Individual Sports

INTRODUCTION

Individual athletes compete in a number of professional sports that operate outside of a league structure. Competition in these sports is generally organized around a professional tour of events, matches, races, or meets held in disparate geographic locations. Within this structure, a number of stakeholders must be accounted for, including governing bodies, event owners and operators, athletes, and agents. An individual sport generally has a central governing body that, at a minimum, establishes playing and eligibility rules, sanctions events, and serves as an administrative body for the sport, similar to league offices in team sports. The governing body may generate revenues from sources such as the sale of media rights, sponsorships, tickets, and athlete fees. Examples of governing bodies are the PGA Tour (men's golf), LPGA Tour (women's golf), ATP Tour (men's tennis), WTA Tour (women's tennis), and NASCAR (stock car racing).

The governing body's need for a strong leader is perhaps more important in individual sports than in team sports because of the number of stakeholders in individual sports and their vastly divergent interests. A governing body that lacks strong leadership is, not surprisingly, likely to be undermonetized and fractious. NASCAR's governance of stock car racing is unparalleled among individual sports. As an organization controlled by the France family since its inception, NASCAR's revenues surpass those of any other individual sport.

Event owners and operators are responsible for the staging of the competition in their particular geographic location. Depending on the sport, an event owner may generate revenues from ticket sales, concessions, local and national sponsorships, and, in some instances, the sale of media rights. Stock car racing and most golf events are owned by their governing bodies, whereas tennis events are sanctioned by the governing body but typically owned by third parties. In addition, the marquee events in golf and tennis are the four major championships, yet the majors are neither owned nor operated—and thus not controlled—by the governing bodies. This is roughly the equivalent of a professional sports league not controlling the most important games of its season, the playoffs. This is untenable to a professional sports league, yet de rigueur to the governing bodies of golf and tennis. To combat this, the PGA Tour, NASCAR, and both the WTA Tour and ATP World Tour have initiated "playoffs" consisting of either a series of their events or a single, season-ending championship with significant financial rewards.

Gate receipts are a significant revenue stream for event owners, and the presence or absence of one or more marquee athletes can have a significant impact on attendance. Thus, it is very important for the event owner to secure a commitment from the marquee athlete(s) as far in advance of the event as possible to maximize ticket sales. The governing bodies have attempted to "encourage" the marquee athletes to participate in as many events as possible to help ensure the viability of as many tour events as possible. A number of practical difficulties are associated with doing so, including the fact that the athletes are independent contractors rather than employees; thus the governing bodies do not have as much control over the athletes as they do in league sports. Despite these hurdles, the WTA Tour and ATP World Tour have imposed minimum commitment requirements on their best players. In tennis, the IMG and Octagon agencies control approximately 80% of the events, yet they also represent nearly 75% of the athletes competing in those events. Although this enables the event owner to secure the participation of the marquee athletes, it also creates a conflict of interest—sometimes perceived, sometimes genuine—for the event owner.

The final stakeholder, albeit the most visible, is the individual athlete. Unlike team sport athletes who are salaried employees of their teams, individual sport athletes are independent contractors who may be able to generate income through prize money won in competitions, endorsements, and appearance fees in some sports. Though the prize money available to be won by individual sport athletes is far less than the collective salaries paid to athletes by the professional leagues, individual athletes may earn significant income from endorsements. Collectively, individual sport athletes are less powerful than team sport athletes because they are not unionized, and thus they do not deal with owners and governing bodies in a singular fashion. This is a reason why the average individual athlete earns less money than the average team sport athlete. However, it is possible that the top athletes in individual sports are more powerful than those in team sports, because they are more visible, because they do not share attention with any teammates, and they are not limited by the presence of a union—specifically, the lower-runged union members. Tiger Woods, Roger Federer and the Williams sisters are prime examples of this. Another important difference between the two groups of athletes is that as independent contractors, individual sport athletes are responsible for many of their own expenses. Thus, individual sport athletes must pay for their own travel, lodging, and coaching expenses, whereas these costs are absorbed by the employer team in a league setting.

The readings in this chapter describe both successful and unsuccessful structures for individual sports. In the first article, Charles Daniel presents the tournament model embraced by the PGA Tour. In the second excerpt, Damon Moore's explanation of the boxing industry provides telling insight into a sport that is in danger of becoming marginalized because of its poorly conceived structure. The third selection provides the details of NASCAR's highly successful structure by excerpting from the annual report of the International Speedway Corporation, the publicly traded company that is inextricably entwined with the business of NASCAR. This necessarily provides the degree of depth required to fully understand this highly popular segment of the sports industry. The next selection contains highlights from another popular publicly held company's annual report—World Wrestling Entertainment (WWE). Though the outcome of matches are preordained and hence not truly sport, WWE's entrepreneurial use of individual athletes for entertainment purposes is worthy of investigation, as it has proven to be a strong business venture.

THE PGA TOUR: SUCCESSFUL SELF-REGULATION OR UNREASONABLY RESTRAINING TRADE?

Charles R. Daniel II

II. PGA TOUR HISTORY AND MEMBERSHIP

The PGA Tour was formed in 1968 as a nonprofit organization doing business as a business league or trade association. The purpose of the PGA Tour is to regulate, promote, and improve the business of professional tournament golf. The PGA Tour strives to achieve this purpose through its tournament regulations. . . These regulations were created and enacted by the players. Amendments to the tournament regulations require the affirmative vote of at least three of the four player directors of the PGA Tour tournament policy board, who are also PGA Tour members.

Currently, there are 254 members of the PGA Tour. *[Ed. Note: There were 289 members in 2009.]* . . . To qualify for membership, players must satisfy reasonable performance criteria as tournament-playing professionals as set out for each particular Tour.

. . . . A typical PGA Tour tournament is set up as follows:

(1) The PGA Tour contracts with a local sponsor. The local sponsor is generally a local nonprofit organization that donates the net receipts from the tournament to charity. . . . Charities that receive contributions range from family and youth services to athletic programs for children, to medical facilities for adults and children. Approximately 2,000 charities benefit from the PGA Tour every year.

(2) After a local sponsor is found to act on behalf of these charities, the local sponsor must then arrange for the use of a golf course and ensure that the course meets PGA Tour specifications. The sponsor is also responsible for staffing the event. The average spectator draw for a PGA Tour event is 80,000–160,000 people. As a result, staffing for a tournament can involve as many as 1,000–1,500 people to direct traffic, operate shuttle buses from parking areas, direct spectators, keep spectators quiet on and off the course, collect admission tickets, clean up the grounds, and otherwise perform all administrative functions necessary for operation

of a golf tournament. Most of the staff are volunteers who support the local charity which will benefit from the tournament.

(3) In addition to choosing a course and coordinating staffing arrangements, the local sponsor is also responsible for paying the tournament purse (prize money). Usually, the purse is divided among the top seventy finishers in the Tournament. . . . It is obvious in light of the combined responsibilities mentioned above that the ultimate financial responsibility of the event lies with the local sponsor.

(4) The PGA Tour's major responsibility is to contract with a television or cable network. The network pays a rights fee to the PGA Tour for the right to broadcast the tournament. . . .

In the late 70s and early 80s, networks showed an unwillingness to televise tournaments unless local sponsors, in cooperation with the PGA Tour, could ensure a substantial portion of television advertising. Professional golf faced the prospect of losing what little television contracts it had, and fans of the sport would lose the opportunity to see and root for their favorite golfers on network television. The PGA Tour, under the direction of former Commissioner Deane Beman, devised a two-part strategy:

First, the PGA Tour, in cooperation with local sponsors, sold advertisers and the networks a package of tournaments rather than single tournaments. This allowed advertising messages to be spread over several tournament telecasts, reducing the risk to advertisers and the networks, who often are asked to compensate advertisers if programming fails to reach anticipated audiences.

Second, the PGA Tour embarked on a strategy of using title sponsors to purchase large portions of network advertising and to underwrite most or all of the tournament purses. Title sponsors would benefit from the returns on advertising as well as from their presence at the site of an event through celebrity events and a host of other tournament activity. But sponsors were reluctant to bear the cost of sponsorship if competing golf events were broadcast on another network. These competing broadcasts would fragment both the field of golfers and an already-small viewer base.

In order to guarantee quality players for televised events and exclusivity of professional golf telecasts as requested by advertisers and title sponsors, the PGA Tour adopted the Conflicting Events Rule and the Media Rights Rule. These rules, enacted and supported by PGA Tour members, limited but did not prohibit PGA Tour members from competing at non-PGA Tour tournaments. These rules were critical to the recruitment and retention of title sponsors, for whom the corporate exposure associated with a major tournament is one of the primary reasons for sponsorship.

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III. THE CONFLICTING EVENTS AND MEDIA RIGHTS RULES

The Conflicting Events Rule states that, in order to contribute to the success of PGA Tour events and to fulfill its obligations concerning representative fields, no PGA Tour member shall participate in any other golf event on a date when a PGA Tour co-sponsored regular event, for which the member is exempt, is scheduled. . . .

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Under the Media Rights Rule, players assign their media rights to the PGA Tour in return for the benefits of membership in the PGA Tour, including television coverage of virtually all PGA Tour events. As a part of the assignment, players agree to limit their appearances on other live or recorded television golf programs without the prior approval of the PGA Tour commissioner. Wholly instructional golf programs and personal appearances are exempted from the rule.

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DOWN FOR THE COUNT: IS MCCAIN'S BILL THE ONE TO LIFT BOXING OFF THE CANVAS?

Damon Moore

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I. THE PLAYERS

There are essentially nine groups whose interests are affected by changes in the sport of boxing. The affected groups include the boxer, the manager, trainer, cut man, the promoter, sanctioning organizations, the state boxing commissions, the association of boxing commissions, the media, and the fans.

A. The Boxer

Boxing is a skill contest between two people who attempt to hit each other with their fists, encased in gloves, while trying not to be hit by their opponent. The boxer is the individual that is necessary to bring about a boxing match.[2] The boxer is the one entering the ring and the one being placed in physical peril.[3] The boxer is responsible for his physical well-being.[4] The boxer is the one physically training for the fight, undergoing medical procedures, and stepping on the scale at the weigh-in. When the bell rings, the boxer is the one in the ring roped off from the rest of the world.[5] Ultimately, it is the boxer who runs the risk of falling at the hands of an opponent—and never getting up.[6]

B. The Manager

Some say professional boxing starts with the manager. Boxers may come and go, but managers stay around seemingly forever.[7] A manager is a boxer's business representative. A manager typically has what is called a "fiduciary duty" to his fighter, which means the manager must act in the fighter's best interest, and the fighter has the right to trust the manager to work to advance and protect the interests of the fighter. The manager's job is to handle business details, negotiate fight contracts, and get the fighter the most money possible in the safest environment available in the shortest period of time.[8] In most cases, that means the manager is negotiating for the fighter and against the promoter of the fight, who is typically attempting to pay the least the promoter can pay for the services of the fighter. Figures vary, but generally a manager will take up to thirty percent of a fighter's purse.[9] Managers are not particularly popular in the sport of boxing and one of the reasons for their unpopularity is the high percentage they take from the boxer's gross income.

Nonetheless, there are good managers.[10] The good managers are the ones who never put the fighter in a match they don't think he can win unless either it significantly advances his career or pays him a lot of money.[11] The good managers also do everything themselves. They check the ring their client will fight in.[12] They check the other fighter's bandages and gloves.[13] In general, they check what the other corner is doing.[14] They don't leave anything to chance when managing their fighter's interests.

C. The Trainer, Cut Man, and Corner Man

There are three people who mostly stand in a corner of the boxing ring, watching the proceedings: the trainer, the cut man, and the corner man. According to some, they will make or break a fighter. The cut man has one specific job—tending to swelling and cuts. His job is an important one because if he is unable to stop a cut, the referee will stop the fight. The corner man is in charge of things such as cleaning the mouthpiece and administering the water bottle. The corner man and cut man coordinate their duties with the trainer.

The trainer is an important factor in any fight. The trainer teaches the fighter how to fight.[15] "The job carries with it considerable responsibility, and few [trainers] do it well. Trainers need an instinct for teaching and an understanding of the fighting.[16] They must be motivators, confidants, and surrogate fathers."[17]

"The components of a good trainer have remained largely unchanged over time."[18] Eddie Futch, one of today's best, says, "a trainer must understand conditioning and the art of boxing. But more important, the trainer must know the strengths and limitations, both mental and physical, of his fighter. No matter how much effort a fighter puts in, there are some things the boxer simply won't be able to do. A good trainer won't try to teach a fighter more than he can learn."[19]

"A trainer must know boxing," says [trainer] Victor Valle. "He must be able to communicate. But there's two very important things more. First, a trainer must demand respect, because if the fighter doesn't respect him, there will be no interest in what the trainer is teaching . . . second, a trainer must show the fighter that he cares."[20]

D. The Promoter

The promoter is the producer of the fight. The promoter will try to create interest in the fight to maximize sales of tickets and television viewership or pay-per-view buys. Unlike the relationship between the fighter and the manager, a personal relationship based upon trust, the relationship between a fighter and a promoter is primarily a business relationship based upon economics.[21]

A promoter's job is somewhat misleading. "On its surface, all the job seems to require is matching two fighters whose public appeal and skill result in an exciting bout that maximizes profits. However, to be successful a promoter needs a working relationship with fighters, managers, television executives, the press, and world sanctioning bodies."[22]

"In general, promoters make money from three sources, the first of which is a fight's live gate."[23] "Traditionally, a promoter would rent an arena and sell tickets himself;" although now it is not uncommon for fights to take place "in casinos that pay the promoter a 'site fee' and give tickets away to high-rolling customers."[24] "Promoters receive revenue from the sale of domestic and foreign television rights. This is the major source of boxing revenue, and will remain so for the foreseeable future."[25] Finally, the promoter receives revenue from the sale of incidental items such as advertising on the ring and "ring posts, videocassettes, and fight programs."[26]

While the promoters make money from three sources, their business ventures also carry the potential for great expense. By far, the greatest expenses of a fight promotion are the purses paid to the fighters. However, it is also the responsibility of the promoter to pay the fees and associated travel expenses for the judges and referees.[27] The standard fees associated with non-title fights in Florida, for example, are $125 per referee and $85 per judge.[28] Fees for title fights may be more expensive.[29] If a hotel room, air travel or a car rental is required for an official, the Commission will notify the promoter to make reservations.[30]

The promoter is required to obtain medical insurance and accidental death insurance for all participants.[31] In Florida, for example, the promoter is responsible for scheduling Florida-licensed ringside physicians. The physicians' attendance will be required at the time of the weigh-in and the event. A minimum of two ringside physicians must be at the event. The promoter is also responsible for setting up the ring in accordance with the state commission's administrative code. Finally, the promoter is responsible for scheduling the ring announcer. It is interesting to note here that although the promoter is responsible for finding the ring announcer, there seems to be one ring announcer that performs on Showtime and one ring announcer that performs on HBO—and never does one announcer perform on the other station. This would suggest that the networks have a hand in choosing the ring announcer.

The promoter plays a significant role if the fight is a pay-per-view fight. The promoter enters into various commercial arrangements and undertakes numerous promotional, marketing, compliance, administrative and logistical responsibilities. "The promoter enters into a Distribution Agreement with the distributor of the event, such as Showtime's SET or HBO PPV."[32] Such distribution is undertaken through a variety of pay-per-view affiliates and conduits. This enables local cable operators to have the event available for its regional subscribers.

As with any boxing promotion, the promoter enters into a site agreement with a venue, broadcast license agreements with international networks and cable stations throughout the World, sponsorship agreements, and bout agreements with the boxers for their participation in the bout. In addition, there are a host of other insurance, travel, production and related vendor and consultancy agreements. Of particular note in a pay-per-view event is that the bout agreement for a main event participant generally provides for the boxer to receive a base "purse" plus a potential upside based upon the number of pay-per-view home sales and corresponding domestic live television revenues to the promotion (e.g., $5/ per home in excess of 150,000 pay-per-view home sales).[33]

The promoter and distributor jointly develop a marketing plan to enhance public and media awareness of the event. They utilize the particular talents and demographic following of the event participants. For example, if one of the main event participants is a Latin boxer, there will generally be a focused marketing plan of the event in California, Texas and New York, of which historic pay-per-view data reflects a large Latin population in those states supporting pay-per-view boxing.[34] Promoters also endeavor to supplement the main event with undercard bouts that add diverse elements to attract a broader demographic following.

E. The Sanctioning Organizations

Commissions were created to protect the health, safety, and welfare of boxers through licensing and regulation of the sport.[35] Commissions were also created to regulate the sport to insure fair and impartial judgment is used when assigning officials to work events and when disciplining licensees for violations of the law.[36] During the early to mid 1900s, championship fights were controlled by the champions themselves.[37] The champion was setting his own rules, selecting his own challengers with no mandatory defenses, and selecting their judges and referees. No medical care was being provided other than simple medical check ups at weigh-ins the day of the fights, with boxing commissions accepting the bouts as they came.[38]

In those days, boxers, win or lose, might remain in the top ten for years without any change; and number one contenders would wait for years without opportunities to fight for the title. Further, several nations were recognizing their own "world champions" and using their own criteria for determining who deserved the opportunity to fight for the championship. Several organizations, discussed below, came together and attempted to bring some order to the chaos. The most prominent of those organization are as follows: The World Boxing Council; the World Boxing Association and the International Boxing Federation.

i. The World Boxing Council (WBC)

Eleven countries—the United States of America, Argentina, Great Britain, France, Mexico, Philippines, Panama, Chile, Peru, Venezuela, and Brazil—gathered by the invitation of Don Adolfo Lopez Mateos, then President of the Mexican Republic.[39] Their purpose was to create an international boxing organization that would unify other commissions in a sport that was expanding around the world.

ii. The World Boxing Association (WBA)

The original sanctioning body of professional boxing, the WBA, was born as the National Boxing Association (NBA) in 1921 in Rhode Island.[40] The NBA organized numerous championship fights in the early to mid-1900s. Many of these fights received world recognition.[41] The first bout recognized by the organization was Jack Dempsey versus George Capetier, a heavyweight championship boxing match.[42] Promoter Tex Rickard, an NBA benefactor and the premier promoter of his day, helped organize many of these fights. After Rickard's death, fighters like the legendary Joe Louis helped guide the NBA and boxing. In 1962 the NBA, in response to world developments following World War II and the Korean War, and the "growth of boxing's popularity world-wide, changed its name from the NBA to the WBA."[43]

iii. The International Boxing Federation (IBF)

"The IBF was preceded by the United States Boxing Association (USBA), a regional championship organization."[44] The organization was created in 1983 in response to Bob Lee's failed attempt to become president of the WBA. This organization's reputation was damaged in 1999 when Lee resigned as president upon being convicted of racketeering and other violations.[45]

iv. Brief Analysis of the Sanctioning Bodies

The sanctioning body usually becomes involved in the process when a boxer is involved in a championship bout.[46] In addition to sanctioning title bouts, the sanctioning bodies rank the top fighters in each weight class.[47] The top rankings are extremely precious to the fighter. Indeed, it has been said that ratings are "a fighter's future."[48] A top ten rating means a fighter is eligible to fight for a title.[49] A number one ranking often guarantees a title shot within one year.[50] The ranking systems used by the various sanctioning bodies have come under attack, as many have claimed the system is too speculative.[51] Some have even called for the current system to be replaced with an online writers poll or a system similar to the points system used to rank college football teams.[52]

The legitimacy of the rankings has also been called into question as a result of numerous promoters admitting to bribing sanctioning organization officials in order to secure better rankings for their boxers.[53] For example, Bob Arum, one of the top promoters in boxing, admitted during the bribery trial of former IBF head Bob Lee that he once made a $100,000 payment to Lee in exchange for a favorable ranking for one of Arum's boxers.

F. The State Boxing Commissions

State Commissions regulate boxing at the state level.[54] A Commission is usually made up of three to five members appointed by the governor of that state.[55] In most states the commission issues licenses to promoters. "The matchmaker will submit proposed bouts to the Commission for review."[56] "The Commission will schedule the inspectors, a timekeeper, the referees and the judges."[57] The Commission licenses the ring announcers. Some states also require the promoter to file post event tax forms within days of the event. A state commission can revoke a boxer's license to box in their state. That does not mean, however, that other states are required to revoke licenses they have extended to the boxer.

G. The Association of Boxing Commissions

The United States Association of Boxing Commissions (ABC) was formed over fifteen years ago when a "small group of executive directors of state boxing commissions and commission members themselves" began meeting to discuss how they "handled boxing in their jurisdictions."[58] Eventually, the original group along with four Indian boxing commissions developed into the ABC.[59] Later, some of the Canadian Boxing Commission provinces joined the ABC as associate members.[60]

The ABC has made a commitment to attempt to standardize many regulations its members impose at the state and national level. For example, the ABC has attempted to standardize the requirements that must be satisfied for a boxer to obtain a boxing license.[61] Another hurdle the ABC crossed involved the formation of a National Suspension List.[62] Through this initiative, anyone around the world having Internet access can see the list of boxers who are currently on medical and disciplinary suspension or revocation in the United States.[63]

H. The Media

In boxing today as in the past, the world sanctioning bodies and a handful of promoters wield enormous power.[64] However, many say the primary power rests with television.[65] Television revenues are a major factor in paying the fighters' purses. At one time, the networks were actively involved in the fight game and helped provide income for the fighters. But . . . ABC, CBS, and NBC stopped broadcasting fights.[66] This stoppage was reportedly due to a shortage of advertisers.[67] . . . cable networks ESPN, HBO, and Showtime stepped in where the broadcast networks left off.[68]

HBO is a major media outlet. It has been referred to as the "money tree of boxing."[69] Media outlets such as HBO offer money to the fighters for the exclusive right to broadcast their fights. The media makes money by, inter alia, offering fights to the public to purchase via closed-circuit television. These closed circuit broadcasts have provided the players with an opportunity for a big pay day.[70]

There may be a downside of these closed circuit events. Some say the networks are "trying to do what the sanctioning bodies should do, which is telling you who your number one contender should or should not be," said boxer Roy Jones Jr.[71] when he spoke to a Senate panel in early 2002.[72] The source of unfairness here is the likelihood that if it will not draw sufficient viewer interest or advertising revenue for the networks, they will be reluctant to participate in the event.[73]

I. The Fan

Arguably, it is the fan who drives the sport. It is the fan who pays money for pay-for-view rights.[74] It is also the fan that buys the high-priced tickets to see the championship fights.[75] To the mere spectator, boxing is a savage sport. But as the spectator develops into a fan, the design is unraveled.[76] Though a "casual viewer will only react to the most obvious action, such as a knockdown or a knockout," the true fan understands the "careful steps the winning boxer took to reach that point."[77] As a result of this understanding, a true fan has a disdain for boxers who reach the highest levels of the sport through any manner other than beating the best boxers in their class.[78]

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Notes

1. Jack Newfield, Only in America: The Life and Crimes of Don King 39 (William Morrow and Co., Inc. 1995).
2. See Cristina E. Groschel, Down for the Count: The Muhammad Ali Boxing Reform Act and Its Shortcomings, 26 Nova L. Rev. 929 (2002).
3. Id.
4. Id. In the past, boxers have been told to avoid weight training. See Chris Wheless, Weight Training for Boxers, Ringside.com Website, available at http://www.ringside.com/articles/archives/strength_and_conditioning/weighttraining.htm (last visited May 1, 2004). This was based on the notion that they would become muscle-bound. Id. But this is simply not true. The goal of a boxer who chooses to incorporate weight training is to become as strong as possible while remaining in the confines of his/her weight class. Id.
5. Groschel, supra note 2.
6. Id.
7. Thomas Hauser, The Black Lights: Inside the World of Professional Boxing 32 (McGraw-Hill 1986).
8. Id at 34. In many ways, the manager-fighter relationship is similar to the attorney–client relationship in that both managers and attorneys are obligated to fight on behalf of their "clients", and to avoid conflicts of interest as much as possible. See Jim Thomas, How fighters can protect themselves outside the ring, at http://www.secondsout.com/Ringside/business.cfm?ccs=356&cs=9841 (last visited May 1, 2004).
9. Hauser, supra note 7 at 34.
10. Id.
11. Id.
12. Id.
13. Id.
14. See Scoop Malinowski, Roy Jones Scandal Update, Boxing Insider, at http://www.boxinginsider.net/news/stories/63198640.php (hereinafter Boxing Insider) (last visited Nov. 10, 2003). The following is an example of the kinds of cheating an attentive manager is looking to uncover and alert others: "Angelo Dundee ripped Cassius Clay's glove between rounds after Henry Cooper floored the young Clay with a left hook in 1963. Dundee said Clay was hurt badly and so he tore the glove further to buy more recovery time—as the faulty glove had to be exchanged." Id.
15. Hauser, supra note 7, at 34. Most trainers estimate that a minimum of three to four years are necessary to produce a proficient amateur fighter, and an additional three years are thought to be necessary to produce a competent professional. See J.D. Wacquant, The Pugilistic Point of View: How Boxers Feel About Their Trade, available at http://sociology.berkeley.edu/public_sociology_pdf/Wacquant.pdf (last visited May 1, 2004).
16. Hauser, supra note 7 at 42.
17. "He's got to know the things to do to keep his boxer up. Twelve rounds is a long time to keep a fighter motivated properly. The toughest thing is, the trainer has only one minute between rounds to do all this," says cornerman Ken Billinghurst Sr., the owner of Inner City Boxing Club (Calgary). See Al Ruckaber, Fighters rely on three key role players, Slam Boxing, March 13, 1999, available at http://slam.canoe.ca/SlamHolyfieldLewis/mar13_and.html (hereinafter Ruckaber) (last visited Feb. 24, 2005).
18. Hauser, supra note 7 at 42.
19. Id.
20. Id. at 43. Two examples of actions taken by trainer Eddie Futch are worthy of note. First, "in Manila, when boxer Joe Frazier's face was so swollen he no longer could see Muhammad Ali's punishing right hand, Futch wouldn't let him come out for the 15th round, even though he had a chance to win." See Eddie Futch Fought the Good Fight, available at http://www.findarticles.com/cf_dls/m1571/n7_v14/20301304/p1/article.jhtml (last visited Feb. 24, 2005). "'Frazier had a very lovely family,' Futch says. 'They were very close. I thought to myself that I could not see letting this man possibly wind up as a vegetable or be injured fatally, not when he had so much to live for.'" Second, "when two of his fighters, Larry Holmes and Michael Spinks, faced each other in a heavyweight-championship bout, he chose to bow out of the fight rather than side with one or the other, passing up a lucrative payday rather than betraying a loyalty. 'I couldn't see myself working with one and not the other,' he says." See id.
21. See John Fried, The Business of Boxing Website, available at http://www.secondsout.com/Ringside/business.cfm (last visited Aug. 25, 2004).
22. Hauser, supra note 7, at 69. See also Presentation By: Fredric G. Levin to the United States Senate Committee on Commerce, Science & Transportation, available at http://commerce.senate.gov/hearings/324lev.pdf (last visited Feb. 24, 2005).
23. Hauser, supra note 7, at 69-70. "For a pay-per-view broadcast expecting approximately 150,000–200,000 home buys, $650,000 is a reasonable assessment of the live gate." See Fried, infra note 33.
24. Hauser, supra note 7, at 70.
25. Id. See also Hearing Before the Senate Committee on Commerce, Science, and Transportation: Written Testimony of Ross Greenburg, President of HBO Sports. Available at http://commerce.senate.gov/pdf/greenburg020503.pdf (last visited Feb. 24, 2005).
26. Hauser, supra note 7, at 70.
27. Business and Professional Regulation, infra note 54.
28. Id.
29. Id.
30. Id.
31. In some states the policy must cover each fighter for a minimum of $20,000 in benefits for each category. Id.
32. See Jeff Fried, The ABC's of pay-per-view, available at http://www.secondsout.com/Ringside/business.cfm?ccs=356&cs=9840 (last visited Aug. 25, 2004).
33. For a fictitious example of the manner in which a pay-per-view promotion operates from a financial viewpoint, see Jeff Fried, The ABCs of Pay-Per-View, available at http://www.secondsout.com/Ringside/

business.cfm?ccs=356&cs=9840 (last visited May 2, 2004). This example assumes a pay-per-view broadcast that is estimated to generate between 150,000–200,000 homes (reasonably successful by today's standards). To provide a framework of just what this means, the July 29, 2001 Roy Jones, Jr. vs. Julio Gonzalez bout and the September 29, 2001 Bernard Hopkins-Felix Trinidad bout reportedly did 185,000 and 450,000 homes, respectively. See id.

34. Id.

35. See Secondsout.com Website, available at http://www.secondsout.com/ringside/goodman_43486.asp (last visited Feb. 25, 2005).

36. See Tim Lueckenhoff, Understanding the Association of Boxing Commissions, available at http://www.secondsout.com/Ringside/business.cfm?ccs=356&cs=9836 (last visited Aug. 25, 2004).

37. See Jose Sulaiman Chagnon, The origin and relevance of world organizations, available at http://www.secondsout.com/Ringside/maven.cfm?ccs=358&cs=9861 (last visited Aug. 25, 2004).

38. Id.

39. See World Boxing Council Website, available at http://www.wbcboxing.com (hereinafter WBC Website) (last visited Nov. 8, 2003).

40. See World Boxing Association Website, available at http://www.wbaonline.com (hereinafter WBA Website) (last visited Nov. 8, 2003). See also Wikipedia Encyclopedia, available at http://en2.wikipedia.com (hereinafter Wikipedia Website) (last visited Nov. 8, 2003).

41. Id.

42. Id. William Harrison "Jack" Dempsey became a major sports figure of the '20s. See Jack Dempsey Website, available at http://www.cmgww.com/sports/dempsey (last visited May 1, 2004).

    "As a traveler from 1911 to 1916, Dempsey began boxing in the small mining towns of Colorado under the name of 'Kid Blackie.' He emerged from the floors of these saloon floor-boxing matches to win over 80 professional fights by the time he was 24 years old. Dempsey was known for his knockout victories that occurred in mere seconds of the onset of the fight. Dempsey proved his phenomenal ability in a battle of "David and Goliath" standing. Dempsey's iron strength and killer left hooks allowed him to beat Jess Willard in 1919, leaving this giant bewildered and shattered. This victory awarded Dempsey the heavyweight title, and the nickname of the "Manassa Mauler' became known around the country. This man became a ring warrior by defending his title six times in seven years. He was defeated by Gene Tunney and lost his heavyweight title. Ironically, this match had the largest paid attendance in boxing history. Tunney and Dempsey went head to head and fist to fist again in 1927 in hopes that Dempsey would reclaim his title. Dempsey lost this rematch, coined "The Battle of the Long Count' because of a call by the referee that Dempsey did not return to a neutral corner after Tunney had fallen. Tunney won the match three rounds later." See id.

43. See World Boxing Association, available at http://www.answers.com/topic/world-boxing-association (last visited Mar. 10, 2005).

44. See Nationmaster.com, Encyclopedia: International Boxing Federation, available at http://www.nationmaster.com/encyclopedia/international-boxing-federation (hereinafter Nationmaster.com) (last visited Mar. 10, 2005).

45. Id.

46. See Patrick B. Fife, The National Boxing Commission Act of 2001: It's Time For Congress To Step Into The Ring And Save The Sport Of Boxing, 30 Hofstra L. Rev. 1299, 1303 (2002).

47. Id.

48. Hauser, supra note 7, at 188.

49. See id.

50. See Boxing's Finest.com, IBF President and Officials Accused of Receiving Bribers to Alter Rankings, available at http://www.boxingsfinest.com/ibf_corupt_news.htm (hereinafter Boxing's Finest.com) (last visited Mar. 10, 2005). "In the IBF, rankings were bought, not earned. The defendants completely corrupted the IBF ranking system.'—Federal prosecutor Robert F. Cleary." See id. "Cleary said the bribes, totaling $338,000, began after the IBF was founded in 1984." See id. "This mostly affected rankings in 10 of the 15 weight classes, with greater payments made in the heavyweight divisions." See id.

51. Arizona Sen. John McCain said "It is a fact that the ratings system in professional boxing has less credibility among athletes and their fans than any other ratings system in professional sports." See id.

52. See Leo Bueno, Boxing Writers Rankings Poll, available at http://www.accesspro.net/leobeuno/boxingpoll.htm (hereinafter Rankings Poll) (last visited Mar. 10, 2005). "The poll's developer would maintain a Web site at which professional boxing writers from around the world, by clicking or entering selections on web page forms, could periodically cast their votes. Writers would vote for a champion in each weight class, rank other contenders and pick a mythical 'pound for pound' champion. This procedure would take dirty politicking out of the current ranking system, and would yield legitimate champions and rankings." Id.

53. See Boxing's Finest.com, supra note 50.

54. See, e.g., My Florida.com, Department of Business and Professional Regulation, Division of State Boxing Commission, available at http://www.state.fl.us/dbpr/sbc/index.shtml (hereinafter Business and Professional Regulation) (last visited Mar. 10, 2005).

55. Id. See also NRS 467.020, available at http://www.leg.state.nv.us/NRS/NRS-467.html (hereinafter Nevada Website) (last visited Mar. 10, 2005); New Jersey State Athletic Control Board, available at http://www.state.nj.us/lps/sacb/leadership.html (last visited Mar. 10, 2005).

56. See My Florida.com, Department of Business and Professional Regulation, Division of State Boxing Commission: Information for Promoters of Professional Boxing Events, available at http://www.state.fl.us/dpr/sbc/publications/promoter_info/index.shtml (last visited Mar. 10, 2005).

57. See id. But take note, while the Commission schedules these things, the promoter will ultimately pay the cost.

58. See Tim Lueckenhoff, Understanding The Association of Boxing Commissions, available at http://www.secondsout.com/Ringside/business.cfm?ccs=356&cs=9836&highlight=Lueckenhoff (hereinafter Understanding the ABC) (last visited Mar. 10, 2005).

59. Id.

60. Id.

61. Id. (arguing "this was initially developed and maintained by the Florida Boxing Commission. Eventually, this program was overturned to Fightfax, Inc.")

62. Id.

63. Id.

64. See Thomas Hauser, The State of Boxing, SecondsOut.Com Website, November 14, 2003 at http://www.secondsout.com/usa/column_46509.asp (hereinafter SecondsOut) (last visited Mar. 4, 2005).

65. Id.

66. Some have suggested the situation was exacerbated when NBC made a decision to no longer broadcast Olympic boxing. Id. Hauser states:

    There was a time when the Olympics generated instant stardom, after which exposure on 'free television' would build further interest in a fighter. In 1976, many Americans actually planned several evenings around Ray Leonard, Howard Davis, Leon and Michael Spinks, and the rest of the United States boxing team at the Montreal Olympics. . . Most network executives today are unfamiliar with the boxing business and wouldn't feel comfortable making deals to televise fights even if circumstances warranted. Id.

67. Id.

68. Id.

69. Id. (suggesting that there are many who would suggest HBO saved boxing; that if HBO had not made a franchise out of boxing after the broadcast networks abandoned it, the sport would have gone under; also arguing that "HBO did for boxing what ABC did for pro football.")

70. Fried, supra note 32 (last visited May 3, 2005).

71. . . . Jones was widely considered the best fighter in the world.

72. Tony Batt, Jones Jr.: Cable controls boxing, Las Vegas Review-Journal On-line, at http://www.reviewjournal.com/lvrj_home/2002/May-23-Thu-2002/sports/1881 3836.html (hereinafter Batt) (last visited Mar. 4, 2005).

73. Id.

74. In the days leading up to the Lennox Lewis-Mike Tyson fight, Shelly Finkel, manager for Mike Tyson, suggested that the fight would draw more than 1 million paying homes at $54.95. See Las Vegas Review-Journal, at www.reviewjournal.com/lvrj_home/2002/May-30-Thu-2002/sports/18862972.html (hereinafter ESPN Website) (last visited Mar. 4, 2005).

75. For the Lennox Lewis-Mike Tyson fight, one bought four tickets—two for $2,400 each and two for $1,400 each—with hopes of maybe doubling his money. See ESPN Website, supra note 74.

76. See, e.g., News From Hawaii Website, available at http://www.kwxx.com/kwxx/headlines.shtml. (Last visited May 3, 2005.) Here, in an article dated May 28, 2001, the Honolulu Associated Press states: "In upholding the ruling, the appeals court said in an opinion written by Associate Judge John Lim that—quote—'Boxing is a savage sport, with inherent perils commensurate with its nature.'" Id.

77. By comparison, many Americans are under the erroneous assumption that they could have become a professional athlete (e.g., a boxer) with the proper training. See Hauser, supra note 7 at 12.

78. See, e.g., Papa Cabello, Team De La Hoya: 6 Division Sham, at http://www.geocities.com/fightgame/boxing.html (last visited Jun. 7, 2004). Here, Cabello states:

    Many hardcore boxing fans (if you're reading this line you can consider yourself a hardcore boxing fan) have a general disdain for Team de la Hoya. This is not without basis. Real boxing fans are an educated lot and there are many reasons for our skepticism. Not the least of which is the gift decisions he's received over the years. Id.

INTERNATIONAL SPEEDWAY CORPORATION ANNUAL REPORT, 2008

Dear Fellow International Speedway Corporation ("ISC") Shareholders:

. . . .

[W]hile the economy and the impact it is having on consumers and corporate America is well documented, we expect our market leadership position will continue to serve us well as we navigate through these difficult times. ISC is motorsports' largest promoter and collectively hosts more than 100 events annually at its 13 major motorsports facilities, including 47 NASCAR Sprint Cup, Nationwide and Camping World Truck series, formally known as the Craftsman Truck Series, races for the 2009 season.

ISC's long-term success is predicated on the immensely popular sports property of NASCAR, the most prominent sanctioning body in motorsports. NASCAR's success is supported by a stable, growth-oriented business model that allows all constituents—track operators, competitors, team owners, sponsors, media partners and other interests—to prosper. NASCAR's hallmark is that it consistently provides competitive and exciting events for the fans, making it the number one spectator sport in the United States.

Through a strict focus on a proven business plan, ISC over the past 50 years has consistently delivered solid financial results, including strong revenue and operating cash flow. Even with the challenging economic conditions faced in fiscal 2008, the Company generated total revenues of $787 million and operating income of $236 million. This type of financial profile provides us the ability to capitalize on significant long-term growth opportunities that deliver long-term shareholder value.

While we expect our fiscal 2009 financial results will continue to be challenged by the unprecedented economic landscape, the Company remains in excellent financial position and firmly focused on continuing to execute its vision of being the world leader in motorsports entertainment by providing superior, innovative and thrilling guest experiences.

We continue to stage huge events that are among the highest attended sporting events in the country. In the millions of fans who come through our gates, we see firsthand the passion and enthusiasm they have for our sport. It is a culture; it is a lifestyle.

In our pursuit of creating the "best-in-class" experience for our guests, we have implemented a number of unique ticketing and consumer programs that are proving successful.

For our ticketing programs, we first examine pricing structures to ensure that prices are in line with market demand. We are sensitive to the current economic challenges that many of our fans face, and to address this, we have lowered prices on more than 150,000 seats, or 15 percent of our grandstand capacity, for NASCAR Sprint Cup events across the Company. In addition, we have created ticket packages that provide added value opportunities, making it more affordable for our fans to attend live events. These packages may include an "all-you-can-eat" component; fuel saving offers; military discounts; and, we have added general admission only grandstands where, in many cases, children's admissions are free. We are also continuing to provide a number of different enhanced installment payment programs.

Our efforts do not only focus on ticket prices. We are also working closely with community partners to lower the overall cost for fans. This includes lowered minimum night stays at hotels and developing special promotions for guests. We have also reduced prices on select concessions and are offering special pricing on merchandise. These efforts complement our commitment to providing first-class entertainment for our fans all season long.

During 2008, we continued to make investments in consumer marketing technologies. For example, we implemented a proprietary process to secure immediate feedback from our customers following major events. Through these efforts, we are better able to understand our customers' trends and habits, as well as their likes and dislikes. More importantly, this type of consumer marketing initiative assists us in operational and capital investment planning to ensure we provide a premier live event experience for our customers.

Despite attendance softness due to the economy in 2008, it is important to note that fan interest has not diminished. This was best evidenced in 2008 by increased television ratings for all three of NASCAR's national touring event series. NASCAR's Sprint Cup and Nationwide series remain the second- and third-most watched sports programming on television, respectively, in terms of average household viewership per event.

Domestic broadcast and ancillary media revenues are an important component to our revenue and earnings stream. In fiscal 2008, we were in the second year of an eight year contract that generated more than $257 million in revenues and provided $189 million in operating income for ISC during the year. With a contracted average annual escalator of three percent, media rights income provides the Company with substantial earnings stability and visibility. This is a true differentiating factor for ISC as compared to other companies.

While ISC was impacted by the macroeconomic environment in 2008 and is expected to experience further pressure on attendance-related and corporate marketing partnership revenues in 2009, NASCAR remains a healthy and exciting sports property with tens of millions of passionate fans.

These fans collectively have demographics that mirror the U.S. population in income, age and number of families with children. In addition, a significant percentage, upwards of 40 percent, of NASCAR fans are female, who are the primary purchasers in the home. These strong demographics, behaviors and avidity to purchase and consume a variety of products are terrific for ISC and support our ability to effectively market our vast array of assets and intellectual property to Corporate America.

It was this that led The Kroger Co., partnering with Daytona International Speedway, to execute the largest in-store retail promotion in Kroger and NASCAR history to commemorate the 50th running of the Daytona 500. Utilizing Kroger's network of 2,500 stores, customers had the opportunity to purchase almost 50 different products branded with a special 50th race logo. General Mills, Kellogg and ConAgra were among the companies that collectively spent more than $100 million in marketing for this historic event. We are excited that this promotion was such a success, and expect it will continue to grow in scale and number of brands that participate in the coming years.

Corporate sponsorship plays a unique role in motorsports. Fans have shown over the years that they are willing to change their purchasing decisions to support sponsors that are involved in the sport. This aspect of sponsorship makes investment in motorsports an attractive opportunity for Corporate America. It is no surprise that there are more Fortune 500 companies involved in NASCAR than in any other sport.

We expect to experience modest decreases in sponsorship spending in 2009, due in part to lower spending from auto manufacturers. However, we know, as we see it play out time and time again, that an investment in NASCAR can be the most efficient and effective spend in all of major sports.

This investment return is driven by the responsiveness of the brand loyal race fans, which are three times more likely to purchase NASCAR sponsors' products or services. Moreover, NASCAR fans who attend a live event are two times more likely to purchase NASCAR sponsors' products or services as compared to fans who do not attend an event.

This provides a compelling case when our corporate partners are prioritizing and scrutinizing their marketing budgets to get the best return on their investment. While all sports properties are experiencing a slowdown in corporate spending, ISC has taken proactive and strategic steps to provide innovative marketing solutions for our corporate partners.

One of the key focus areas has been the integration and leveraging of traditional marketing disciplines into the sports marketing area. Whether it is sponsorship, hospitality or ticketing, we have had solid success by employing marketing disciplines that focus on research and measurement.

The racetracks themselves are the culmination of NASCAR fans' experience and passion for the sport, and that is where there is a tremendous amount of excitement and avidity. When we marry the two in a strategic fit with a brand, the sport, and an innovative marketing program that focuses on delivering measurable results, we are very successful with Corporate America.

Illustrative of this was ISC's ability in 2008 to expand its relationship with the Automobile Club of Southern California, the nation's largest member of the AAA federation, into a historic 10-year, multi-million-dollar partnership to re-name California Speedway as Auto Club Speedway of Southern California. This relationship increases Auto Club's brand exposure as the speedway annually attracts nearly half a million fans. Auto Club is using the speedway facilities to expand development of automotive technology as well as driver safety initiatives.

We are proud to say that this is the largest naming rights agreement in all of motorsports and a model we would like to replicate, with the right partner, at our other motorsports facilities.

As motorsports has grown, our marketing partnership and sponsorship efforts have evolved from primarily event entitlements into a diversified mix that also includes licensing rights, display space and official status categories. Ten years ago, event entitlements contributed 80 percent of gross marketing partnership revenue. Today, they account for approximately 30 percent with official status accounting for more than 50 percent of gross marketing partnership revenue. We sold positions in more than 150 distinct official status categories in 2008, and we have an almost endless supply of categories we can pursue over the longer term.

Beginning in January 2008, Coca-Cola North America, through an exclusive 10 year, multi-million-dollar partnership, became the "Official Soft Drink," "Official Sparkling Beverage" and "Official Water" at 10 of our motorsports facilities, as well as Daytona 500 Experience. This ranks as one of the most significant official status marketing partnerships in the Company's history.

Our relationship with Coca-Cola North America is only one of the hundreds of marketing partnerships we have established through our comprehensive sales network across our 13 motorsports facilities.

We are extremely pleased that, in light of the current economic environment, we continue to bring not only new sponsors into the sport, but also are able to create new official status categories. For example, we recently announced a five-year, multi-track partnership with ServiceMaster Clean. In addition, NextEra Energy Resources, the nation's largest provider of wind and solar energy, became an official status partner of Daytona and Homestead-Miami, as well as secured major race entitlement positions with both Florida-based speedways. We have other exciting partnerships in the works and look forward to announcing them throughout the year.

We credit much of our success in securing sponsorship arrangements to the popularity of NASCAR and ISC's ability to reach a tremendous number of brand loyal consumers through a platform of first-class motorsports facilities that extend across the country and host world-class events.

More than two-thirds of the country's population is located within 400 miles of our facilities. ISC's premier events span the entire motorsports calendar, from the season-opening Grand-Am Rolex 24 At Daytona and NASCAR Sprint Cup Daytona 500 in February, to Homestead-Miami's Ford Championship Weekend, which crowns the champions in the top three national NASCAR racing series, in November. Moreover, we host major events in six of the top 12 media markets.

This national footprint in top media markets places ISC in a unique position to deliver year-round value to sponsors. No other motorsports company can offer as many varied marketing solutions across such a wide breadth of assets.

While we continue to make significant advances in promoting our top-line results, in response to a lower revenue outlook for 2009 due to macroeconomic uncertainty, we continue to actively manage the Company's controllable event and administrative expenses through ongoing cost containment initiatives. We have been aggressively reducing costs and remain focused on spending only in areas that directly contribute to the successful execution of our long-term strategic plan.

As we operate the most major motorsports facilities in the country and promote premier events that attract millions of fans, as well as significant corporate partner spending, ISC continues to generate significant operating cash flow that provides us the ability to reinvest in strategic long-term growth opportunities.

Over the past two years, we have undertaken a detailed review of our strategic plan to determine where we want ISC to be in the next five to 10 years. Through this process, we are not only gaining a better understanding of the current and long-term environment in which we operate, but also are evaluating our capital allocation strategy to ensure we invest in the best opportunities that will provide value creation beyond ISC's organic growth.

In fiscal 2008, we invested approximately $92 million in capital expenditures at our existing facilities. From an allocation standpoint, our priority is fan and competitor safety, as well as regulatory compliance. We are also focused on improving the fan experience to increase ticket sales, and drive higher retention and renewals from our existing customers.

During the fiscal year, we made a number of significant capital improvements across our facilities, including the installation of track lighting at Chicagoland Speedway; enhanced seating and a new leader board at Michigan International Speedway; and track repaving, new infield tunnel access and suite renovations at Darlington Raceway. In addition, we installed new media centers at Watkins Glen International and Homestead-Miami. Finally, we have upgraded portions of the frontstretch grandstands, replaced seats and completed the purchase of property immediately adjacent to Turn 1 at Daytona. This purchase affords us the ability to invest in a fan friendly face lift to the property behind the frontstretch grandstands. Furthermore, we are able to integrate this 20-acre property as part of the frontstretch master plan, which will also allow for an improved guest experience and increased revenue generation opportunities.

For fiscal 2009, as a result of our desire to conserve cash, we currently estimate that we will invest approximately \$65 million on capital improvements at our existing facilities. Most notable is spending for seating and facility enhancements at Michigan and Daytona.

Looking at our other capital commitments, we have \$150 million in Senior Notes maturing in April 2009. Given the challenges in the credit markets, this past October we drew down on our \$300 million Revolving Credit Facility the \$150 million necessary to fund the April maturity. If we are not able to secure acceptable terms for a refinancing in early 2009, we will use these Revolver borrowings as a bridge to a more favorable credit market, utilize operating cash flow to pay down the balance on the Revolver in the interim, and decrease capital spending at our existing facilities to approximately \$50 million in fiscal 2009. We view this as the minimum amount of investment necessary for maintenance capital expenditures, safety and regulatory requirements, and preserving the guest experience at our events.

Beyond our existing facilities, we are also making strategic investments in external projects that complement our core business and provide value for our shareholders. Our main focus is on ancillary real estate development, acquisitions and new market developments. We also remain focused on returning value to our shareholders through our dividend policy and stock buyback program. During fiscal 2008, we increased our annual dividend to \$0.12 per share (as compared to \$0.10 per share in fiscal 2007) and purchased on the open market 3.1 million shares for \$127 million.

With more than 13,000 acres owned or under management, we possess a significant long-term opportunity to unlock value on our balance sheet by monetizing our real estate through complementary ancillary development. Our goal in any endeavor we undertake is to enhance and extend the guest experience during race weekends, and create a year-round destination and income stream in the particular region.

We made excellent progress on this initiative during 2008. First, we broke ground on Daytona Live!, a 71-acre premier retail, dining and entertainment venue being built across the street from Daytona International Speedway. Also included in the development will be a first-class hotel and the new world headquarters building for ISC, NASCAR and Grand-Am.

The first phase of the project, which is fully funded, is the headquarters building, which is expected to open late 2009. The proposed 200,000 square feet of upscale retail, dining and entertainment center is being marketed to the "best-in-class" businesses by The Cordish Company, our 50/50 joint venture partner. It has already secured a 65,000 square foot, 14-screen Cobb Theatre to anchor the development.

We were also pleased to announce last September that our Hard Rock Hotel & Casino at Kansas Speedway proposal was awarded the casino management contract with the Kansas Lottery Commission for Wyandotte County, Kansas. Similar to Daytona Live!, the project was planned to be developed in a 50/50 joint venture with The Cordish Company. The combination of the proposed 1.5 million square foot Hard Rock Hotel & Casino and 275,000 square feet of premier retail, dining and entertainment spaces, adjacent to a premier motorsports facility, was destined to become one of the foremost sports and leisure destinations in the country.

While we were prepared to move forward on the development of the casino and multiple retail, dining and entertainment venues, we requested that our casino management contract be modified to allow us to phase in the hotel, convention facilities and additional non-gaming entertainment components. We were concerned that, due to the unprecedented crisis and disruption in the global financial economic markets, our project may have had difficulty securing acceptable financing. Since modifications to the contract were technically not permitted prior to our \$25-million deposit becoming non-refundable and the partners becoming obligated to build the entire project, we reluctantly withdrew our proposal. At the beginning of 2009, the State of Kansas re-opened the bidding process for the casino management contract and we look forward to resubmitting our application with a phased approach for the non-gaming amenities.

From an acquisition and new market development standpoint, we are very interested in opportunities that offer attractive financial returns. We were pleased with the 2008 performance of recent acquisitions, particularly Chicagoland Speedway and Motorsports Authentics.

The recent addition of lights at Chicagoland Speedway, which we acquired in 2007, allowed for night racing at the speedway. This more effectively differentiates the two major race weekends held at the speedway, and contributed to Chicagoland selling out its Track Pack season tickets for the 2008 race season.

During 2008, Motorsports Authentics, our 50/50 joint venture with Speedway Motorsports, benefited from sales surrounding the historic 50th running of the Daytona 500, as well as Dale Earnhardt Jr.'s move to a new team, sponsor and car. These unique opportunities, combined with a continued turnaround of the business, helped Motorsports Authentics post an operating profit of \$3.2 million in fiscal 2008, of which ISC recorded \$1.6 million as equity investment income. This is a significant improvement from 2007, when Motorsports Authentics posted an operating loss of \$19.6 million (after excluding certain one-time items), and ISC recorded a \$9.8 million non-GAAP equity loss to reflect its 50 percent portion.

In terms of new market development, we continue to believe there are a number of underserved markets that will offer a strong fan base and solid corporate demand.

However, when considering development of new facilities, it is important to note that NASCAR has stated its race schedules are substantially expanded. As such, the events up for a newly developed facility would need to be realigned from existing facilities.

Faced with this economic model, we believe that any new development would most likely necessitate some form of public-private partnership to fund the project in order to yield acceptable returns. As a significant percentage of race attendees often travel from out of the area and state, contributing to substantial positive economic impacts, such arrangements are certainly plausible.

A great example of this is the success of Kansas Speedway, our most recent new market development. Kansas Speedway was built through a significant public-private partnership, with the speedway providing an annual economic benefit of almost a quarter billion dollars to the state and local community. This gives us a high degree of confidence that other markets will realize the positive economic impact a major motorsports facility can bring to a state and community as a result of investing in a public-private partnership model.

An important component of our capital allocation strategy is returning capital to shareholders. ISC has solid operating margins that generate substantial operating cash flow. Using only these internally generated proceeds, we have returned a significant amount of capital to shareholders primarily through our share repurchase program. Since its inception in December 2006, the Company has purchased more than 4.7 million shares on the open market, an investment of more than $200 million. Going forward, once we refinance our Revolver borrowings, we expect to balance the amount of share repurchase with the level of capital reinvestment at our existing facilities.

We have been able to execute on our strategic initiatives due to our solid financial position, which provides the flexibility needed to capitalize on long-term growth opportunities. With modest debt levels, an investment grade rating from Moody's and Standard & Poor's, and significant operating income, the Company is in excellent financial condition to continue to grow.

In closing, although these are challenging times for our fans, business partners and ISC, we remain a dynamic company uniquely positioned to prosper well into the future. The major reason for our continued success over the past 50 years has been our execution of a proven long-term business plan supported by a strong financial profile and performance by our dedicated group of employees that are always willing to go the extra mile. Over those many decades, we have persevered through many challenging economic periods, and we remain confident that we will get through these times as a stronger and better operated company. . . .

James France, Chairman of the Board and CEO
Lesa Kennedy, Vice Chair and President

PART I

Item 1. Business

General

We are a leading owner of major motorsports entertainment facilities and promoter of motorsports themed entertainment activities in the United States. Our motorsports themed event operations consist principally of racing events at our major motorsports entertainment facilities. We currently own and/or operate 13 of the nation's major motorsports entertainment facilities:

- Daytona International Speedway in Florida;
- Talladega Superspeedway in Alabama;
- Michigan International Speedway in Michigan;
- Richmond International Raceway in Virginia;
- Auto Club Speedway of Southern California in California;
- Kansas Speedway in Kansas;
- Chicagoland Speedway in Illinois;
- Phoenix International Raceway in Arizona;
- Homestead-Miami Speedway in Florida;
- Martinsville Speedway in Virginia;
- Darlington Raceway in South Carolina;
- Watkins Glen International in New York; and
- Route 66 Raceway in Illinois.

In 2008, these motorsports entertainment facilities promoted well over 100 stock car, open wheel, sports car, truck, motorcycle and other racing events, including:

- five Indy Racing League ("IRL") IndyCar Series events;
- one National Hot Rod Association ("NHRA") POWERade drag racing event;
- six Grand American Road Racing Association ("Grand American") events including the premier sports car endurance event in the United States, the Rolex 24 at Daytona; and
- a number of other prestigious stock car, sports car, open wheel and motorcycle events.
- 21 National Association for Stock Car Auto Racing ("NASCAR") Sprint Cup Series events;
- 16 NASCAR Nationwide Series events;
- nine NASCAR Craftsman Truck Series events.

Our business consists principally of promoting racing events at these major motorsports entertainment facilities, which, in total, currently have more than one million grandstand seats and over 550 suites. We earn revenues and generate substantial cash flows primarily from admissions, television and ancillary media rights fees, promotion and sponsorship fees, hospitality rentals (including luxury suites, chalets and the hospitality portion of club seating), advertising revenues, royalties from licenses of our trademarks and track rentals. We own Americrown Service Corporation ("Americrown"), which provides catering, concessions and merchandise sales and service at certain of our motorsports entertainment facilities. We also own and operate the Motor Racing Network, Inc. radio network, or MRN Radio, the nation's largest independent motorsports radio network in terms of event programming, and the Daytona 500 Experience—The Ultimate Motorsports Attraction, a motorsports themed entertainment complex and the Official Attraction of NASCAR.

Over the past several years, our business has grown through both internal and external initiatives. From fiscal 2004 through fiscal 2008, our revenues increased from approximately $646.3 million to $787.3 million. Significantly contributing to this increase was motorsports related revenues, which represented 51.6 percent of our total revenues in fiscal 2004 and 58.8 percent in fiscal 2008. Motorsports related revenues are primarily associated with domestic media rights fees from NASCAR's eight year consolidated television broadcast rights agreements with FOX, ABC/ESPN, TNT and SPEED for the domestic broadcast and related rights for its Sprint Cup, Nationwide and Craftsman Truck series. Also contributing to Motorsports related revenues are sales to corporate marketing partners. The substantial majority of these revenues are supported by multi-year contracts that include annual growth escalators. This structure has broadened our financial stability through more predictable and recurring revenues and cash flows and should enable us to maintain our leadership position in the motorsports entertainment industry.

At the beginning of fiscal 2008, entitlement of two of NASCAR's premiere series changed. The NASCAR NEXTEL Cup Series became the NASCAR Sprint Cup Series and the NASCAR Busch Series became the NASCAR Nationwide Series. Throughout this document, the naming convention for these series is consistent with the branding in fiscal 2008.

Incorporation

We were incorporated in 1953 under the laws of the State of Florida under the name "Bill France Racing, Inc." and changed our name to "Daytona International Speedway Corporation" in 1957. With the groundbreaking for Talladega Superspeedway in 1968, we changed our name to "International Speedway Corporation." Our principal executive offices are located at 1801 West International Speedway Boulevard, Daytona Beach, Florida 32114, and our telephone number is (386) 254-2700. We maintain a website at http://www.iscmotorsports.com. The information on our website is not part of this report.

Operations

The general nature of our business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. Our motorsports themed event operations consist principally of racing events at our major motorsports entertainment facilities, which include providing catering, merchandise and food concessions at our motorsports entertainment facilities that host NASCAR Sprint Cup Series events except for catering and food concessions at Chicagoland Speedway ("Chicagoland") and Route 66 Raceway ("Route 66"). Our other operations include the Daytona 500 Experience motorsports entertainment complex, MRN Radio, our 50.0 percent equity investment in the joint venture SMISC, LLC ("SMISC"), which conducts business through a wholly owned subsidiary Motorsports Authentics, LLC, and certain other activities. We derived approximately 87.5 percent of our 2008 revenues from NASCAR-sanctioned racing events at our wholly owned motorsports entertainment facilities.

In addition to events sanctioned by NASCAR, in fiscal 2008, we promoted other stock car, open wheel, sports car, motorcycle and go-kart racing events sanctioned by the American Historic Racing Motorcycle Association, the American Motorcyclist Association, AMA Pro Racing, the Automobile Racing Club of America ("ARCA"), the American Sportbike Racing Association—Championship Cup Series ("CCS"), the Federation International de L'Automobile, the Federation International Motocycliste, Grand American, Historic Grand Prix, Historic Sportscar Racing, IRL, NHRA, the Porsche Club of America, the Sports Car Club of America ("SCCA"), the Sportscar Vintage Racing Association, Team Demo Association, the United States Auto Club ("USAC"), and the World Karting Association.

Americrown—Food, Beverage and Merchandise Operations

We conduct, either through operations of the particular facility or through certain wholly owned subsidiaries operating under the name "Americrown," souvenir merchandising operations, food and beverage concession operations and catering services, both in suites and chalets, for customers at each of our motorsports entertainment facilities with the exception of food and beverage concessions and catering services at Chicagoland and Route 66.

MRN Radio

Our subsidiary, Motor Racing Network, Inc., does business under the name "MRN Radio," but is not a radio station. Rather, it creates motorsports-related programming content carried on radio stations around the country, including a national satellite radio service, Sirius XM Radio. MRN Radio produces and syndicates to radio stations live coverage of the NASCAR Sprint Cup, Nationwide and Craftsman Truck series races and certain other races conducted at our motorsports entertainment facilities, as well as some races conducted at motorsports entertainment facilities we do not own. Each track presently has the ability to separately contract for the rights to radio broadcasts of NASCAR and certain other events held at its facilities. In addition, MRN Radio provides production services for Sprint Vision, the trackside large screen video display units, at substantially all NASCAR Series event weekends. MRN Radio also produces and syndicates daily and weekly NASCAR racing-themed programs. MRN Radio derives revenue from the sale of national advertising contained in its syndicated programming, the sale of advertising and audio and video production services for Sprint Vision, as well as from rights fees paid by radio stations that broadcast the programming.

Daytona 500 Experience

We own and operate the Daytona 500 Experience—The Ultimate Motorsports Attraction, a motorsports-themed entertainment complex and the Official Attraction of NASCAR. The Daytona 500 Experience includes interactive media, rides, theaters, historical memorabilia and exhibits, tours, as well as riding and driving experiences of Daytona International Speedway (“Daytona”).

Other Activities

From time to time, we use our track facilities for testing for teams, driving schools, riding experiences, car shows, auto fairs, concerts and settings for television commercials, print advertisements and motion pictures. We also rent “show cars” for promotional events. We operate Talladega Municipal Airport, which is located adjacent to Talladega Superspeedway (“Talladega”). We own property in Daytona Beach, Florida, upon which we conduct agricultural operations.

Equity Investments

Motorsports Authentics

In the fourth quarter of fiscal 2005 we partnered with Speedway Motorsports, Inc. in a 50/50 joint venture, SMISC, LLC, which, through its wholly-owned subsidiary Motorsports Authentics, LLC conducts business under the name Motorsports Authentics. During the fourth quarter of fiscal 2005 and the first quarter of fiscal 2006, Motorsports Authentics acquired Team Caliber and Action Performance, Inc., respectively, and became a leader in design, promotion, marketing and distribution of motorsports licensed merchandise. Subsequent to the acquisitions, Motorsports Authentics made significant progress towards improving the acquired business operations.

Daytona Live! Development

In May 2007, we announced we had entered into a 50/50 joint venture (the “DLJV”) with The Cordish Company (“Cordish”), one of the largest and most respected developers in the country, to explore a potential mixed-use entertainment destination development on 71 acres. The development named Daytona Live! is located directly across International Speedway Boulevard from our Daytona motorsports entertainment facility. The acreage that we currently own includes an existing office building which houses our present corporate headquarters and certain offices of NASCAR.

Preliminary conceptual designs call for a 200,000 square foot mixed-use retail/dining/entertainment area as well as a movie theater with up to 2,500-seats, a residential component and a 160-room hotel. The initial development will also include approximately 188,000 square feet of office space to house the new headquarters of ISC, NASCAR, Grand American and their related businesses, and additional space for other tenants. Construction of the office building is underway and is expected to be complete by the fourth quarter of 2009. To date, Cobb Theaters has signed on to anchor Daytona Live! with a 65,000 square foot, 14 screen theater. The theater will feature digital projection with 3-D capabilities, stadium seating and a loge level providing 350 reserved premium seats, and a full-service restaurant as well as in-seat service for food and beverages.

Final design plans for the development of the retail/dining/entertainment and hotel components are being completed and will incorporate the results of local market studies and further project analysis. The DLJV is hopeful it will receive all necessary permitting and other approvals for the initial development during 2009.

Our equity investments also include our 50.0 percent limited partnership investment in Stock-Car Montreal L.P. and our pro rata share of our 37.5 percent equity investment in Raceway Associates, LLC (“Raceway Associates”) prior to the acquisition of the remaining interest in February 2007.

Competition

We are among the largest owners of major motorsports themed entertainment facilities based on revenues, number of facilities owned or operated, number of motorsports themed events promoted and market capitalization. Racing events compete with other professional sports such as football, basketball, hockey and baseball, as well as other recreational events and activities. Our events also compete with other racing events sanctioned by various racing bodies such as NASCAR, IRL, CCS, USAC, SCCA, Grand American, ARCA and others, many of which are often held on the same dates at separate motorsports entertainment facilities. We believe that the type and caliber of promoted racing events, facility location, sight lines, pricing, variety of motorsports themed amusement options and level of customer conveniences and amenities are the principal factors that distinguish competing motorsports entertainment facilities.

Employees

As of November 30, 2008, we had over 1,000 full-time employees. We also engage a significant number of temporary personnel to assist during periods of peak attendance at our events, some of whom are volunteers. None of our employees are represented by a labor union. We believe that we enjoy a good relationship with our employees.

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Item 1A. Risk Factors

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Adverse changes in our relationships with NASCAR and other motorsports sanctioning bodies, or their present sanctioning practices could limit our future success.

Our success has been, and is expected to remain, dependent on maintaining good working relationships with the organizations that sanction the races we promote at our facilities, particularly NASCAR. NASCAR-sanctioned races conducted at our wholly-owned subsidiaries accounted for approximately 87.5 percent of our total revenues in fiscal 2008. Each NASCAR sanctioning agreement is awarded on an annual basis and NASCAR is not required to continue to enter into, renew or extend sanctioning agreements with us to conduct any event. Any adverse change in the present sanctioning practices (such as the proposal to establish a bid system which was contained in the complaint in the Kentucky Speedway litigation), could adversely impact our operations and revenue. Moreover, although our general growth strategy includes the possible development and/or acquisition of additional motorsports entertainment facilities, we have no assurance that any sanctioning body, including NASCAR, will enter into sanctioning agreements with us to conduct races at any newly developed or acquired motorsports entertainment facilities. Failure to obtain a sanctioning agreement for a major NASCAR event could negatively affect us. Similarly, although NASCAR has in the past approved our requests for realignment of sanctioned events, NASCAR is not obligated to modify its race schedules to allow us to schedule our races more efficiently or profitably.

Changes, declines and delays in consumer and corporate spending as well as illiquid credit markets could adversely affect us.

Our financial results depend significantly upon a number of factors relating to discretionary consumer and corporate spending, including economic conditions affecting disposable consumer income and corporate budgets such as:

- employment;
- business conditions;
- interest rates; and
- taxation rates.

These factors can impact both attendance at our events and advertising and marketing dollars available from the motorsports industry's principal sponsors and potential sponsors. Economic and other lifestyle conditions such as illiquid consumer and business credit markets adversely affect consumer and corporate spending thereby impacting our growth, revenue and profitability. Unavailability of credit on favorable terms can adversely impact our growth, development and capital spending plans. General economic conditions were significantly and negatively impacted by the September 11, 2001 terrorist attacks and the war in Iraq and could be similarly affected by any future attacks, by a terrorist attack at any mass gathering or fear of such attacks, or by other acts or prospects of war. Any future attacks or wars or related threats could also increase our expenses related to insurance, security or other related matters. A weakened economic and business climate, as well as consumer uncertainty and the loss of consumer confidence created by such a climate, could adversely affect our financial results. Finally, our financial results could also be adversely impacted by a widespread outbreak of a severe epidemiological crisis.

Delay, postponement or cancellation of major motorsports events because of weather or other factors could adversely affect us.

We promote outdoor motorsports entertainment events. Weather conditions affect sales of, among other things, tickets, food, drinks and merchandise at these events. Poor weather conditions prior to an event, or even the forecast of poor weather conditions, could have a negative impact on us, particularly for walk-up ticket sales to events which are not sold out in advance. If an event scheduled for one of our facilities is delayed or postponed because of weather or other reasons such as, for example, the general postponement of all major sporting events in the United States following the September 11, 2001 terrorism attacks, we could incur increased expenses associated with conducting the rescheduled event, as well as possible decreased revenues from tickets, food, drinks and merchandise at the rescheduled event. If such an event is cancelled, we would incur the expenses associated with preparing to conduct the event as well as losing the revenues, including any live broadcast revenues, associated with the event, to the extent such losses were not covered by insurance.

If a cancelled event is part of the NASCAR Sprint Cup, NASCAR Nationwide or NASCAR Craftsman Truck series, in the year of cancellation we could experience a reduction in the amount of money we expect to receive from television revenues for all of our NASCAR-sanctioned events in the series that experienced the cancellation. This would occur if, as a result of the cancellation, and without regard to whether the cancelled event was scheduled for one of our facilities, NASCAR experienced a reduction in television revenues greater than the amount scheduled to be paid to the promoter of the cancelled event.

France Family Group control of NASCAR creates conflicts of interest.

Members of the France Family Group own and control NASCAR. James C. France, our Chairman of the Board and Chief Executive Officer, and Lesa France Kennedy, our President and one of our directors, are both members of the France Family Group in addition to holding positions with NASCAR. Each of them, as well as our general counsel, spends part of his or her time on NASCAR's business. Because of these relationships, even though all related party transactions are approved by our Audit Committee, certain potential conflicts of interest between us and NASCAR exist with respect to, among other things:

- the terms of any sanctioning agreements that may be awarded to us by NASCAR;
- the amount of time the employees mentioned above and certain of our other employees devote to NASCAR's affairs; and
- the amounts charged or paid to NASCAR for office rental, transportation costs, shared executives, administrative expenses and similar items.

France Family Group members, together, beneficially own approximately 38.0 percent of our capital stock and over 68.0 percent of the combined voting power of both classes of our common stock. Historically members of the France Family Group have voted their shares of common stock in the same manner. Accordingly, they can (without the approval of our other shareholders) elect our entire Board of Directors and determine the outcome of various matters submitted to shareholders for approval, including fundamental corporate transactions and have done so in the past. If holders of class B common stock other than the France Family Group elect to convert their beneficially owned shares of class B common stock into shares of class A common stock and members of the France Family Group do not convert their shares, the relative voting power of the France Family Group will increase. Voting control by the France Family Group may discourage certain types of transactions involving an actual or potential change in control of us, including transactions in which the holders of class A common stock might receive a premium for their shares over prevailing market prices.

Our success depends on the availability and performance of key personnel.

Our continued success depends upon the availability and performance of our senior management team which possesses unique and extensive industry knowledge and experience. Our inability to retain and attract key employees in the future, could have a negative effect on our operations and business plans.

The IRS is currently performing a periodic examination of certain of our federal income tax returns that could result in a material negative impact on cash flow.

The Internal Revenue Service (the "Service") is currently performing a periodic examination of our federal income tax returns for the years ended November 30, 1999 through November 30, 2005 and is challenging the tax depreciation treatment for a significant portion of our motorsports entertainment facility assets. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 109 "Accounting for Income Taxes" we have accrued a deferred tax liability based on the differences between our financial reporting and tax bases of such assets and have recorded a reserve for additional interest that may be due. An adverse resolution of these matters could result in a material negative impact on cash flow, including payment of taxes from amounts currently on deposit with the Service.

Future impairment of goodwill and other intangible assets or long-lived assets by us or our equity investments and joint ventures could adversely affect our financial results.

- Our consolidated balance sheets include significant amounts of goodwill and other intangible assets and long-lived assets which could be subject to impairment.
- In fiscal 2006, we recorded a non-cash before-tax charge of approximately $84.7 million as an impairment of long-lived assets due to our decision to discontinue pursuit of a speedway development on Staten Island;
- In fiscal 2008, we recorded a before-tax charge of approximately $2.2 million as an impairment of long-lived assets primarily attributable to costs associated with the fill removal process at our Staten Island property and impairments of certain other long-lived assets.

As of November 30, 2008, goodwill and other intangible assets and property and equipment accounts for approximately $1,628.8 million, or 74.7 percent of our total assets. We account for our goodwill and other intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets" and for our long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Both SFAS No. 142 and No. 144 require testing goodwill and other intangible assets and long-lived assets for impairment based on assumptions regarding our future business outlook. While we continue to review and analyze many factors that can impact our business prospects in the future, our analyses are subjective and are based on conditions existing at and trends leading up to the time the assumptions are made. Actual results could differ materially from these assumptions. Our judgments with regard to our future business prospects could impact whether or not an impairment is deemed to have occurred, as well as the timing of the recognition of such an impairment charge. If future testing for impairment of goodwill and other intangible assets or long-lived assets results in a reduction in their carrying value, we will be required to take the amount of the reduction in such goodwill and other intangible assets or long-lived assets as a non-cash charge against operating income, which would also reduce shareholders' equity.

In addition, our growth strategy includes investing in certain joint venture opportunities. In these equity investments we exert significant influence on the investee but do not have effective control over the investee, which adds an additional element of risk that can adversely impact our financial position and results of operations.

Our equity investments at November 30, 2008, totaled $77.6 million, consisting primarily of our 50/50 joint venture with SMISC, operating as Motorsports Authentics. Motorsports Authentics consolidated balance sheets include significant amounts of goodwill and other intangible assets and long-lived assets. In fiscal year 2008, Equity in Net Income From Equity Investments includes net income of approximately $1.6 million, or $0.04 per diluted share, representing our portion of the results from our 50.0 percent indirect interest in Motorsports Authentics. In fiscal 2007, Equity in Net Loss From Equity Investments includes a net loss of $57.0 million, or $1.04 per diluted share, which is comprised of a loss from operations, that included the write-down of certain inventory and related assets and an impairment of goodwill, certain intangibles and other long-lived assets. Our portion of the Motorsports Authentics net loss from operations for fiscal 2006 included in Equity in Net Loss From Equity Investments was $3.3 million, or $0.05 per diluted share.

Personal injuries to spectators and participants could adversely affect financial results.

Motorsports can be dangerous to participants and spectators. We maintain insurance policies that provide coverage within limits that we believe should generally be sufficient to protect us from a large financial loss due to liability for personal injuries sustained by persons on our property in the ordinary course of our business. There can be no assurance, however, that the insurance will be adequate or available at all times and in all circumstances. Our financial condition and results of operations could be affected negatively to the extent claims and expenses in connection with these injuries are greater than insurance recoveries or if insurance coverage for these exposures becomes unavailable or prohibitively expensive.

In addition, sanctioning bodies could impose more stringent rules and regulations for safety, security and operational activities. Such regulations include, for example, the installation of new retaining walls at our facilities, which have increased our capital expenditures, and increased security procedures which have increased our operational expenses.

We operate in a highly competitive environment.

As an entertainment company, our racing events face competition from other spectator-oriented sporting events and other leisure, entertainment and recreational activities, including professional football, basketball, hockey and baseball. As a result, our revenues are affected by the general popularity of motorsports, the availability of alternative forms of recreation and changing consumer preferences. Our racing events also compete with other racing events sanctioned by various racing bodies such as NASCAR, IRL, USAC, NHRA, International Motorsports Association, SCCA, Grand American, ARCA and others. Many sports and entertainment businesses have resources that exceed ours.

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Our quarterly results are subject to seasonality and variability.

We derive most of our income from a limited number of NASCAR-sanctioned races. As a result, our business has been, and is expected to remain, highly seasonal based on the timing of major racing events. For example, one of our NASCAR Sprint Cup Series races is traditionally held on the Sunday preceding Labor Day. Accordingly, the revenues and expenses for that race and/or the related supporting events may be recognized in either the fiscal quarter ending August 31 or the fiscal quarter ending November 30.

Future schedule changes as determined by NASCAR or other sanctioning bodies, as well as the acquisition of additional, or divestiture of existing, motorsports entertainment facilities could impact the timing of our major events in comparison to prior or future periods.

Item 2. Properties

Motorsports Entertainment Facilities

The following table sets forth current information relating to each of our motorsports entertainment facilities as of November 30, 2008 [*see **Table 1***]:

(1) Other major events include NASCAR Nationwide and Craftsman Truck series; IRL; ARCA; Grand American; and AMA Pro Racing.

(2) Route 66 hosts a NHRA POWERade Drag Racing Series event. [*See **Table 2.***]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

General

The general nature of our business is a motorsports themed amusement enterprise, furnishing amusement to the public in the form of motorsports themed entertainment. We derive revenues primarily from (i) admissions to motorsports

Table 1 Motorsports Entertainment Facilities

2008 Year End Capacity							
Track Name	**Location**	**Seats**	**Suites**	**Nascar Sprint Cup Events**	**Other Major Events (1)**	**Markets Served**	**Media Market Rank**
Daytona International Speedway	Daytona Beach, Florida	159,000	112	4	7	Orlando/Central Florida	19
Talladega Superspeedway	Talladega, Alabama	143,000	30	2	3	Atlanta/ Birmingham	8/40
Michigan International Speedway	Brooklyn, Michigan	129,000	44	2	3	Detroit	11
Richmond International Raceway	Richmond, Virginia	109,000	41	2	3	Washington, D.C.	9
Auto Club Speedway of Southern California	Fontana, California	91,000	90	2	4	Los Angeles	2
Kansas Speedway	Kansas City, Kansas	80,000	54	1	4	Kansas City	31
Chicagoland Speedway	Joliet, Illinois	75,000	24	1	3	Chicago	3
Phoenix International Raceway	Phoenix, Arizona	67,000	46	2	3	Phoenix	12
Homestead-Miami Speedway	Homestead, Florida	63,000	71	1	4	Miami	16
Martinsville Speedway	Martinsville, Virginia	61,000	22	2	2	Greensboro/ Winston-Salem	46
Darlington Raceway	Darlington, South Carolina	61,000	16	1	1	Columbia	81
Watkins Glen International	Watkins Glen, New York	35,000	8	1	4	Buffalo/Rochester	50/78
Route 66 Raceway	Joliet, Illinois	30,000	—	—	1 (2)	Chicago	3

Source: International Speedway Corporation. Used with permission.

events and motorsports themed amusement activities held at our facilities, (ii) revenue generated in conjunction with or as a result of motorsports events and motorsports themed amusement activities conducted at our facilities, and (iii) catering, concession and merchandising services during or as a result of these events and amusement activities.

"Admissions, net" revenue includes ticket sales for all of our racing events, activities at Daytona 500 Experience and other motorsports activities and amusements, net of any applicable taxes.

"Motorsports related" revenue primarily includes television and ancillary media rights fees, promotion and sponsorship fees, hospitality rentals (including luxury suites, chalets and the hospitality portion of club seating), advertising revenues, royalties from licenses of our trademarks and track rentals.

"Food, beverage and merchandise" revenue includes revenues from concession stands, direct sales of souvenirs, hospitality catering, programs and other merchandise and fees paid by third party vendors for the right to occupy space to sell souvenirs and concessions at our motorsports entertainment facilities.

Direct expenses include (i) prize and point fund monies and NASCAR sanction fees, (ii) motorsports related expenses, which include labor, advertising, costs of competition paid to sanctioning bodies other than NASCAR and other expenses associated with the promotion of all of our motorsports events and activities, and (iii) food, beverage and merchandise expenses, consisting primarily of labor and costs of goods sold.

At the beginning of fiscal 2008, entitlement of two of NASCAR's premiere series changed. The NASCAR

Table 2 Consolidated Statements of Operations

* * * * * * * * * * OTHER FINANCIALS * * * * * * * * * *

Annual Report- Consol. Inc. Acct., Yrs. End. Nov. 30; Thou. $~	2008	2007	2006
REVENUES			
Food Beverage and Merchandise Income	78,119	84,163	87,288
Admissions, Net	236,105	253,685	235,251
Motorsports Related Income	462,835	465,469	463,891
Other Income	10,195	10,911	9,735
Total Revenues	787,254	814,228	796,165
EXPENSES			
Motorsports Related Expenses	(166,047)	(160,387)	(142,241)
Food, Beverage and Merchandise Expenses	(48,159)	(48,490)	(53,141)
Prize and Point Fund Monies and Nascar Sanction Fees	(154,655)	(151,311)	(151,203)
General and Administrative Expenses	(109,439)	(118,982)	(106,497)
Depreciation and Amortization	(70,911)	(80,205)	(56,833)
Impairment of Long-lived Assets	(2,237)	(13,110)	(87,084)
Interest Expense	(15,861)	(15,628)	(12,349)
Equity in Net Income (Loss) from Equity Investments	(1,203)	(58,147)	318
Interest Income and Other	(1,630)	4,990	5,312
Minority Interest (Before Tax)	324	—	—
Earnings before Taxes	217,436	172,958	192,447
TAXES AND OTHER EXPENSES			
Provision for Income Tax	(82,678)	(86,667)	(75,467)
Earnings of Discontinued Operations	(163)	(90)	(176)
Net Income (Loss)	134,595	86,201	116,804
SUPPLEMENTARY INFO			
Operating Income (Loss)	235,806.00	241,743.00	199,166.00
Basic Eps-continuing Operations	2.71	1.64	2.20
Basic Earnings Per Share Total	2.71	1.64	2.20
Diluted Eps-continuing Operations	2.71	1.64	2.20
Diluted Eps-discontinued Operations	—	—	(0.01)
Diluted Earnings Per Share Total	2.71	1.64	2.19
Consol. Bal. Sheet Nov. 30: Thou. $~ Assets-	2008	2007	
CURRENT ASSETS			
Cash and Cash Equivalents	218,920	57,316	
Short-term Investments	200	39,250	
Receivables	47,558	46,860	
Inventories	3,763	4,508	
Deferred Income Taxes	1,838	1,345	
Restricted Cash	2,405	—	
Prepaid Expenses and Other Current Assets	7,194	10,547	
Total Current Assets	281,878	159,826	
NON CURRENT ASSETS			
Property and Equipment, net	1,331,231	1,303,178	
Equity Investments	77,613	76,839	
Goodwill	118,791	118,791	
Intangible Assets, Net	178,841	178,984	
Long-term and Restricted Cash and Investments	40,187	—	
Deposits with Internal Revenue Service	117,936	117,936	
Other Assets	34,342	26,563	
Total Assets	2,180,819	1,982,117	

Table 2 ***(Continued)***

Consol. Bal. Sheet Nov. 30: Thou. $~ Assets-	2008	2007
CURRENT LIABILITIES		
Accounts Payable	26,393	37,508
Current Portion of Long-term Debt	153,002	2,538
Income Taxes Payable	8,659	22,179
Deferred Income	103,549	128,631
Other Current Liabilities	18,035	21,447
Total Current Liabilities	309,638	212,303
NON CURRENT LIABILITIES		
Long-term Debt	422,045	375,009
Long-term Deferred Income	13,646	15,531
Deferred Income Taxes	104,172	214,109
Other Long-term Liabilities	28,125	6,077
Long-term Tax Liabilities	161,834	—
SHAREHOLDERS' EQUITY		
Common Stock-par Value	274	300
Common Stock-par Value	211	216
Additional Paid in Capital	497,277	621,528
Retained Earnings	665,405	537,044
Accumulated Other Comprehensive Income	(21,808)	—
Total Shareholders Equity	1,141,359	1,159,088
Total Liabilities & Shareholders Equity	2,180,819	1,982,117

Source: International Speedway Corporation. Used with permission.

NEXTEL Cup Series became the NASCAR Sprint Cup Series and the NASCAR Busch Series became the NASCAR Nationwide Series. Throughout this document, the naming convention for these series is consistent with the branding in fiscal 2008.

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Equity and Other Investments

Motorsports Authentics

In the fourth quarter of fiscal 2005 we partnered with Speedway Motorsports, Inc. in a 50/50 joint venture, SMISC, LLC ("SMISC"), which, through its wholly-owned subsidiary Motorsports Authentics, LLC conducts business under the name Motorsports Authentics. During the fourth quarter of fiscal 2005 and the first quarter of fiscal 2006, Motorsports Authentics acquired Team Caliber and Action Performance, Inc., respectively, and became a leader in design, promotion, marketing and distribution of motorsports licensed merchandise. Subsequent to the acquisitions, Motorsports Authentics made significant progress towards improving the acquired business operations and delivered a profit for fiscal 2008 in a challenging economy. We continue to believe the sale of licensed merchandise represents a significant opportunity in the sport and are optimistic that Motorsports Authentics has a solid plan for the future.

In fiscal 2007, as a result of certain significant driver and team changes and excess merchandise on-hand, Motorsports Authentics recognized a write-down of certain inventory and related assets in the third quarter. In addition, during the fourth quarter of fiscal 2007 Motorsports Authentics completed forward looking strategic financial planning. The resulting financial projections were utilized in its annual valuation analysis of goodwill, certain intangible assets and other long-lived assets which resulted in an impairment charge on such assets.

Our 50.0 percent portion of Motorsports Authentics' fiscal 2008 net income is approximately $1.6 million, or $0.04 per diluted share and fiscal 2007 net loss is approximately $57.0 million, or $1.04 per diluted share, which included the aforementioned inventory and related asset write-down of approximately $12.4 million, or $0.24 per diluted share, and impairment charges of approximately $34.8 million, or $0.65 per diluted share, are included in Equity in Net (Loss) Income From Equity Investments in our consolidated statements of operations for the years ended November 30, 2008 and 2007, respectively.

Daytona Live! Development

In May 2007, we announced we had entered into a 50/50 joint venture (the "DLJV"), with The Cordish Company ("Cordish"), one of the largest and most respected developers in the country, to explore a potential mixed-use entertainment destination development on 71 acres. The development named Daytona Live! is located directly across International Speedway Boulevard from our Daytona motorsports entertainment facility. The acreage that we currently own includes an existing office building which houses our present corporate headquarters and certain offices of NASCAR.

Preliminary conceptual designs call for a 200,000 square foot mixed-use retail/dining/entertainment area as well as a movie theater with up to 2,500-seats, a residential component and a 160-room hotel. The initial development will also include approximately 188,000 square feet of office space to house the new headquarters of ISC, NASCAR, Grand American and their related businesses, and additional space for other tenants. Construction of the office building is underway and is expected to be complete by the fourth quarter of 2009. To date, Cobb Theaters has signed on to anchor Daytona Live! with a 65,000 square foot, 14 screen theater. The theater will feature digital projection with 3-D capabilities, stadium seating and a loge level providing 350 reserved premium seats, and a full-service restaurant as well as in-seat service for food and beverages.

Final design plans for the development of the retail/dining/entertainment and hotel components are being completed and will incorporate the results of local market studies and further project analysis. The DLJV is hopeful it will receive all necessary permitting and other approvals for the initial development during 2009.

The current estimated cost for the initial development, which includes the new headquarters office building and the retail/dining/entertainment, hotel and residential components, is approximately $250.0 million. The new headquarters office building was financed in July 2008 through a $51.3 million construction term loan obtained by Daytona Beach Live! Headquarters Building, LLC ("DBLHB"), a wholly owned subsidiary of the DLJV, which was created to own and operate the office building once it is completed. Both ISC and Cordish anticipate contributing equal amounts to the DLJV for the remaining equity necessary for the project. We expect our contribution to range between $10.0 million and $15.0 million, plus land we currently own. The balance is expected to be funded primarily by private financing obtained by the DLJV. Specific financing considerations for the DLJV are dependent on several factors, including lease arrangements, availability of project financing and overall market conditions. Lastly, when the new headquarters building is completed we will relocate from our existing office building, which is not fully depreciated and is expected be subsequently razed. During fiscal 2008 we recognized $2.1 million, or, $0.03 per diluted share, respectively, of additional depreciation on this existing office building. During fiscal 2007 we recognized approximately $14.7 million, or $0.17 per diluted share on this existing office building and certain other offices and buildings which were razed in fiscal 2007. We expect to recognize approximately $1.0 million, or $0.01 per diluted share, of additional depreciation on the existing office building in fiscal 2009.

In accordance with the FASB Interpretation No. 46(R), "Consolidation of Variable Interest Entities", we have determined that DBLHB is a variable interest entity for which we are considered to be the primary beneficiary. As the primary beneficiary we have consolidated this entity in our financial statements as of November 30, 2008. As discussed above, in July 2008, DBLHB entered into a construction term loan agreement to finance the headquarters building. The construction loan agreement is collateralized by the underlying assets of DBLHB, including cash and the real property of the new office building which have a carrying value of approximately $54.5 million, at November 30, 2008, and are included in the Restricted Cash, Long-Term Restricted Cash and Investments, and Property and Equipment amounts included in the Consolidated Balance Sheets and Minority Interest amount recorded on the Consolidated Statements of Operations. As master tenant of the building we have entered into a 25-year lease arrangement with DBLHB whereby such lease payments are consistent with the terms of the construction term loan funding requirements. The headquarters building financing is non-recourse to us and is secured by the lease between us and DBLHB.

In addition, we have evaluated the existing arrangements of DLJV and its remaining projects and have determined them to be variable interest entities as of November 30, 2008. We are presently not considered to be the primary beneficiary of these entities and accordingly have accounted for them as equity investments in our financial statements at November 30, 2008. The maximum exposure of loss to us, as a result of our involvement with the DLJV, is approximately $2.9 million at November 30, 2008. We do not expect this determination will change during the course of the development of the project.

Kansas Hotel and Casino Development

In September 2007, our wholly owned subsidiary Kansas Speedway Development Corporation ("KSDC") and The Cordish Company, with whom we have formed a joint venture ("KJV"), to pursue this project, submitted a joint proposal to the Government of Wyandotte County/Kansas City, Kansas ("Unified Government") for the development of a casino, hotel and retail and entertainment project in Wyandotte County, on property adjacent to Kansas Speedway. The Unified Government has approved rezoning of approximately 102 acres at Kansas Speedway to allow development of the proposed project. In December 2007, the KJV negotiated a memorandum of understanding with Hard Rock Hotel Holdings to brand the entertainment destination development as a Hard Rock Hotel & Casino. The Kansas Lottery Commission will act as the state's casino owner.

In September 2008, the Kansas Lottery Gaming Facility Review Board awarded the casino management contract for the Northeast Kansas gaming zone to the KJV. On December 5, 2008, KJV withdrew its application for Lottery Gaming Facility Manager for the Northeast Kansas gaming zone due to the uncertainty in the global financial markets and the expected inability to debt finance the full project at reasonable rates. We and Cordish anticipated contributing between 20.0 and 40.0 percent of the total cost to the KJV. The remaining portion was expected to be funded by non-recourse, secured debt financing obtained by the KJV. We contributed working capital loans of approximately $2.1 million to the KJV as of November 30, 2008. As a result of KJV's withdrawal of its application, we received approximately $12.5 million from the KJV, reflecting our share of the refund of the gaming license deposit. In addition, we recognized a charge of approximately $2.3 million, or $0.03 per diluted share, in the fourth quarter of fiscal 2008 to provide for the remaining working capital funds previously advanced to the KJV.

The proposal included a 1.5 million-square-foot, Hard Rock Hotel & Casino which was expected to include a 300-room luxury hotel; a state-of-the-art casino with 3,000 slot machines and 140 gaming tables; 275,000 square-feet of destination retail, dining and entertainment including a live music venue; first-class resort amenities; and extensive meeting and convention facilities. The initial development was expected to cost approximately $705.0 million to construct. Included in KJV's proposal was our commitment to petition NASCAR to realign a second NASCAR Sprint Cup Series race to Kansas Speedway by no later than 2011. The source of the race, which will come from one of our other facilities, has not been determined.

The proposal anticipated the development to be completed during fiscal 2011. However, in the current financing environment we required the flexibility, if needed, to phase in the hotel, convention facilities, and additional entertainment components. As this was technically not permitted within the existing agreement, and this agreement could not be modified, prior to KJV's $25.0 million deposit becoming non-refundable and the partners becoming obligated to build the entire project, KJV withdrew its application.

At the beginning of 2009, the State of Kansas re-opened the bidding process for the casino management contract and we look forward to resubmitting an application with a phased approach for the non-gaming amenities.

We have evaluated the existing arrangements of the KJV and have determined it to be a variable interest entity at November 30, 2008, in accordance with the FASB Interpretation No. 46(R), however it has been determined that we are not the primary beneficiary and accordingly it has been accounted for as an equity investment in our financial statements at November 30, 2008.

Our equity investments also include our 50.0 percent limited partnership investment in Stock-Car Montreal L.P. and our pro rata share of our 37.5 percent equity investment in Raceway Associates prior to the acquisition of the remaining interest in February 2007.

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Future Trends in Operating Results

Economic conditions, including those affecting disposable consumer income and corporate budgets such as employment, business conditions, interest rates and taxation rates, may impact our ability to sell tickets to our events and to secure revenues from corporate marketing partnerships. We believe that adverse economic trends, particularly credit availability, the decline in consumer confidence, the rise in unemployment and increased fuel and food costs, significantly contributed to the decrease in attendance for certain of our motorsports entertainment events during fiscal 2008. We currently expect substantially all of these trends to continue into 2009, which will adversely impact event attendance-related revenues.

An important component of our operating strategy has been our long-standing practice of focusing closely on supply and demand when evaluating ticket pricing and adding incremental capacity at our facilities. By effectively managing ticket prices and seating capacity, we can stimulate ticket renewals and advance sales. Advance ticket sales result in earlier cash flow and reduce the potential negative impact of actual and forecasted inclement weather on ticket sales.

With any ticketing program, we first examine our pricing structure to ensure that prices are in line with market demand. Typically, we raise prices on select areas of our facilities during any one year. When necessary, we will reduce pricing on inventory. . . . While we will adjust pricing outside of the sales cycle as needed as well as join with sponsors to offer promotions to generate additional ticket sales, we avoid rewarding last-minute ticket buyers by discounting tickets. We believe it is more important to encourage advance ticket sales and maintain price integrity to achieve long-term growth than to capture short-term incremental revenue.

With regard to corporate marketing partner relationships, we believe that our presence in key markets, impressive portfolio of events and attractive fan demographics are beneficial and help to mitigate adverse economic trends as we continue to pursue renewal and expansion of existing marketing partnerships and establish new corporate relationships. For example, fiscal 2008 was the first year of our multi-year, multi-facility official status agreement with Coca Cola, which ranks as one of the most significant official status marketing partnerships in our history. In addition, we benefited from our first multi-year facility naming rights agreement between Auto Club of Southern California and our California facility that began in 2008.

As the economic outlook further deteriorated in the latter part of fiscal 2008, however, we began to see a slowdown in corporate spending for hospitality. In addition, the process of securing sponsorship deals became more time consuming as corporations are more closely scrutinizing their marketing budgets. We expect these trends to continue into 2009, which will negatively impact year-over-year comparability.

Despite current economic conditions, we continue to bring not only new sponsors into the sport but are also able to create new official status categories. For example, we recently announced a five-year, multi-track partnership with ServiceMaster. In addition, NextEra Energy Resources, the nation's largest provider of wind and solar energy, became an official status partner of Daytona International Speedway ("Daytona") and Homestead-Miami Speedway ("Homestead"), as well as took major race entitlement positions with both Florida-based speedways. We continue to believe that revenues from our corporate marketing relationships will grow over the long term, contributing to strong earnings and cash flow stability and predictability.

Domestic broadcast and ancillary media rights fees revenues are an important component to our revenue and earnings stream. Starting in 2007, NASCAR entered into new combined eight-year agreements with FOX, ABC/ESPN, TNT and SPEED for the domestic broadcast and related rights for its three national touring series—Sprint Cup, Nationwide and Craftsman Truck. The agreements total approximately $4.5 billion over the eight year period from 2007 through 2014. This results in an approximate $560.0 million gross average annual rights fee for the industry, a more than 40.0 percent increase over the previous contract average of $400.0 million annually. The industry rights fees were approximately $515.0 million for 2008, and will increase, on average, by approximately three percent per year through the 2014 season. The annual increase is expected to vary between two and four percent per year over the period. While the 2008 industry rights fees were less than the 2006 industry rights fees of approximately $576.0 million, in our opinion this should not overshadow the strategic importance and expected long-term benefits of the new contracts.

NASCAR viewership for all three of its national touring series grew in 2008, with NASCAR Sprint Cup events consistently the highest rated televised professional sporting events on any given weekend, second only to the National Football League. In addition, NASCAR Nationwide races are the second most-watched form of motorsports entertainment in the country.

Over the past several years, there has been a shift of major sports programming from network to cable. The cable broadcasters can support a higher investment through subscriber fees not available to networks, which has resulted in increased rights fees for these sports properties. Cable, however, reaches far fewer households than network broadcasts. We view NASCAR's decision to keep approximately two-thirds of its NASCAR Sprint Cup Series event schedule on network television as important to the sport's future growth. The structure should continue to drive increased fan and media awareness for all three racing series, which will help fuel our long-term attendance and corporate-related revenues. . . .

As media rights revenues fluctuate so do the variable costs tied to the percentage of broadcast rights fees required to be paid to competitors as part of NASCAR Sprint Cup, Nationwide and Craftsman Truck series sanction agreements. NASCAR prize and point fund monies, as well as sanction fees ("NASCAR direct expenses"), are outlined in the sanction agreement for each event and are negotiated in advance of an event. As previously discussed, included in these NASCAR direct expenses are 25.0 percent of the gross domestic television broadcast rights fees allocated to our NASCAR Sprint Cup, Nationwide and Craftsman Truck series events, as part of prize and point fund money. These annually negotiated contractual amounts paid to NASCAR contribute to the support and growth of the sport of NASCAR stock car racing through payments to the teams and sanction fees paid to NASCAR. As such, we do not expect these costs to decrease in the future as a percentage of admissions and motorsports related income. We anticipate any operating margin improvement to come primarily from economies of scale and controlling costs in areas such as motorsports related and general and administrative expenses.

Our success has been, and is expected to remain, dependent on maintaining good working relationships with the organizations that sanction events at our facilities, particularly with NASCAR, whose sanctioned events at our wholly-owned facilities accounted for approximately 87.5 percent of our revenues in fiscal 2008. NASCAR continues to entertain and discuss proposals from track operators regarding potential realignment of NASCAR Sprint Cup Series dates to more geographically diverse and potentially more desirable markets where there may be greater demand, resulting in an opportunity for increased revenues to the track operators. NASCAR approved realignments of certain NASCAR Sprint Cup and other events at our facilities for the 2004 through 2007 seasons. We believe that the realignments have provided, and will continue to provide, incremental net positive revenue and earnings as well as further enhance the sport's exposure in highly desirable markets, which we believe benefits the sport's fans, teams, sponsors and television broadcast partners as well as promoters. We believe we are well positioned to capitalize on these future opportunities. One example is our proposed hotel and casino project at Kansas Speedway (see "Kansas Hotel and Casino Development"). NASCAR has indicated that it is open to discussion regarding additional date realignments, and, assuming our proposal is awarded the casino management contract by the State of Kansas as part of the current re-bidding process, we plan to petition NASCAR for additional date realignments for the speedway.

Since we compete with newer entertainment venues for patrons and sponsors, we will continue to evaluate opportunities to enhance our facilities, thereby producing additional revenue opportunities and improving the event experience for our guests. Major examples of these efforts include:

Fiscal 2006

- Renovations and expansions at the Auto Club Speedway of Southern California ("Auto Club Speedway") (formerly The California Speedway), where we renovated and expanded the facility's front midway area. The new plaza features a full-service outdoor café with cuisine by celebrity chef Wolfgang Puck, in addition to a town center, retail store and concert stage. Other highlights include shade features, modified entry gates, expanded hospitality areas, radio broadcast locations, giant video walls, leisure areas and grass and water accents. This project was the direct result of fan feedback, and further demonstrates our commitment to providing a premium entertainment environment for our guests. In fiscal 2008, we are adding escalators to improve traffic flow to suites and tower seats as well as adding other fan amenities;
- We replaced approximately 14,000 grandstand seats behind turns three and four at Phoenix International Raceway ("Phoenix") with upgraded grandstands and luxury suites behind turn one which provided improved sightlines and a more premium seating and suite experience for our fans. We also added a 100-person premier club called Octane atop the turn one grandstands, which provided guests with an elite setting to experience racing in style; and
- We repaved Talladega Superspeedway's ("Talladega") 2.6 mile oval. Talladega's racing surface had not been repaved since 1979, and we believe the newly paved racing surface has enhanced the thrilling on-track competition.

Fiscal 2007

- In connection with the construction of the three-tiered grandstand at Richmond International Raceway ("Richmond"), we completed a 700-person, members only Torque Club for individual fans looking to enjoy a race weekend in style or businesses seeking to entertain clients. The Torque Club also serves as a unique site for special events on non-race weekends throughout the year. Escalators to improve traffic flow to the new Torque Club and grandstand were added in fiscal 2008.

Fiscal 2008

- We installed track lighting at Chicagoland as well as improved certain electrical infrastructure in certain camping areas. In addition to enhancing the guest experience, we now have the flexibility to run events later in the day in the event of inclement weather;
- We repaved Darlington Raceway ("Darlington") and constructed a tunnel in Turn 3 that provides improved access for fans and allows emergency vehicles to easily enter and exit the infield area of the track. These collective projects mark the largest one-time investment in the 50-year history of the storied South Carolina facility;
- We enhanced seating at Michigan International Speedway ("Michigan") to provide wider seats, seatbacks and more leg room for fans. We also added incremental camping capacity and new shower/restroom facilities for our on-site overnight guests, as well as installed a state-of-the-art 110-foot, three-sided LED scoreboard for fans to more easily follow the on-track competition. Finally, we added additional branded way-finding signage to help pedestrians, motorists and campers find their way in, out and around the 1,400-acre racetrack property; . . . .

Our growth strategies also include exploring ways to grow our businesses through acquisitions, developments and joint ventures. This has most recently been demonstrated through the acquisitions of the additional interests in Raceway Associates, owner and operator of Chicagoland and Route 66, our Motorsports Authentics joint venture (see previous discussion of "Equity and Other Investments") and our planned real estate development joint ventures with The Cordish Company (see "Daytona Live! Development" and "Kansas Hotel and Casino Development").

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The following table [*see* ***Table 3***] sets forth, for each of the indicated periods, certain selected statement of operations data as a percentage of total revenues.

Comparison of Fiscal 2008 to Fiscal 2007

The comparison of fiscal 2008 to fiscal 2007 is impacted by the following factors:

Economic conditions, including those affecting disposable consumer income and corporate budgets such as employment, business conditions, interest rates and taxation rates, impact our ability to sell tickets to our events and to secure revenues from corporate marketing partnerships. We believe that adverse economic trends, particularly credit availability, the decline in consumer confidence, the rise in unemployment and increased fuel and food costs, significantly contributed to the decrease in attendance for certain of our motorsports entertainment events during fiscal 2008;

- During fiscal 2008, approximately $2.1 million, or $0.03 per diluted share, of depreciation was accelerated above our normal depreciation rates relating to our existing office building in Daytona Beach, Florida which is expected to be razed subsequent to us moving in to our new headquarters office building as part of our Daytona Live! project (see further discussion in "Future

Table 3 Selected Statement of Operations Data as a Percentage of Total Revenues

	For the Year Ended November 30		
	2006	2007	2008
Revenues			
Admissions, net	29.5%	31.2%	30.0%
Motorsports related	58.4	57.2	58.8
Food, beverage and merchandise	10.9	10.3	9.9
Other	1.2	1.3	1.3
Total revenues	100.0	100.0	100.0
Expenses/ Direct			
Prize and point fund monies and NASCAR sanction fees	18.9	18.6	19.6
Motorsports related	18.1	19.7	21.1
Food, beverage and merchandise	6.7	6.0	6.1
General and administrative	13.4	14.6	13.9
Depreciation and amortization	7.1	9.8	9.0
Impairment of long-lived assets	10.9	1.6	0.3
Total expenses	75.1	70.3	70.0
Operating income	24.9	29.7	30.0
Interest expense, net	(0.9)	(1.3)	(2.2)
Minority interest	—	—	—
Equity in net income (loss) from equity investments	0.1	(7.2)	(0.2)
Income from continuing operations before income taxes	24.1	21.2	27.6
Income taxes	9.5	10.6	10.5
Income from continuing operations	14.6	10.6	17.1
Loss from discontinued operations	—	—	—
Net income	14.6%	10.6%	17.1%

Source: International Speedway Corporation. Used with permission.

Liquidity"). During fiscal 2007, depreciation was accelerated above our normal depreciation rates relating to this existing office building and certain other offices and buildings which were razed in fiscal 2007 as part of our Daytona Live! project totaling approximately $14.7 million, or $0.17 per diluted share;

- In fiscal 2007 and 2008, we recognized impairments of long-lived assets totaling approximately $13.1 million, or $0.09 per diluted share, and $2.2 million, or $0.03 per diluted share, respectively, primarily attributable to costs associated with the fill removal process at our Staten Island property and impairments of certain other long-lived assets. The fiscal 2007 impairments also included the aforementioned discontinuance of the speedway development in Kitsap County, Washington;
- During the first quarter of fiscal 2008, we recorded a non-cash charge totaling approximately $3.8 million, or $0.07 per diluted share, to correct the carrying value amount of certain other assets. This adjustment was recorded in interest income and other in the consolidated statement of operations. We believe the adjustment is not material to our consolidated financial statements for the years ended November 30, 2006, 2007 and 2008; and
- In fiscal 2008, Equity in Net Loss From Equity Investments includes the previously discussed charge of approximately $2.3 million, or $0.03 per diluted share, as a result of KJV's withdrawal of its application for its casino management contract and income of approximately $1.6 million, or $0.04 per diluted share, representing our portion of the results from our 50.0 percent indirect interest in Motorsports Authentics. Our portion of Motorsports Authentics net loss for fiscal 2007 included in Equity in Net Loss From Equity Investments was approximately $57.0 million, or $1.04 per diluted share, which includes the write-down of certain inventory and related assets and an impairment of goodwill, certain intangibles and other long-lived assets. See discussion under "Future Trends in Operating Results."

Admissions revenue decreased approximately $17.6 million, or 6.9 percent, in fiscal 2008 as compared to fiscal 2007. The decrease is primarily attributable to the decreases in attendance due to previously discussed adverse economic trends, for events and to a lesser extent, the impact of inclement weather at certain spring events conducted at Auto Club Speedway. These decreases are partially offset by the increase in attendance for certain events conducted during Speedweeks at Daytona supporting the 50th running of the sold out Daytona 500 and, to a lesser extent, the increase in attendance at certain events at Chicagoland. The overall decrease in attendance was also partially offset by a slight increase in the weighted average ticket price of tickets sold for the majority of our events.

Motorsports related revenue decreased approximately $2.6 million, or 0.6 percent, in fiscal 2008 as compared to fiscal 2007. The decrease is primarily due to the decrease in suite and hospitality revenue, track rentals, motorsports publishing services, and advertising for comparable events. This decrease is partially offset by an increase in the television broadcast and ancillary rights for our NASCAR Sprint Cup, Nationwide, and Craftsman Truck series.

Food, beverage and merchandise revenue decreased approximately $6.0 million, or 7.2 percent, in fiscal 2008 as compared to fiscal 2007. The decrease is primarily attributable to previously discussed adverse economic conditions affecting attendance and inclement weather for the above mentioned event. The decrease was partially offset by the increased merchandise and concession sales for certain events conducted during Speedweeks at Daytona supporting the 50th running of the sold out Daytona 500.

Prize and point fund monies and NASCAR sanction fees increased approximately $3.3 million, or 2.2 percent, in fiscal 2008 as compared to fiscal 2007. This increase is primarily related to the increase in television broadcast rights fees for the NASCAR Sprint Cup, Nationwide and Craftsman Truck series events as standard NASCAR sanctioning agreements require that a specific percentage of television broadcast rights fees be paid to competitors and, to a lesser extent, increased NASCAR sanction fees.

Motorsports related expense increased by approximately $5.7 million, or 3.5 percent, in fiscal 2008 as compared to fiscal 2007. The increase is primarily attributable to promotional and advertising expenses for certain events conducted during the period including the 50th running of the sold out Daytona 500. The increase was partially offset by costs associated with the IRL Series weekend at Michigan in fiscal 2007 that did not occur in fiscal 2008. Motorsports related expense as a percentage of combined admissions and motorsports related revenue increased to 23.8 percent, as compared to 22.3 percent for the same respective period in the prior year. The margin decrease is primarily due to the previously discussed increased promotional and advertising expenses, combined with the previously discussed revenue decreases.

Food, beverage and merchandise expense decreased approximately $331,000, or 0.7 percent, in fiscal 2008 as compared to fiscal 2007. The decrease is primarily attributable to lower variable costs associated with lower sales related to the previously discussed decreases in attendance. Substantially offsetting this decrease were increased variable costs associated with the increased sales attributable to the previously discussed increase in attendance for certain events conducted during Speedweeks at Daytona supporting the 50th running of the sold out Daytona 500. Food, beverage and merchandise expense as a percentage of food, beverage and merchandise revenue increased to approximately 61.7 percent in fiscal 2008, as compared to 57.6 percent for fiscal 2007. The margin decrease is primarily due to reduced catering and the sale of lower margin merchandise and concessions.

General and administrative expense decreased approximately $9.5 million, or 8.0 percent, in fiscal 2008 as compared to fiscal 2007. The decrease is primarily attributable to reductions in legal fees, certain operating costs related to the pursuit of development projects, an adjustment to certain other property taxes in addition to certain cost containment initiatives. The decrease is partially offset by twelve months of expenses relating to Chicagoland and Route 66 in fiscal 2008 as compared to only ten months of such expenses in the same period of the prior year subsequent to the February 2, 2007 acquisition. General and administrative expenses as a percentage of total revenues decreased to approximately 13.9 percent for fiscal 2008, as compared to 14.6 percent for fiscal 2007. The change is primarily due to the previously discussed reduction in general and administrative expenses partially offset by the previously discussed revenue decreases.

Depreciation and amortization expense decreased approximately $9.3 million, or 11.6 percent, in fiscal 2008 as compared to fiscal 2007. The decrease substantially consists of the reduction of the previously discussed accelerated depreciation on certain office and other buildings. The decrease is partially offset by depreciation expense associated with twelve months of depreciation relating to Chicagoland and Route 66 in fiscal 2008 as compared to only ten months in the same period of the prior year subsequent to the February 2, 2007 acquisition, as well as other ongoing capital improvements.

Interest income and other decreased by approximately $6.6 million, or 132.7 percent, during fiscal 2008 as compared to fiscal 2007. The decrease is primarily due to the previously discussed non-cash charge of $3.8 million, or $0.07 per diluted share, to correct the carrying value of certain other assets. Lower cash and short-term investment balances driven by use of cash for our previously discussed Stock Purchase Plans impacted the period as well.

Interest expense increased by approximately $233,000, or 1.5 percent, during fiscal 2008 as compared to fiscal 2007. The increase is primarily due to the interest expense related to our new headquarters building and interest on borrowings related to our revolving credit facility (see discussion under "Liquidity and Capital Resources—General"). The increase is substantially offset by higher capitalized interest and lower average borrowings on our credit facility in the current periods.

Equity in net loss from equity investments improved significantly in the current fiscal period as compared to the same respective period of the prior year primarily due to the operations of Motorsports Authentics (see "Equity and Other Investments"). Our pro rata share of the loss from our 37.5 percent equity investment in Raceway Associates prior to the acquisition of the remaining interest in February 2007 also contributed to the improvement in the current year. Partially offsetting the above items was the previously discussed charge relating to the KJV.

Our effective income tax rate decreased from approximately 50.1 percent to 38.0 percent during fiscal 2008 compared to fiscal 2007. This decrease in the effective income tax rate is primarily due to the tax treatment associated with losses incurred in fiscal 2007 and income earned in fiscal 2008 by Motorsports Authentics as well as certain restructuring initiatives in fiscal 2008 and certain state tax implications relating to the impairment of long-lived assets recognized in fiscal 2007. The decrease was partially offset by the tax exempt nature of the aforementioned non-cash charge to interest income and other during the first quarter of fiscal 2008.

The operations of Nazareth are presented as discontinued operations, net of tax, for all periods presented in accordance with SFAS No. 144.

As a result of the foregoing, net income increased approximately $48.4 million, or $0.46 per diluted share, for fiscal 2008 as compared to fiscal 2007. Also contributing to the increase in the earnings per diluted share is the reduction in the weighted average shares outstanding as a result of the previously discussed stock repurchase program.

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WWE ANNUAL REPORT, 2008—FORM 10-K

In 2008, World Wrestling Entertainment showed uncommon resilience in the face of a weakening economy. While our revenue growth decelerated from the double-digit rates we achieved over the past few years, we were able to generate an 8% increase in our top line, ahead of other entertainment companies. Similarly, while our stock price declined 25% during 2008, the total return from holding our stock outperformed key market benchmarks, such as the S&P 500, the Russell 2000, and the S&P Movies and Entertainment indices. Relative to our peers, our financial performance and the strength of our stock demonstrates that WWE is truly the best value in entertainment. Throughout the year, our mission to build lasting value for you, our shareholders, remained unchanged. To that end, we increased our dividend and intensified our focus on enhancing the productivity of our global brands. And we continued to lay the groundwork for future success. Fundamentally, our content is still unrivaled, and our competitive position is still strong. My experience gives me confidence that we will hold fast through our present-day challenges and emerge even stronger.

INCREASING THE DIVIDEND

In February 2008, WWE announced a 50% increase in stockholder dividends for all shares not owned by the McMahon family. The decision to raise the quarterly dividend from $0.24 to $0.36 per share underscored our commitment to the Company's shareholders and our confidence in the Company's future.

BUILDING GLOBAL BRANDS

We also took even greater advantage of our compelling, original content. In 2008, we generated revenue growth of 8%, capitalizing on our international opportunities and the sustained expansion of our consumer products business. That growth resulted in record revenue of more than $526 million, and net income of $45 million. Our record topline performance in a weakening economic environment demonstrates the ongoing power of our global brands. Total attendance at our live events increased for the fourth consecutive year, reaching more than two million fans. We staged 242 events in North America, with average attendance of about 6,400 fans. Internationally, we performed 77 shows with an average attendance of 8,500. WrestleMania XXIV, our premier event of the year, attracted over 74,000 fans to the Citrus Bowl in Orlando, FL. Led by our licensing and home video programs, our Consumer Products division achieved more than 15% revenue and profit growth for the third consecutive year.

IMPROVING OUR OPERATING EFFICIENCY

During the year, we made a commitment to improve our operating margins by implementing stronger cost control measures. After completing a comprehensive review of our operations, we began to move forward with a $20 million reduction to our expense base. As part of this targeted reduction, in January 2009, the Company completed a 10% reduction in staff coming from across all areas of WWE's operations. We expect this headcount reduction to generate annual savings of approximately $8 million in compensation and benefit costs. In addition, our review process identified several other broad initiatives to improve efficiencies, including the restructuring of our marketing efforts, vendor renegotiations, and reductions in discretionary spending. We believe these changes will both increase our earnings and margins in the short term, and strengthen our long-term position as the Company achieves greater productivity.

STRENGTHENING OUR FOUNDATION FOR THE FUTURE

While working to improve our cost structure, we made significant progress toward other key objectives. We strengthened our television platform both domestically and internationally, completed a new toy licensing agreement with Mattel, advanced our film strategy with the development of several direct-to-video projects, and introduced new magazine and website products to cultivate a younger audience. Our groundbreaking agreement with Mattel, the world's premier toy company, commences in 2010. Extending the range of our products and strengthening our consumer base, these efforts are the future of our business.

EXPANDING OUR GLOBAL TELEVISION PLATFORM

In the fall, we successfully moved our SmackDown program to its new broadcast home in the U.S., My Network TV. Today, SmackDown is the cornerstone of the My Network TV lineup. As the network's top-rated program in 2009, it has averaged 3.7 million viewers per episode, and has been the number one broadcast show on Friday nights in terms of male viewers, including the coveted Men 18-34 demographic. Recently, we announced a new partnership with WGN America. Under this agreement, we will produce a new action-packed television program, WWE Superstars. The hour-long, weekly show is scheduled to debut in April 2009. Together with our other programs, this deal enables us to provide a total of 21 hours of programming per week in the U.S., including 6 hours of original, first-run broadcasts. Over the past 12 months, we have also significantly expanded our international television distribution, with partnerships in Mexico, Europe, Eastern Europe, India, Japan, and China. As an example of our new prowess, our partnership with Televisa and TV Azteca enable our programs to reach over 20 million TV households in Mexico alone. Since their debut, our Raw and SmackDown programs have grown dramatically, with nearly two million viewers and counting. Similarly, new agreements with broadcast networks in China have extended the reach of our programming from two provinces to four, reaching millions of new TV households in that country. In January 2009, we announced a new agreement with Eurosport, under which we will produce two original programs that will feature highlights of our recent programs and historical footage of our WWE Legends. This agreement enables us to reach more than 100 million homes across Europe. Cumulatively, our new international agreements not only raise our television license fees, they provide an important platform for developing our audience in regions of the world that we believe have significant potential for future growth.

FILMED ENTERTAINMENT

During the year, we advanced our film strategy, adjusting our approach to focus more on direct-to-video and other projects with higher rates of return than comparable theatrical releases. Our first direct-to-video project, Behind Enemy Lines: Colombia, was released on January 6, 2009, and we have several other direct-to-video projects in our production pipeline. In addition, we have completed production on one theatrical film project, 12 Rounds, which will be released in theatres on March 27, 2009.

KIDS INITIATIVE AND SMART PRODUCT EXTENSIONS

Consistent with our goal of engaging fans at a younger age, we began publishing a magazine for children, *WWE Kids Magazine,* and initiated a new website, WWEKids.com, dedicated to this audience. Over the long term, we expect these offerings to strengthen the loyalty of our fans to our brands and products. During the year, we began to license our online and print content, including the kids offerings, in our international markets. We completed a deal to produce a Mandarin website in China, and launched other websites in Australia, Italy, and Portugal. Similarly, we successfully launched our *WWE Kids Magazine* in the U.K., and initiated the licensing of our *WWE Magazine* in Mexico and France. Distributing local language versions of these products is highly profitable because the translation and production costs are borne by our sales partners.

MEETING CHALLENGES AND MANAGING FOR THE LONG TERM

In 2008, we continued to strengthen our executive management team with the promotion of Donna Goldsmith to Chief Operating Officer and the addition of George Barrios as our Chief Financial Officer. We believe these changes enhance our ability to embrace the challenges and opportunities of the future. In our view, the most significant prospects for long-term growth derive from our international expansion, and the advance of our consumer products and digital media businesses. We believe that executing these strategic priorities with rigorous financial discipline will provide the greatest returns and build enduring value for the Company and its stakeholders. Ultimately, our ability to succeed in an environment characterized by increasing economic uncertainty depends on the talent of our management team, the dedication of our Superstars and employees, and the loyalty of our fans. We will keep working diligently to earn and reward your faith. On behalf of all of us at World Wrestling Entertainment, we thank you, our shareholders, for your continuing support.

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WORLD WRESTLING ENTERTAINMENT, INC., ANNUAL REPORT (FORM 10-K), 2008

Part I

Item 1. Business

World Wrestling Entertainment, Inc. ("WWE") is an integrated media and entertainment company. We have been involved in the sports entertainment business for more than 25 years, and have developed World Wrestling Entertainment into one of the most popular brands in global entertainment today. We develop unique and creative content centered around our talent and presented at our live and televised events. At the heart of our success are the athletic and entertainment skills and appeal of our WWE Superstars and our consistently innovative and multi-faceted storylines across our three brands, Raw, SmackDown and ECW. Anchored by these brands, we are able to leverage our content and talent across virtually all media outlets. Our live and televised events, consumer products, digital media and feature film outlets provide significant cross-promotion and marketing opportunities that reinforce our brands while effectively reaching our fans.

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Our operations are centered around the following four business segments:

Live and Televised Entertainment

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

Consumer Products

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

Digital Media

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

WWE Studios (formerly WWE Films)

- Revenues consist of our share of receipts from the distribution of filmed entertainment featuring our Superstars. We participate in revenues generated by the distribution of the films through all media after the print, advertising and distribution costs incurred by our distributors have been recouped and the results have been reported to us.

Live and Televised Entertainment (represents 63%, 65%, 70% and 73% of our net revenues in 2008, 2007, T 2006 and fiscal 2006, respectively)

Live Events. Our Raw Superstars travel as one touring show while our SmackDown and ECW Superstars travel together as a combined tour. This gives us flexibility in scheduling that allows us to play numerous domestic and international markets.

In 2008, we held 242 live events throughout North America, entertaining over one million fans at an average ticket price of $40.98. We hold many of our live events at major arenas across the country. In addition to providing the content for our television and pay-per-view programming, these events provide us with a real-time assessment of the popularity of our storylines and characters.

In 2008, we held 77 live events internationally, reaching approximately 651,000 fans at an average ticket price of $78.96. These events were spread over several successful international tours throughout Europe, Latin America and Australia.

Live events net revenues were $105.7 million, $99.3 million, $52.3 million and $75.0 million, representing 20%, 20%, 20% and 19% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

Venue Merchandise. Our venue merchandise business consists of the sale of various WWE-branded products at our live events, such as T-shirts, caps and other novelty items, which feature our Superstars and/or our logo. Nearly all of these products are designed by our in-house creative staff and manufactured by third parties.

Venue merchandise net revenues were $18.5 million, $19.1 million, $12.1 million and $14.7 million, representing 4%, 4%, 5% and 4% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

Television Programming. Relying on our in-house production capabilities at our production facility, we produce four television shows, consisting of 6 hours of original domestic programming each week. Our domestic cable and broadcast programs consist of "Monday Night Raw", "ECW", "Friday Night SmackDown" and "A.M. Raw." Starting in January 2008, we began producing these programs in high-definition (HD). The ability to broadcast our programs in HD quality allows our 'larger-than-life' Superstars to be showcased in a new and exciting way. We generate revenue from our programming through television rights fees and by the sale of cable advertising in Canada. We believe the popularity of our television programming drives the success of our other businesses, translating into increased live event attendance, pay-per-view buys and merchandise sales.

Our agreement with NBC Universal includes "Monday Night Raw" and the weekend program "A.M. Raw". "Monday Night Raw" is a two-hour primetime program that is broadcast live on USA Network and is consistently one of the most watched regularly scheduled programs on cable television. As part of this agreement, Raw also airs in replays on Telemundo and mun2.

ECW: Extreme Championship Wrestling airs on the SCI FI Channel on Tuesday nights. ECW is the highest rated program on the SCI FI Channel.

The two-hour "Friday Night SmackDown" airs on the *MyNetworkTV* in primetime on Fridays and is consistently one of the highest rated programs on the network and a top rated show among males 12–17 and males 18–34 on Friday nights. Before the 2008/2009 television season, "Friday Night SmackDown" aired on the CW Network.

In January 2009, we announced that *WWE Superstars*, a first run, original program will air exclusively on WGN America, Tribune Broadcasting's national superstation. The action-packed *WWE Superstars*, part of a new multi-year agreement with WGN America, will be produced by WWE and will be an hour-long weekly program scheduled to debut in April 2009, and will provide WGN America viewers the chance to see Superstars and Divas from all three WWE franchises in one program.

Internationally, our programming is distributed in more than 145 countries and 28 different languages. We continue to expand our distribution and have secured new television distribution agreements on terrestrial, cable and satellite platforms throughout the Middle East, Africa, Asia, and South America. We believe our television distribution is key to our international success and use our programming to support tours and related live event merchandise sales as well as furthering our licensing program.

Television rights fee net revenues were $100.7 million, $92.4 million, $58.7 million and $81.5 million, representing 19%, 19%, 22% and 20% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

Advertising. We provide sponsorships in the US domestic market to meet the needs of our advertisers. Through these sponsorships, we offer advertisers a full range of our promotional vehicles, including internet and print advertising, arena signage, on-air announcements and pay-per-view sponsorship. In Canada, we sell advertising in our programs rather than receive a rights fee.

Advertising and sponsorship net revenues were $7.4 million, $5.9 million, $4.5 million and $22.6 million, representing 1%,1%, 2% and 6% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

Pay-Per-View Programming. WWE pioneered the pay-per-view events business. Each of our pay-per-view events typically culminates a storyline or change direction. We intensively market and promote the storylines that are associated with upcoming pay-per-view events through our television shows, internet sites, magazine and affiliate partners.

WWE produced 14 domestic pay-per-view programs in 2008 as compared to 15 programs in 2007. The suggested domestic retail price for all pay-per-view events in 2008 was $39.95, with the exception of *WrestleMania* which had a suggested domestic retail price of $54.95. Consistent with industry practices, we share the revenues with cable systems and satellite providers such as DirecTV, and pay service fees to iNDEMAND and TVN.

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

Pay-per-view net revenues were $91.4 million, $94.3 million, $53.4 million and $94.8 million, representing 17%, 19%, 20% and 24% of total net revenues in 2008, 2007, T 2006 and fiscal 2006, respectively.

WWE 24/7 Classics On Demand. WWE 24/7 Classics On Demand is a Subscription Video On Demand (SVOD) service that offers highly-rated and best-selling classic television shows, pay-per-view events, specials and original programming for a monthly subscription fee. Most of this material is drawn from WWE's extensive video library and includes other leading wrestling brands. WWE owns and controls the content from the vast libraries of such promotions as WCW, WCCW, ECW and AWA. WWE 24/7 subscribers have access to approximately 40 hours of content each month.

WWE 24/7 Classics On Demand is currently distributed with 14 of the top 15 cable operators in the United States, making WWE 24/7 available to more than 80 percent of video-on-demand enabled subscribers. Major North American distributors currently include: Comcast Communications, Cox Communications, Charter Communications, Cablevision, Mediacom, Insight, and Verizon Communications, among others.

WWE 24/7 Classics On Demand net revenues were $6.3 million in 2008, $4.9 million in 2007, $2.0 million in transition 2006 and $1.1 million in fiscal 2006.

Consumer Products (represents 26%, 24%, 22% and 22% of our net revenues in 2008, 2007, T 2006 and fiscal 2006, respectively)

Licensing. We have established a worldwide licensing program using our World Wrestling Entertainment marks and logos, copyrighted works and characters on a large variety of retail products, including toys, video games, apparel and books. Currently, we have relationships with more than 160 licensees worldwide that provide products for sale at major retailers. To maintain the distinctive style and quality of our intellectual property and brand, we retain creative approval over the design, packaging, advertising and promotional materials associated with these products.

Videogames and toys represent important components of our licensing program as they generate substantial revenues through our licenses with THQ and Jakks Pacific, Inc. ("Jakks"), respectively. We are currently involved in litigation with, among others, THQ and Jakks. During the resolution of this litigation we plan to continue to fulfill our obligations under these licenses and expect Jakks and THQ to do likewise. *Additional information regarding this litigation is available in Note 11 to Notes to Consolidated Financial Statements*. We have a comprehensive, multi-year licensing agreement, effective as of January 2010, with Mattel, Inc. as WWE's master toy licensee covering all global territories upon the expiration of our current toy license with Jakks.

We have book publishing licensing agreements with Simon & Schuster and Dorling Kindersley, which allow us the ability to publish original content in a variety of genres, including fiction, histories, how-to, and biographies and autobiographies. During 2008 we published four new books, including the first biography of Andre the Giant, an autobiography of "The Million Dollar Man" Ted DiBiase, as well as *Showdowns The 20 Greatest Wrestling Rivalries of the Last Two Decades* (a historical book) and *10 Count Trivia: Events and Championships* (a Trivia book).

Music is an integral part of the entertainment experience surrounding WWE's live events, television programs and pay-per-views. We compose and record most of our music, including our Superstar entrance themes, in our recording studio. In addition to our own composed music, we license music performed by popular artists.

Licensing net revenues, including music, were $60.5 million, $47.1 million, $14.7 million and $32.2 million, representing 11%, 10%, 6% and 8% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

Home Video. In 2008, we released 29 new home video productions and shipped approximately 4.1 million DVD and Blu-ray units, including catalog titles released in prior years. More widespread marketing and merchandising support at major retailers and replenishment of prior year titles helped to drive domestic sales. Beginning in November 2006, Genius Products, LLC became our exclusive domestic distributor of home videos. Outside the United States, our new releases and catalog titles are distributed through licensees.

Home video net revenues were $58.5 million, $53.7 million, $35.5 million and $42.6 million, representing 11%, 11%, 13% and 11% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

Magazine Publishing. *WWE Magazine* is a global men's lifestyle publication with native language editions in Spain, Mexico, France, Germany and Greece. Every issue is filled with features, photos, exclusive interviews and access that fans will not see on television. In the US, *WWE Magazine* is ranked "top-5" in retail revenue for the men's category, averaging more than $1 million in newsstand sales every month. More than 4.6 million readers purchase *WWE Magazine* every month. Our new *WWE Kids* magazine was launched in April 2008 and will publish nine issues in 2009. A *WWE Kids* UK edition launched in November 2008.

Magazine publishing net revenues were $15.4 million, $16.5 million, $8.5 million and $11.1 million, representing 3% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006.

Digital Media (represents 7%, 7%, 8% and 5% of our net revenues in 2008, 2007, T 2006 and fiscal 2006, respectively)

WWE.com. Through our broadband network and sites, WWE generates revenue from the sale of online advertising, e-commerce, and the distribution of wireless content. Our primary website, WWE.com, attracted nearly 15 million monthly unique users worldwide and generated an average of 24 million streams per month in 2008, according to Omniture, Inc. We utilize the internet to promote our brands, to provide content, to entertain and to market and distribute our products.

Our portfolio of promotional, ad-supported and transactional video content is a mix of archival footage, breaking news stories, original programs and live broadcasts. WWE .com updates its information as events happen on a global basis.

We have continued to build upon our wireless footprint by developing a mobile content management system as we entered into relationships with several third party partners to produce, distribute, bill, and directly sell mobile content. To provision this new outlet, we produce several pieces of made-for-mobile video offerings. Domestically, we have an agreement with AT&T Wireless to provide exclusive content, including videos and ring tones.

WWE.com net revenues were $16.3, $16.2 million, $7.3 million and $9.7 million, representing 3%, 3%, 3% and 2% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

WWEShop. WWEShop is our e-commerce storefront. The number of orders processed was essentially flat at 329,200 in 2008 as compared to 329,100 in 2007. Category offerings continued to expand as did the sale of exclusive WWEShop packages.

WWEShop net revenues were $18.5 million, $18.6 million, $13.4 million and $12.1 million, representing 4%, 4%, 5% and 3% of total net revenues in 2008, 2007, transition 2006 and fiscal 2006, respectively.

WWE Studios (represents 5% and 3% of our net revenues in 2008 and 2007, respectively)

We established WWE Films to explore options in filmed entertainment in order to promote our Superstars and capitalize on our intellectual property and fan base. In July 2008 WWE Films changed its name to WWE Studios to better represent its focus on creating a diversified mix of filmed entertainment, including theatrical films, direct-to-DVD movies, and scripted television movies, series and reality programming. To date we have released three feature films *See No Evil*, *The Marine* and *The Condemned*. During 2008 production was completed on the feature film *12 Rounds* starring WWE Superstar John Cena, which will be released March 27, 2009 by 20th Century Fox. During 2008 production commenced on two direct-to-DVD films co-produced and co-financed with Fox Home Entertainment: *Behind Enemy Lines 3: Colombia* starring WWE Superstar Mr. Kennedy and *The Marine 2* starring WWE Superstar Ted DiBiase, Jr. As of December 31, 2008, we have approximately $31.7 million in capitalized feature film production assets. We do not participate in revenues associated with these film projects until the print and advertising costs and distribution expenses incurred by our distributors have been recouped and the results have been reported back to us. We recorded approximately $24.5 million in film revenues in 2008, compared to approximately $16.0 million in 2007.

International. Revenues generated outside of North America were approximately $135.2 million for 2008, $119.3 million for 2007, $60.4 million in T 2006 and $97.7 million in fiscal 2006. Revenues generated from international sources accounted for approximately 26% of total revenues generated in 2008, 25% in 2007, 23% in T 2006, and 24% in fiscal 2006.

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

Our results are due primarily to the popularity of our Superstars. We currently have exclusive contracts with approximately 150 Superstars, ranging from developmental contracts to multi-year guaranteed contracts with established Superstars. Our Superstars are highly trained and motivated independent contractors whose compensation is tied to the revenue that they help us generate. Popular Superstars include Triple H, John Cena, Batista, Shawn Michaels, Undertaker and Rey Mysterio. We own the rights to substantially all of our characters, and we exclusively license the rights we do not own through agreements with our Superstars. We continually seek to identify, recruit and develop additional talent for our business. In this regard, we have an arrangement with a wrestling development camp, Florida Championship Wrestling, to allow newly identified talent the opportunity to perform for crowds and refine their skills.

Competition

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

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Employees

As of February 2009 we had 564 employees. This headcount excludes our Superstars, who are independent contractors. In January 2009, WWE announced that it was reducing approximately 10% of its staff across all areas of its global operations. Our in-house production staff is supplemented with contract personnel for our television production. We believe that our relationships with our employees are generally satisfactory. None of our employees are represented by a union.

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Item 1A. Risk Factors

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

Our television programming is distributed by broadcast and cable networks, and our pay-per-view programming is distributed by pay-per-view providers. Because our revenues are generated, directly and indirectly, from the distribution of our televised and pay-per-view programming, any failure to maintain or renew arrangements with these distributors or the failure of the distributors to continue to provide services to us could adversely affect our operating results. We regularly engage in negotiations relating to substantial agreements covering the distribution of our cable, broadcast and/or pay-per-view television by carriers located in the United States or abroad.

Our failure to continue to develop creative and entertaining programs and events would likely lead to a decline in the popularity of our brand of entertainment and could adversely affect our operating results.

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

Our failure to retain or continue to recruit key performers could lead to a decline in the appeal of our storylines and the popularity of our brand of entertainment, which could adversely affect our operating results.

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

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

For the foreseeable future, we will depend heavily on the vision and services of Vincent K. McMahon. In addition to serving as Chairman of our Board of Directors, Mr. McMahon leads the creative team that develops the storylines and the characters for our televised programming and live events. Mr. McMahon is also an important member of our cast of performers. The loss of Mr. McMahon due to unexpected retirement, disability or death or other unexpected termination for any reason could have a material adverse effect on our ability to create popular characters and creative storylines, which could adversely affect our operating results.

A continued decline in general economic conditions and disruption of financial markets could adversely affect our business.

Our operations are affected by general economic conditions, which affect consumers' disposable income. The demand for entertainment and leisure activities tends to be highly sensitive to the level of consumers' disposable income. A continued decline in general economic conditions could reduce the level of discretionary income that our fans and potential fans have to spend on our live and televised entertainment and consumer products, which could adversely affect our revenues. Volatility and disruption of financial markets could limit our clients', licensees' and distributors' ability to obtain adequate financing to maintain operations and result in a decrease in sales volume that could have a negative impact on our business, financial condition and results of operations. Our television partners derive revenues from our programming by the sale of advertising, and we sell advertising directly on our website and in our magazines. As widely reported, the advertising market has been impacted by the weak economic environment. Continued softness in the market could adversely affect our revenues or the financial viability of our distributors.

Our accounts receivable represent a significant portion of our current assets and relate principally to a limited number of distributors, increasing our exposure to bad debts and potentially impacting our results of operations.

A substantial portion of our accounts receivable are from distributors of our pay-per-view, television, home video and magazine products. Adverse changes in general economic conditions and continued contraction in global credit markets could precipitate liquidity problems among our key distributors. This could increase our exposure to losses from bad debts and have a material adverse effect on our business, financial condition and results of operations.

A decline in the popularity of our brand of sports entertainment, including as a result of changes in the social and political climate, could adversely affect our business.

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

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

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

The markets in which we operate are highly competitive, rapidly changing and increasingly fragmented, and we may not be able to compete effectively, especially against competitors with greater financial resources or marketplace presence, which could adversely affect our operating results.

For our live, television and pay-per-view audiences, we face competition from professional and college sports, as well as from other forms of live and televised entertainment and other leisure activities in a rapidly changing and increasingly fragmented marketplace. The manner in which audio/video content is distributed and viewed is constantly changing, and while we attempt to distribute our content across all platforms, our failure to continue to do so effectively could adversely affect our operating results. For the sale of our consumer products, we compete with entertainment companies, professional and college sports leagues and other makers of branded apparel and merchandise. Many of the companies with whom we compete have greater financial resources than we do.

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

We face uncertainties associated with international markets.

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

We may be prohibited from promoting and conducting our live events if we do not comply with applicable regulations.

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

Because we depend upon our intellectual property rights, our inability to protect those rights or our infringement of others' intellectual property rights could adversely affect our business.

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

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

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

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

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

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

We will continue to face the risk of impairment charges relating to our feature films if the demand for one or more of our films does not meet our expectations.

We have substantial capitalized film costs. The accounting for our film business in accordance with generally accepted accounting principles entails significant judgment calls as to expected future revenues from films. If expected revenue for one or more of our films does not materialize because viewers' demand does not meet expectations, we would lose money on the film, taking an impairment charge and writing down the capitalized costs of the film.

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Item 6. Selected Financial Data

The following table sets forth our selected financial data for the twelve months ended December 31, 2008 and December 31, 2007, the eight month transition period ended December 31, 2006 and each of the three fiscal years in the period ended April 30, 2006. The selected financial data as of December 31, 2008, December 31, 2007, and December 31, 2006 and for the years ended December 31, 2008 and December 31, 2007, the eight month transition period ended December 31, 2006 and the fiscal year ended April 30, 2006 have been derived from the audited consolidated financial statements included elsewhere in this Annual Report. The selected financial data as of April 30, 2006, April 30, 2005 and April 30, 2004 and for the fiscal years ended April 30, 2005 and April 30, 2004 have been derived from our audited consolidated financial statements, which are not included in this Annual Report. You should read the selected financial data in conjunction with our consolidated financial statements and related notes and the information set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this Annual Report [*see* ***Table 4***].

Table 4 Selected Financial Highlights

	For the periods ended December 31		
	2008	**2007**	**T 2006**
Financial Highlights			
Net revenues	$526.5	$485.7	$262.9
Operating income	$ 70.3	$ 68.4	$ 39.2
Income from continuing operations	$ 45.4	$ 52.1	$ 31.6
Net income (1)	$ 45.4	$ 52.1	$ 31.6
Earnings per share from continuing operations, diluted	$ 0.62	$ 0.72	$ 0.44
Earnings per share, diluted	$ 0.62	$ 0.72	$ 0.44
Dividends paid per share	$ 1.44	$ 0.96	$ 0.72
Cash and short-term investments	$177.3	$266.4	$248.2
	As of December 31		
	2008	**2007**	**T 2006**
Total assets	$429.4	$470.1	$453.3
Total debt	$ 4.9	$ 5.8	$ 6.7
Total stockholders' equity	$360.0	$383.4	$385.7

(1) Included in our net income was the operating results of our discontinued operations, *The World* and the XFL, and their respective estimated shutdown costs, which totaled approximately $1.4 and ($1.4) during fiscal 2005 and fiscal 2004, respectively.

Source: World Wrestling Entertainment, Inc. Used with permission.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the audited consolidated financial statements and related notes included elsewhere in this Form 10-K.

Background

The following analysis outlines all material activities contained within each of our four segments.

Live and Televised Entertainment

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

Consumer Products

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

Digital Media

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

WWE Studios (formerly WWE Films)

- Revenues consist of our share of receipts from the distribution of filmed entertainment featuring our Superstars. We participate in revenues generated under the distribution of the films through all media after the print and advertising and distribution costs incurred by our distributors have been recouped and the results have been reported to us.

We provide updated information on the key drivers of our business including live event attendance, pay-per-view buys, home video shipments, website traffic, and online merchandise sales on a monthly basis on our corporate website http://corporate.wwe.com. Such information is not incorporated herein by reference.

Results of Operations

Our Live and Televised Entertainment segment benefited from strong performances both at international and North American live events as well as higher television rights fees in both domestic and international markets. Our licensing based revenue accounted for approximately 45% of our Consumer Products segment in 2008 as compared to 40% in 2007, primarily due to amounts earned as part of a license with our book publisher. Digital Media revenues were essentially unchanged from the prior year. Revenues related to WWE Studios accounted for $24.5 million, reflecting a full year of revenue, compared with the $16.0 million recorded in the prior year which revenues began in the third quarter of 2007.

Revenues derived from international sources represented 26% and 25% of total net revenues in 2008 and 2007, respectively. [*See* ***Table 5***.]

Live and Televised Entertainment. The following chart [*see* ***Table 6***] provides performance results and key drivers for our Live and Televised Entertainment segment:

Live events revenue reflects approximately $64.0 million for North American events and $41.7 million for international events in 2008 as compared to $61.9 million for North American events and $37.4 million for international events in 2007. During 2008, average attendance at our North American events was approximately 6,400 while average attendance at our international events was approximately 8,500. During 2007, North American average attendance was approximately 6,600 and average international attendance was approximately 7,700. Live events profit contribution margin was 30% in 2008 as compared to 28% in 2007.

Venue merchandise revenues in 2008 were impacted by the slight decline in North American average attendance and per capita spending dollars. Venue merchandise profit

Table 5 Year Ended December 31, 2008 Compared to Year Ended December 31, 2007 (dollars in millions) Summary

Net Revenues	2008	2007
Live and Televised Entertainment	$331.5	$316.8
Consumer Products	135.7	118.1
Digital Media	34.8	34.8
WWE Studios	24.5	16.0
Total	$526.5	$485.7
Cost of Revenues	**2008**	**2007**
Live and Televised Entertainment	$221.2	$202.8
Consumer Products	52.1	45.6
Digital Media	22.9	21.3
WWE Studios	15.6	29.1
Total	$311.8	$298.8
Profit contribution margin	41%	38%
Operating Income	**2008**	**2007**
Live and Televised Entertainment	$92.4	$100.2
Consumer Products	76.5	68.6
Digital Media	6.2	6.3
WWE Studios	7.2	(14.8)
Corporate	(112.0)	(91.9)
Total operating income	$70.3	$68.4
Income from continuing operations	$45.4	$52.1

Source: World Wrestling Entertainment, Inc. Used with permission.

Table 6 Revenues: Live and Televised Entertainment

	2008	2007
Live events (dollars in millions)	$105.7	$99.3
Number of North American events	242	233
Average North American attendance	6,400	6,600
Average North American ticket price (dollars)	$40.98	$40.47
Number of international events	77	75
Average international attendance	8,500	7,700
Average international ticket price (dollars)	$78.96	$79.60
Venue merchandise (dollars in millions)	$18.5	$19.1
Domestic per capita spending (dollars)	$10.35	$10.75
Pay-per-view (dollars in millions)	$91.4	$94.3
Number of pay-per-view events	14	15
Number of buys of pay-per-views	5,034,400	5,200,800
Average revenue per buy (dollars)	$17.76	$17.43
Domestic retail price, excluding *WrestleMania* (dollars)	$39.95	$39.95
Domestic retail price *WrestleMania* (dollars)	$54.95	$49.95
Television rights fees (dollars in millions)		
Domestic	$63.5	$59.6
International	$37.2	$32.8
Television advertising (dollars in millions)	$7.4	$5.9
WWE 24/7 Classics on Demand (dollars in millions)	$6.3	$4.9
Other (dollars in millions)	$1.5	$0.9
Total (dollars in millions)	$331.5	$316.8
Ratings		
Average weekly household ratings for Raw	3.4	3.7
Average weekly household ratings for SmackDown	2.4	2.7
Average weekly household ratings for ECW	1.3	1.5
Cost of Revenues-Live and Televised Entertainment	**2008**	**2007**
Live events	$74.3	$71.2
Venue merchandise	11.2	11.4
Pay-per-view	49.8	43.6
Television	75.8	66.5
Television advertising	0.8	0.9
WWE 24/7 Classics on Demand	1.8	2.1
Other	7.5	7.1
Total	$221.2	$202.8
Profit contribution margin	33%	36%

Source: World Wrestling Entertainment, Inc. Used with permission.

contribution margin was 39% in 2008 as compared to 40% in 2007.

Pay-per-view revenue reflects approximately 5.0 million buys in 2008 as compared to 5.2 million buys in 2007. In 2008, our premier annual pay-per-view event, *WrestleMania XXIV*, generated approximately 1.1 million buys as compared to 1.2 million buys for *WrestleMania XXIII*. Domestic buys, which carry a higher price per buy, represented 66% of total buys in 2008 and 2007. The pay-per-view profit contribution margin was 46% in 2008 as compared to 54% in 2007, reflecting additional spending in guest talent pay, promotion and consumer advertising in support of *WrestleMania XXIV*.

The increase in domestic and international television rights fees reflects our new agreement with MyNetworkTV as well as contractual increases in several territories. The increase in television cost of revenues reflects higher production and staging costs incurred related to our broadcasting in high definition.

Advertising revenues include sales of advertising in our Canadian television programs and sponsorships. Advertising cost of revenues reflects costs associated with the increased sponsorship related activities in the current year.

WWE 24/7 Classics On Demand, our subscription based video-on-demand service, generated higher revenues based on the expanded number of subscribers from the prior year. WWE 24/7 Classics On Demand is currently offered in approximately 80% of video-on-demand enabled homes in the United States.

Consumer Products. The following chart [*see* ***Table 7***] provides performance results and key drivers for our Consumer Products segment:

Licensing revenues in 2008 reflect approximately $12.8 million in the toy category, $25.3 million in the videogame category and $9.3 million related to apparel and novelties. In 2007, revenues reflected approximately $14.3 million in the toy category, $18.3 million in the videogame category and $9.4 million related to apparel and novelties. 2008 reflects revenues from the videogame title "*SmackDown vs. Raw 2008"* released in seven platforms versus four platforms for the prior release in this series. Licensing revenues related to books were approximately $6.4 million higher in the current year, primarily due to amounts earned as part of a license with our book publisher. Licensing revenue is dependent upon the release schedule of products and is affected by the timing of when licensees report results to us. Licensing cost of revenue consists primarily of talent royalties and agent commissions paid to our licensing agents. The licensing profit contribution margin was 78% in 2008 as compared to 75% in 2007.

Magazine publishing revenues declined in the current year due to lower newsstand sell-through rates as we published twenty-six issues in 2008 as compared to twenty-one issues in 2007. In April 2008, we began publishing a new magazine titled *WWE Kids,* a bi-monthly publication for 6-14 year old WWE fans, which generated approximately $0.9 million in revenue. The magazine publishing profit contribution margin was 14% in 2008 as compared to 31% in 2007 as the profit margin was adversely impacted by the lower sell-thru rates and higher publication costs.

Home video revenue reflects the sale of approximately 4.1 million gross DVD units in 2008 as compared to 4.0 million gross units in 2007. Included in the successful titles released in 2008 was *WrestleMania XXIV*, which shipped approximately 326,000 gross units. The increase in home video costs is due to higher distribution fees and advertising. The home video profit contribution margin was 59% in 2008 as compared to 60% in 2007, reflecting the aforementioned cost increases.

Table 7 Revenues-Consumer Products

	2008	2007
Licensing	$60.5	$47.1
Magazine publishing	$15.4	$16.5
Net units sold	4,702,800	4,858,400
Home video	$58.5	$53.7
Gross DVD units	4,053,719	4,034,167
Other	$1.3	$0.8
Total	$135.7	$118.1
Cost of Revenues-Consumer Products	**2008**	**2007**
Licensing	$13.6	$11.9
Magazine publishing	$13.3	$11.4
Home video	$24.2	$21.6
Other	$1.0	$0.7
Total	$52.1	$45.6
Profit contribution margin	62%	61%

Source: World Wrestling Entertainment, Inc. Used with permission.

Digital Media. The following chart [*see* ***Table 8***] provides performance results and key drivers for our Digital Media segment (dollars in millions, except average revenues per order).

Table 8 Revenues-Digital Media

	2008	2007
WWE.com	$16.3	$16.2
WWEShop	$18.5	$18.6
Total	$34.8	$34.8
Average revenues per order (dollars)	$54.77	$54.94
Cost of Revenues-Digital Media	**2008**	**2007**
WWE.com	$8.8	$7.6
WWEShop	$14.1	$13.7
Total	$22.9	$21.3
Profit contribution margin	34%	39%

Source: World Wrestling Entertainment, Inc. Used with permission.

WWE.com revenue in 2008 reflects additional web advertising and wireless content. Web-based advertising accounted for approximately $10.6 million in revenues as compared to $10.4 million in 2007. The WWE.com profit contribution margin was 46% in 2008 as compared to 53% in 2007, reflecting higher costs associated with web content.

WWEShop revenue in 2008 reflects approximately 329,200 customer orders, essentially flat to the prior year. The average customer spend, $54.77 per order, was essentially flat to the prior year as well. The WWEShop profit contribution margin was 24% in 2008 as compared to 26% in 2007, partially reflecting an increase in material costs.

WWE Studios. The following chart [*see **Table 9***] provides performance results and key drivers for our WWE Studios segment (dollars in millions, except average revenues per order):

Table 9 Revenues-WWE Studios

	2008	2007
WWE Studios	$24.5	$16.0
Total	$24.5	$16.0
Cost of Revenues-WWE Studios	2008	2007
WWE Studios	$15.6	$29.1
Total	$15.6	$29.1
Profit contribution margin	36.6%	(82%)

Source: World Wrestling Entertainment, Inc. Used with permission.

WWE participates in revenues associated with our film projects when the distribution and advertising costs incurred by our distributors have been recouped and the results have been reported to us. During 2008, revenues from our WWE Studios segment was $24.5 million, relating to our three feature films *The Marine*, *See No Evil* and *The Condemned.* During 2008 we expensed $15.6 million of feature film production assets, including a $1.9 million film asset impairment charge related to the performance of *See No Evil* and approximately $0.9 million of development costs for abandoned projects.

During 2007 we recorded $16.0 million in revenue and expensed approximately $29.1 million of feature film production assets, including a $15.7 million film asset impairment charge related to the performance of our theatrical release, *The Condemned,* and approximately $0.4 million of development costs for abandoned projects.

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Discussion Questions

1. Compare and contrast the structure of NASCAR with those of the professional sports leagues that you have read about.
2. What lessons can the other professional sports leagues learn from NASCAR? What can NASCAR learn from other professional sports?
3. Describe the structure of the PGA Tour.
4. Describe the athlete development system used by the WWE. Could this program be used in other sports?
5. What potential difficulties could the WWE face as it tries to expand its international operations?
6. How does the manager's role in boxing differ from that of the agent in team sports? What similarities are there?
7. Are the sanctioning bodies in boxing the equivalent of sports leagues? Why or why not?
8. How is the business structure of professional boxing suboptimal? How might it be improved?

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