars in millions, except where noted):

Revenues-Media Division	Three Months Ended June 30, 2014	June 30, 2013	increase (decrease)
Network	$43.3	$38.2	13 %
Monthly subscription price (dollars)	$9.99	N/A	
Number of paid subscribers at period end	699,750	N/A	
Number of pay-per-view events	4	3	33 %
Number of buys from pay-per-view events	1,058,600	1,551,200	(32)%
Average revenue per buy (dollars)	$22.51	$23.92	(6)%
Pay-per-view domestic retail price, excluding WrestleMania (dollars)	$44.95	$44.95	— %
Pay-per-view domestic retail price WrestleMania (dollars)	$59.95	$59.95	— %
Television	$43.8	$38.7	13 %
Home Entertainment	$5.4	$7.1	(24)%
Gross units shipped	578,000	965,800	(40)%
Digital Media	$5.2	$7.4	(30)%
Total	$97.7	$91.4	7 %
Television Ratings			
Average weekly household ratings for RAW	3.5	3.3	6 %
Average weekly household ratings for SmackDown	2.2	2.1	5 %
Average weekly household ratings for WWE Main Event	1.0	0.8	25 %
Average weekly household ratings for Total Divas (E!)	1.3	N/A	

OIBDA-Media Division	Three Months Ended June 30, 2014	June 30, 2013	increase (decrease)
Network	$(7.3)	$8.2	(189)%
Television	11.7	11.3	4 %
Home Entertainment	2.8	3.1	(10)%
Digital Media	(0.8)	1.1	(173)%
Total	$6.4	$23.7	(73)%
OIBDA as a percentage of revenues	7 %	26 %	

Network revenues, which include revenues generated by the WWE Network, pay-per-view and video-on-demand, increased 13% or $5.1 million in the current quarter as compared to the prior year quarter as new subscription revenue more than offset a 32% decline in global pay-per-view buys. WWE Network generated $19.4 million in subscription revenue with 699,750 paid subscribers at quarter-end at a retail price of $9.99 per month. WWE Network launched on February 24, 2014 and is a subscription based OTT product which includes our events previously distributed as pay-per-view events. As subscribers join WWE Network, it is expected that pay-per-view buys will decrease. Network subscription revenue was partially offset by a $14.3 million decline in pay-per-view and video-on-demand programming, driven by a 42% decline in North American buys and a 6% decline in

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revenue per buy to approximately $22.50. Total Network OIBDA as a percentage of revenues decreased to a loss of 17% in the current year quarter as compared to a profit of 21% in the prior year quarter driven mainly by the costs associated with the launch and ongoing support of our WWE Network. Included in the current quarter results is approximately $7.1 million of costs related to programming, and $3.6 million of advertising and $5.8 million of customer service costs to support customer demand and inquiries.

Television revenues, which include revenues generated from television rights fees and advertising, increased by 13% or $5.1 million in the current year quarter as compared to the prior year quarter. Our domestic television rights fees increased by $5.8 million, due to the production and licensing of the second season of Total Divas, which is carried on the E! Network and which did not air in the prior year quarter, and as a result of contractual increases for existing programs. These increases were partially offset by the absence of rights fees from our Main Event and Saturday Morning Slam programs which ceased television distribution in the first quarter of 2014 and second quarter of 2013, respectively. Main Event currently is broadcast on WWE Network. The television OIBDA as a percentage of revenues decreased to 27% from 29% in the prior year quarter primarily due to product mix.

Home entertainment revenues, which include revenues generated from the sale of WWE produced content via home entertainment platforms such as DVD and Blu-Ray discs, decreased 24% or $1.7 million in the current year quarter compared to the prior year quarter. This decrease reflected a 40% decline in units shipped, which was partially offset by a 27% increase in the average price per unit to $13.49. The decrease in units shipped was related to reduced sales of catalog titles. This decrease however was partially offset by increased sell through rates at retail on newer titles and a higher effective selling prices. In the current year, new releases comprised approximately 66% of total units shipped as compared to 45% in the prior year quarter. Home entertainment OIBDA as a percentage of revenues increased to 52% in the current year quarter compared to 44% in the prior year quarter driven by decreased production of units, lower talent royalties, and higher sell through.

Digital media revenues, which include revenues generated from WWE.com and from our magazine publishing business, decreased 30% or $2.2 million. The decrease in revenue was primarily related to a $1.7 million decline in WWE.com revenues as pay-per-view webcast sales declined due to the launch of WWE Network. Publishing revenues declined by $0.5 million in the period. Digital media OIBDA as a percentage of revenues decreased to a loss of 15% in the current year quarter from a profit of 15% in the prior year quarter driven primarily by lower revenues.

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Live Events

The following tables present the performance results and key drivers for our Live Events segment (dollars in millions, except where noted):

Revenues- Live Events	Three Months Ended June 30, 2014	June 30, 2013	increase (decrease)
Live events	$38.3	$40.1	(4)%
North America	$27.5	$30.1	(9)%
International	$10.8	$10.0	8 %
Total live event attendance	519,300	552,000	(6)%
Number of North American events	54	65	(17)%
Average North American attendance	7,000	6,300	11 %
Average North American ticket price (dollars)	$65.28	$64.23	2 %
Number of international events	23	22	5 %
Average international attendance	6,100	6,600	(8)%
Average international ticket price (dollars)	$75.38	$68.16	11 %
Travel packages	$2.0	$1.5	33 %
Total live events	$40.3	$41.6	(3)%

OIBDA-Live Events	Three Months Ended June 30, 2014	June 30, 2013	increase (decrease)
Live events	$14.8	$16.5	(10)%
Travel packages	0.7	0.7	— %
Total	$15.5	$17.2	(10)%
OIBDA as a percentage of revenues	38 %	41 %	

Live events revenues, which include revenues from ticket sales and travel packages, decreased 3% or $1.3 million in the current year quarter primarily due the performance of WrestleMania, and to a lesser extent due to ten fewer events held in the current year quarter as compared to the prior year quarter. Revenues from our North America live events business decreased by $2.6 million or 9%, primarily due to the performance of WrestleMania, which experienced decreased attendance as a result of stadium configuration, and due to the impact of staging eleven fewer events. This decrease was partially offset by an overall 11% increase in average attendance and an increase in average ticket price to$65.28. Our international live events business increased $0.8 million in the current year quarter, partially due to one additional international being event held and an 11% increase in average ticket price to $75.38 compared to the prior year quarter. This was partially offset by an 8% reduction in average event attendance. Live events OIBDA as a percentage of revenues decreased to 38% in the current year quarter compared to 41% in the prior year quarter, driven in part, by higher travel expense and an increase in production costs.

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Consumer Products Division

The following tables present the performance results and key drivers for our Consumer Products division (dollars in millions, except where noted):

Revenues-Consumer Products Division	Three Months Ended June 30, 2014	June 30, 2013	increase (decrease)
Licensing	$5.5	$6.7	(18)%
Venue merchandise	6.5	6.9	(6)%
Domestic per capita spending (dollars)	$10.07	$11.99	(16)%
WWEShop	4.0	3.0	33%
Average WWEShop revenues per order (dollars)	$49.47	$47.92	3%
Total	$16.0	$16.6	(4)%