WORLD WRESTLING ENTERTAINMENTINC
Form DEF 14A
July 28, 2006

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to § 240.14a -12

WORLD WRESTLING ENTERTAINMENT, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (sets forth the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials.
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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

1241 East Main Street
Stamford, Connecticut 06902

To our Stockholders: July 28, 2006

You are invited to attend the 2006 Annual Meeting of Stockholders of World Wrestling Entertainment, Inc., which will be held at 10:00 a.m. local time, on September 14, 2006, at our Television Production Facility, 120 Hamilton Avenue, Stamford, Connecticut 06902. The business to be conducted is described in the enclosed Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is important to us. Whether or not you expect to attend, your shares should be represented. Therefore, we urge you to vote. **We invite you to utilize the convenience of Internet voting at the site indicated on the enclosed proxy card. While at that site you will be able to enroll in our electronic delivery program, which will insure that you will receive future mailings relating to annual meetings as quickly as possible and will help us to save costs.** Alternatively, you can vote by telephone or complete, sign, date and promptly return the enclosed proxy. If you attend the meeting and wish to vote in person, you will have the opportunity to do so, even if you have already voted.

On behalf of the Board of Directors, we would like to express our appreciation for your continued interest in our Company.

Sincerely,

Linda E. McMahon
Chief Executive Officer

PLEASE NOTE THAT THIS WILL BE A BUSINESS MEETING ONLY AND NOT AN ENTERTAINMENT EVENT. NO SUPERSTARS WILL BE IN ATTENDANCE AT THE MEETING. The meeting will be limited to stockholders (or their authorized representatives) having evidence of their stock ownership. If you plan to attend the meeting, please obtain an admission ticket in advance by providing proof of your ownership, such as a bank or brokerage account statement or copy of your stock certificate, to World Wrestling Entertainment, Inc., 1241 E. Main Street, Stamford, CT 06902, Attention: Corporate Secretary. If you do not obtain an admission ticket, you must show proof of your ownership at the registration tables at the door. Registration will begin at 9:00 a.m. and seating will begin at 9:30 a.m. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

WORLD WRESTLING ENTERTAINMENT, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be held September 14, 2006

To the Stockholders of World Wrestling Entertainment, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of World Wrestling Entertainment, Inc., a Delaware corporation, will be held in our Television Production Facility, 120 Hamilton Avenue, Stamford, Connecticut 06902, on September 14, 2006, at 10:00 a.m. local time, for the following purposes, as described in the attached Proxy Statement:

1. to elect eight Directors to serve until the Company's next Annual Meeting and until their successors are elected;

2. to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal period commencing May 1, 2006 and ending December 31, 2006; and

3. to transact such other business as may properly come before the meeting.

We have fixed the close of business on July 21, 2006 as the record date for the determination of stockholders entitled to notice of and to vote at our Annual Meeting and at any adjournment or postponement thereof.

BY ORDER OF THE BOARD OF DIRECTORS

Edward L. Kaufman
Executive Vice President, General Counsel
and Secretary

Stamford, Connecticut
July 28, 2006

IMPORTANT
Whether or not you plan to attend the meeting in person, you are urged to vote via our convenient Internet voting, by phone or by signing and dating the enclosed proxy card and returning it promptly in the envelope provided so that your stock may be represented at the meeting.

WORLD WRESTLING ENTERTAINMENT, INC.
PROXY STATEMENT
Annual Meeting of Stockholders
Thursday, September 14, 2006

The enclosed proxy is solicited on behalf of the Board of Directors of World Wrestling Entertainment, Inc. in connection with our Annual Meeting of Stockholders to be held on Thursday, September 14, 2006, at 10:00 a.m. local time (the "Annual Meeting"), or any adjournment or postponement of this meeting. The Annual Meeting will be held in our Television Production Facility, 120 Hamilton Avenue, Stamford, Connecticut 06902. We intend to mail this proxy statement and accompanying proxy card on or about July 28, 2006, to each stockholder entitled to vote at our Annual Meeting.

We will pay all costs of this proxy solicitation. Directors or officers, or other employees of ours, may also solicit proxies in person or by mail, telephone or telecopy.

Only holders of record of our Class A common stock and Class B common stock at the close of business on July 21, 2006, will be entitled to notice of and to vote at our Annual Meeting. At the close of business on the record date, 22,957,509 shares of Class A common stock and 47,713,563 shares of Class B common stock were outstanding and entitled to vote, with each Class A share entitled to one vote on all matters and each Class B share entitled to ten votes. We sometimes refer to Class A common stock and Class B common stock together as

“Common Stock.”

A majority of the collective voting power represented by our Common Stock, present in person or represented by proxy, constitutes a quorum for the transaction of business at the Annual Meeting. Nominees for election to the Board are elected by plurality vote. A majority of the shares present and entitled to vote at the meeting is required to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm. Both abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum, but broker non-votes are not considered present and entitled to vote on any matter. Consequently, only abstentions will have the effect of a vote against Proposal 2. **The Board of Directors recommends that you vote FOR each of the proposals.**

If you vote via any of the following methods, you have the power to revoke your vote before the Annual Meeting or at the Annual Meeting. You may revoke a proxy by mailing us a letter which we receive prior to the Annual Meeting stating that the proxy is revoked, by signing a subsequent proxy presented at the Annual Meeting, or by attending our Annual Meeting and voting in person. While the Company does not plan to disseminate information concerning your vote, proxies given by stockholders of record will not be confidential. The voting instructions of beneficial owners will only be available to the beneficial owner’s nominee and will not be disclosed to us unless required by law or requested by you. If you are a stockholder of record and write comments on your proxy card, your comments will be provided to us.

Vote by Internet:

The Company strongly prefers that you utilize our convenient Internet voting system which you can access and use whether you live in the United States or elsewhere. The website for Internet voting is printed on the enclosed proxy card. Internet voting is available 24 hours a day until 11:59 P.M. on September 13, 2006. You will be given the opportunity to confirm that your instructions have been properly recorded. **While at the site you will be able to enroll in our electronic delivery program, which will insure that you will receive future mailings relating to annual meetings as quickly as possible and will help us to save costs. If you vote via the Internet, please do NOT return your proxy card.**

Vote by Telephone:

You can also vote your shares by calling the toll-free number printed on your proxy card. Telephone voting is available 24 hours a day until 11:59 P.M. on September 13, 2006. The voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. **If you vote by telephone, please do NOT return your proxy card.**

Vote by Mail:

If you choose to vote by mail, please mark your proxy, date and sign it, and return it in the postage-paid envelope provided.

PROPOSAL 1—ELECTION OF DIRECTORS

Stockholders will elect eight Directors at our Annual Meeting, each to serve until the next Annual Meeting of Stockholders or a successor shall have been chosen and qualified. We note, in this regard, that the Company has announced a change in its fiscal year to the calendar year beginning on January 1, 2007 and accordingly believes that its annual meeting for 2007 will occur in mid May, 2007. We intend to vote the shares of Common Stock represented by a proxy in favor of the eight nominees listed below, unless otherwise instructed in the Proxy. Each nominee is now a Director. We believe all nominees will be willing and able to serve on our Board. In the unlikely event that a nominee is unable or declines to serve, we will vote the shares for the remaining nominees and, if there is one, for another person duly nominated by our Board of Directors.

Nominees

All nominees for election are current Directors.

Director/Nominee	Age	Current Position with Company	Committee	Director Since
Vincent K. McMahon	60	Chairman of the Board	Executive	1980
Linda E. McMahon	57	Chief Executive Officer	Executive	1980
Robert A. Bowman	51		Audit (Chair)	2003
David Kenin	64		Audit, Compensation	1999
Joseph H. Perkins	71			1999
Michael B. Solomon	59		Audit, Compensation	2001
Lowell P. Weicker, Jr.	75		Compensation (Chair)	1999
Michael Sileck	46	Chief Financial Officer	Executive	2005

Vincent K. McMahon, co-founder of our Company, is Chairman of the Board of Directors and Chairman of the Executive Committee. Mr. McMahon and Linda E. McMahon are husband and wife.

Linda E. McMahon, co-founder of our Company, has served as our Chief Executive Officer since May 1997. She is a member of the Executive Committee.

Robert A. Bowman is Chair of the Audit Committee. Mr. Bowman is the President and Chief Executive Officer of MLB Advanced Media, LP, where he manages the interactive and Internet rights for all clubs and the league. Prior to joining Major League Baseball, he was President and Chief Operations Officer of ITT Corporation, where he previously served as Chief Financial Officer. Mr. Bowman served as the Treasurer of the State of Michigan for eight years, overseeing its tax policy and collection and the states pension fund. Mr. Bowman serves as President of the Michigan Education Trust and is a director of Blockbuster Inc., a provider of in-home rental and retail movie and game entertainment, and The Warnaco Group, Inc., an apparel manufacturer. He is chair of the Blockbuster audit committee and serves on Warnacos audit and compensation committees.

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David Kenin is a member of the Audit and Compensation Committees. Since January 2002, Mr. Kenin has been Executive Vice President of Programming, Crown Media United States, LLC where he is in charge of programming for the Hallmark Channel. Mr. Kenin is a former President of CBS Sports. Until 1994, he was Executive Vice President of USA Networks and after that, he was the general partner of Kenin Partners, a consulting firm.

Joseph H. Perkins was a pioneer in the television syndication of wrestling matches starting more than forty years ago. He was President of Communications Consultants, Inc., which provided us television syndicate consulting services until October 2005.

Michael B. Solomon is a member of the Audit and Compensation Committees. Mr. Solomon is Managing Principal of Gladwyne Partners, LLC, a private equity fund manager (Gladwyne). Prior to founding Gladwyne in July 1998, Mr. Solomon was affiliated with Lazard Freres & Co. LLC. Mr. Solomon joined Lazard Freres in 1981 and became a Partner in 1983. In connection with a sale of certain shares of stock as described in Executive CompensationCertain Relationships and Related Party Transactions, Mr. McMahon has agreed to vote his shares and the shares of The Vincent K. McMahon 2004 Irrevocable Trust to elect Mr. Solomon (or his successor designated by an affiliate of Gladwyne), as a Director.

Lowell P. Weicker, Jr. is Chair of the Compensation Committee. Mr. Weicker served as Governor of the State of Connecticut from 1991 to 1995. He served as a United States Senator representing the State of Connecticut from 1970 to 1988. Gov. Weicker also serves as a director of Compuware Corporation, a software and professional services company; Medallion Financial Corp., a specialty finance and advertising company; and Phoenix Mutual Funds, a mutual fund group.

Michael Sileck joined the Company as Chief Financial Officer and Director in June 2005. He is a member of the Executive Committee. Prior to joining the Company, Mr. Sileck was Senior Vice President, Chief Financial Officer of Monster Worldwide, Inc., a publicly traded parent company of the leading global online careers property. At Monster, Mr. Sileck served from March 2002 until March 2005. Prior thereto, Mr. Sileck was CFO and Senior Vice President of USA Networks, Inc., a then publicly traded media and commerce company, from September 1999 through February 2002.

Other Executive Officers

Each of the following executive officers will serve in such capacity until the next Annual Meeting of Stockholders or until earlier termination or removal from office. No understandings or arrangements exist between the officers and any other person pursuant to which he or she was selected as an officer.

Name	Age	Position with Company	With Company Since
Thomas N. Barreca	41	EVP, WWE Enterprises	2003
Kevin Dunn	46	EVP, Television Production	1986
Donna Goldsmith	46	EVP, Consumer Products	2000
Edward L. Kaufman	47	EVP, General Counsel & Secretary	1997
John Laurinaitis	43	VP, Talent Relations	2001
Shane B. McMahon	36	EVP, Global Media	1994
Kurt M. Schneider	40	EVP, Marketing	2003
Frank G. Serpe	61	SVP, Finance & Chief Accounting Officer	1986
Joel Simon	56	President, WWE Films	2002

Thomas N. Barreca has served as Executive Vice President, WWE Enterprises, since July 2005, and before that he was SVP, WWE Enterprises, from July 2003. Prior to joining us, Mr. Barreca was Senior Vice President, AMC Digital Ventures, a unit of Rainbow Media, for several years where he developed new television and other interactive or set-top products that capitalized on emerging digital technologies.

Kevin Dunn has served as Executive Vice President, Television Production, since July 2003, and, before that, served as our Executive Producer for 11 years.

Donna Goldsmith has served as Executive Vice President, Consumer Products, since June 2006, and prior to that was our Senior Vice President, Consumer Products, since July 2000. Before that, Ms. Goldsmith was VP, Category Management, for the National Basketball Association for 10 years.

Edward L. Kaufman has served as Executive Vice President, General Counsel and Secretary since July 2003. Before that, he served as our SVP and General Counsel from March 1998 to July 2003, and our VP and General Counsel from January 1997 to March 1998. He became the Company's Secretary in May 2001.

John Laurinaitis has served as Vice President, Talent Relations since June 2004, and prior to that, Mr. Laurinaitis was Director of Talent Relations from June 2001. Prior to joining us, Mr. Laurinaitis worked for World Championship Wrestling ("WCW") in talent relations and operations from June 2000 until our acquisition of certain assets of WCW in March 2001.

Shane B. McMahon has served as Executive Vice President, Global Media, since July 2003, and, before that, he was President, Digital Media, from 1998. Before that, Mr. McMahon worked in our New York sales office and our television production studio. Mr. McMahon is the son of Vincent and Linda McMahon.

Kurt M. Schneider has served as Executive Vice President, Marketing, since February 2003. Before that, Mr. Schneider was CEO of Asimba, Inc. for two years, and for three years before that, he was VP, Marketing, at Fox Sports Net.

Frank G. Serpe has served as Senior Vice President, Finance and Chief Accounting Officer, since 1998. Mr. Serpe has held senior positions in the Company since 1986.

Joel Simon has served as President, WWE Films since May 2002. Before that, from the late 1990s through 2001, Mr. Simon served as president of Quincy Jones Media Group and Quincy Jones/David Salzman Productions, which are film and television production companies, where Mr. Simon's responsibilities included overseeing all feature and television productions.

The Board and Committees

Our Board has standing Audit, Compensation and Executive Committees. During Fiscal 2006, there were seven meetings of the Board of Directors, ten meetings of the Audit Committee and five meetings of the Compensation Committee. Under our Corporate Governance Guidelines, Directors are expected to prepare for and attend meetings of the Board and committees on which they sit. All Directors attended more than 75% of the aggregate number of meetings of the Board and committees on which he or she served. Directors are also expected to attend the Company's Annual Meeting of Stockholders, and all members attended last year's meeting.

Independent Directors. Each year our Board conducts a review to determine which of our directors qualifies as independent. Based on its most recent review, Messrs. Bowman, Kenin, Solomon and Weicker qualify as independent under all applicable New York Stock Exchange and SEC regulations, which are the standards we use in determining independence. None of these independent directors has any relationship with the Company other than their director/committee memberships except for Mr. Solomon, who has an affiliation with one of our stockholders as described in "Security Ownership of Certain Beneficial Owners and Management." The New York Stock Exchange listing requirements state that ownership of even a significant amount of stock is not a ban to independence. Our Audit and Compensation Committees consist solely of independent directors.

Since Mr. McMahon beneficially owns approximately 67% of the Company's outstanding equity, and controls approximately 94% of the combined vote of our voting stock, we are a "controlled company" under New York Stock Exchange listing standards. As a result, we have elected to utilize the exemptions in the NYSE listing standards that permit us, as a "controlled company," to have less than a majority of independent Directors and to have no nominating/corporate governance committee or other committee performing a similar function. One-half (rather

than a majority) of our Directors qualify as independent. We believe that the functions of a nominating/corporate governance committee are adequately served by our existing structure, and the additional cost and administrative burden of another committee would not be warranted.

Executive Sessions. Under our Corporate Governance Guidelines, the non-management members of the Board meet quarterly in executive sessions and the independent Directors meet annually. In practice, most Board, Audit Committee and Compensation Committee meetings include an executive session. Executive sessions are presided over by the chair of the Audit or Compensation Committee, as the case may be, if the principal item to be considered is within the scope of that Committee and, if not, such chairs alternate meetings.

Communications with Directors. Stockholders who wish to communicate with a member or members of the Board of Directors, including the chairs of the Audit and Compensation Committee and the non-management Directors as a group, may do so by addressing their correspondence to such members or group c/o World Wrestling Entertainment, Inc., 1241 East Main Street, Stamford, CT 06902, Attn: Corporate Secretary, and all such communications will be duly forwarded. Our Corporate Governance Guidelines are posted on our website (corporate.wwe.com) under the link for "Governance." Stockholders also may request a written copy of the guidelines free of charge by writing to World Wrestling Entertainment, Inc., 1241 East Main Street, Stamford, CT 06902, Attn: Investor Relations.

Code of Business Conduct. We have adopted a Code of Business Conduct (the "Code") which applies to all of our Directors, officers and employees, including our Chairman, our Chief Executive Officer and senior financial and accounting officers. Our Code requires, among other things, that all of our Directors, officers and employees comply with all laws, avoid conflicts of interest, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interest. In addition, our Code imposes obligations on all of our Directors, officers and employees to maintain books, records, accounts and financial statements that are accurate and comply with applicable laws and with our internal controls. A copy of our Code is posted on our website (corporate.wwe.com) under the link for "Governance." We also plan to disclose any amendments to, and waivers from, the Code on this website. Stockholders also may request a written copy of the Code free of charge by writing to World Wrestling Entertainment, Inc., 1241 East Main Street, Stamford, CT 06902, Attn: Investor Relations.

Audit Committee. Our Audit Committee consists of its Chair, Mr. Bowman, and Messrs. Kenin and Solomon, each of whom satisfies the independence requirements of applicable New York Stock Exchange and Securities and Exchange Commission rules and is financially literate, with a working familiarity with basic finance and accounting practices within the meaning of the listing standards of the New York Stock Exchange. Mr. Bowman has accounting and related financial management expertise and is qualified as an audit committee financial expert within the meaning of the applicable rules and regulations of the Securities and Exchange Commission. Mr. Bowman serves on the audit committee of two other public companies. No Audit Committee member may simultaneously serve on the audit committee of more than three public companies.

The primary purpose of our Audit Committee is to provide assistance to the Board in fulfilling its responsibilities to our stockholders and the investment community relating to our corporate accounting and reporting practices and the quality and integrity of our financial reports. In furtherance of this purpose, the Committee's Charter, a copy of which is posted on our website (corporate.wwe.com) under the link for "Governance," states that it will fulfill the following obligations:

- Review and discuss with management and the independent auditors our annual financial statements, quarterly financial statements and all internal controls reports (or summaries thereof). Review any other relevant reports or financial information submitted by the Company to any governmental body, or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 (Sections 302 and 906) and relevant reports rendered by the independent auditors (or summaries thereof).

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- Review with financial management and the independent auditors each Quarterly Report on Form 10-Q and each Annual Report on Form 10-K (including, without limitation, the Company's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to its filing.
- Review earnings press releases with management, paying particular attention to any use of "pro-forma," "adjusted" or other information which is not required by generally accepted accounting principles ("GAAP").
- Review the regular internal reports (or summaries thereof) to management prepared by the internal auditor(s) and management's response.
- Have sole authority to appoint (subject to stockholder ratification), compensate, retain and oversee the work performed by the independent auditor engaged for the purpose of preparing and issuing an audit report or performing other audit, review or attest services for the Company. The Audit Committee shall have the ultimate authority to approve all audit engagement fees and terms. The Audit Committee shall have sole authority to review the performance of the independent auditors and remove the independent auditors if circumstances warrant. The independent auditors shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of any disagreement between management and the independent auditors in the event that any may arise.
- Review with the independent auditor (without representatives of management when deemed necessary) reports or communications (and management's and/or the internal audit department's response thereto) submitted to the Audit Committee by the outside auditors required by or referred to in SAS 61; review any problems or difficulties with an audit and management's response, including any restrictions on the scope of the independent auditor's activities or any access to requested information, and any significant disagreements with management; and review and hold timely discussions with the independent auditors.
- Review audit services and approve in advance non-audit services to be provided by the independent auditors, taking into consideration SEC rules regarding permissible and impermissible services by such independent auditors. This duty may be delegated to one or more designated members of the Audit Committee with any such pre-approval reported to the Audit Committee at its next regularly scheduled meeting. Approval of non-audit services shall be disclosed to investors in periodic reports to the extent required by the Securities Exchange Act of 1934.

- Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
- Prepare the Audit Committee report that the SEC requires be included in this proxy statement.
- Maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Compensation Committee. Our Compensation Committee consists of its Chair, Gov. Weicker, and Messrs. Kenin and Solomon. The primary purpose of the Compensation Committee is to provide assistance to the Board in evaluating and approving the structure, operation and effectiveness of the Company's compensation plans, policies and programs. In furtherance of this purpose, the Committee's charter, a copy of which is posted on our website (corporate.wwe.com) under the link for "Governance," states that it will fulfill the following obligations:

- Approve all employment agreements for the Chairman, the CEO and all officers of the Company who either (i) have a title of Vice President or higher; or (ii) are the head of a business department (collectively, the "Executives").

- In accordance with their employment agreements, if any, the Compensation Committee shall have direct responsibility for annually reviewing and approving corporate goals and objectives relevant to the Chairman's and the CEO's compensation, evaluating the Chairman's and the CEO's performance in light of those goals and objectives, and determining and approving the CEO's and Chairman's compensation level based on this evaluation. In determining the long-term incentive component of Chairman and CEO compensation, the Compensation Committee will consider the Company's and the individual's performance, among other factors.
- In accordance with their employment agreements, if any, the Compensation Committee shall annually review and approve, for the other Executives named in the Company's proxy statement: (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long term incentive opportunity level, (d) severance arrangements and change in control agreements/provisions in each case as, when and if appropriate, and (e) any special or supplemental benefits.
- The Compensation Committee shall annually review management's recommendations and make recommendations to the Board of Directors with respect to the compensation of all Directors and Executives, including all compensation, incentive compensation plans, equity-based plans as well as the individuals or groups of individuals receiving awards under incentive-based compensation plans, such as cash bonuses, and equity-based plans such as the Long Term Incentive Plan; provided, however, that the Compensation Committee shall have full decision-making powers with respect to compensation intended to be performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code.
- The Compensation Committee shall approve grants under the Company's Long Term Incentive Plan.

Nominees for Director. The Board currently believes that its size is appropriate and that its members comprise an appropriate mix of independence, background and expertise. Nevertheless, the Board from time to time may consider candidates for Board membership suggested by its members, as well as management. The Board may retain a third party executive search firm to identify or assist in the evaluation of candidates. The Board may also consider as potential nominees persons recommended by stockholders. Stockholder recommendations may be submitted to the Board at our principal address in care of the Corporate Secretary. Each stockholder recommendation should include a personal biography of the proposed nominee, a description of the background or experience that qualifies such person for consideration and a statement that such person has agreed to serve if nominated and elected. Stockholders who themselves wish to nominate a person for election to the Board, as contrasted with recommending a potential nominee to the Board for its consideration, are required to comply with the requirements detailed under "Stockholder Proposals for 2007 Annual Meeting."

Once the Board has identified the need for additional Board members to fill vacancies or expand its size, the Board will review potential nominees and decide whether to conduct a full evaluation of any one or more candidates. This initial determination is based on the information provided to the Board concerning the prospective candidates, as well as the Board’s own knowledge of the prospective candidates, which may be supplemented by inquiries to the person making the recommendation or others. If the Board determines that additional consideration is warranted, it may gather or request a third party search firm to gather additional information about the prospective nominee’s background and experience. The Board then evaluates the prospective nominee taking into account whether the prospective nominee is independent within the meaning of the listing standards of the New York Stock Exchange and applicable regulations of the SEC and such other factors as it deems relevant, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee or Compensation Committee expertise, and the evaluations of other prospective nominees. In connection with this evaluation, the Board determines whether to interview the prospective nominee and, if warranted, one or more members of the Board and others, as appropriate, will conduct interviews in person or by telephone. After completing this process, the Board will determine the nominees. The Board would follow the same process and use the same criteria for evaluating candidates proposed by stockholders, members of the Board and members of management.

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Compensation of Outside Directors. We pay our non-management Directors an annual retainer of $60,000, payable in equal quarterly installments in arrears. We pay our Audit and Compensation Committee Chairs an additional annual fee of $12,000, payable in equal quarterly installments in arrears. Non-management Directors each also receive a fee of $1,500 for each Board meeting that they attend in person and a fee of $500 for each Board meeting in which they participate by telephone. They receive a fee of $1,500 for each Committee meeting they attend, whether in person or telephonically. Fifty percent of a Director’s retainer is paid in shares of our Class A common stock under our Long Term Incentive Plan and, at the election of the Director, the remaining 50% of such retainer, together with all chair and meeting fees, may be paid either in such shares or in cash. All Directors receive reimbursement of expenses incurred in connection with participation in our Board and Committee meetings. Management Directors do not receive additional compensation for their services as a Director.

EXECUTIVE COMPENSATION

The following table sets forth the components of the total compensation earned during fiscal 2006, 2005 and 2004 by our Chairman of the Board, Chief Executive Officer and our four next most highly compensated executive officers at fiscal year end. These people are referred to as the “named executive officers.”

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards		
Name and Principal Position	**Fiscal Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($)**	**Restricted Stock Awards ($)**	**Securities Underlying Options/ SARs (#)**	**All C Compe (**
Vincent K. McMahon	2006	(1)	(1)	96,971(2)	—	—	
Chairman	2005	605,096(1)	(1)	51,639(2)	—	—	4
	2004	1,085,000	1,085,000	21,294(2)	—	—	8
Linda E. McMahon	2006	(1)	(1)	96,971(2)	—	—	
Chief Executive Officer	2005	418,269(1)	(1)	51,639(2)	—	—	
	2004	750,000	750,000	21,294(2)	—	—	
Kevin Dunn	2006	593,846	378,000	—	595,350(5)	—	
EVP, Television	2005	520,000	226,200	—	103,200(5)	50,000	
Production	2004	517,692	300,000	—	431,895(5)	30,000	
Michael Sileck	2006	497,115(7)	408,700	—	1,041,000(5)	—	
Chief Financial Officer							

Kurt M. Schneider	2006	346,539	243,500	—	396,900(5)	—	
EVP, Marketing	2005	302,692	126,600	—	77,400(5)	50,000	
	2004	277,115	175,000	—	56,700(5)	—	
Thomas N. Barreca	2006	313,077	220,600	—	330,750(5)	—	
EVP, WWE Enterprises	2005	288,846	85,900	—	51,600(5)	35,000	
	2004	235,481(11)	125,000	—	—	30,000	

(1) Mr. and Mrs. McMahon have waived their salaries, bonuses and booking fees since November 2004. See “Report and Performance Graph – Report of the Compensation Committee on Executive Compensation.”

(2) Consists of the Company’s incremental cost for the personal use of our corporate aircraft. For purposes of this table such costs for all members of the McMahon family and their invited guests are attributed one-half to Vincent McMahon and one-half to Linda McMahon. See “Executive Compensation – Employment Agreements.”

(3) Includes talent fees in the amount of $475,038 in fiscal 2005, and $850,000 in fiscal 2004; certain insurance in all fiscal years; and, in fiscal 2004, employer matching contributions under our 401(k) plan.

(4) Consists of certain insurance; and, in fiscal 2004, employer matching contributions to our 401(k) plan and talent fees.

(5) Represents the grant date value of restricted stock units granted pursuant to our Long Term Incentive Plan. On September 12, 2005, grants (the “2005 Grants”) were made of the following number of restricted stock units: Kevin Dunn – 45,000 shares; Kurt Schneider – 30,000 shares; and Thomas Barreca – 25,000 shares. On the date of the 2005 Grants, the closing price of the Company’s Class A common stock was $13.23 per share. These restricted stock units vest in equal installments over three years with the first such vesting on July 20, 2006. On vesting, the holder receives, for each restricted stock unit, an unrestricted share of Class A common stock, subject to the holder’s right to elect to have shares deducted to cover withholding taxes. For dividends paid on our Class A common stock, such dividends accrue on the restricted stock units in the form of additional restricted stock units. On June 6, 2005, in connection with his hiring, Michael Sileck was granted 100,000 restricted stock units. On that date, the closing price of the Company’s Class A common stock was $10.41 per share. These units vest one-half on June 6, 2007 and one-half on June 6, 2008, and in other respects are the same as the restricted stock units in the 2005 Grants. On July 20, 2004, grants were made of the following numbers of restricted stock units: Kevin Dunn – 8,000 shares; Kurt Schneider – 6,000 shares; and Thomas Barreca – 4,000 shares. On that date the closing price of the Company’s Class A common stock was $12.90 per share. These units vest in equal installments over seven years with such vesting to be accelerated if, in any year the Company exceeds an EBITDA (earnings before interest, taxes, depreciation and amortization) target of $100 million and in other respects were the same as the units in the 2005 Grants. On June 13, 2003, grants were made under the Long Term Incentive Plan of the following numbers of restricted stock units: Kevin Dunn – 12,000 shares; and Kurt Schneider – 6,000 shares. On that date, the closing price of the Company’s Class A common stock was $9.45 per share. These units vested in fiscal 2004 due to the Company achieving a $65 million EBITDA target. On January 16, 2004, the Company closed an offer to exchange certain stock options with an exercise price of $17.00 or higher for

restricted stock units on a one restricted stock unit for six options basis. This exchange program resulted in the grant to Mr. Dunn of 23,333 restricted stock units in exchange for 140,000 options. These units vested in two equal installments on January 16, 2005 and January 16, 2006, and in other respects were the same as the restricted stock units in the 2005 Grants. On January 16, 2004, the closing price of the Company's Class A common stock was $13.65 per share. As of April 30, 2006, the named executive officers held the following number of restricted stock units and/or shares of Class A common stock issued pursuant to restricted stock units with the following values based on the last closing price during fiscal 2006 of $17.34 per share: Mr. Dunn — 57,661 shares with a value of $999,842; Mr. Sileck — 105,045 shares with a value of $1,821,480; Mr. Schneider — 36,745 shares with a value of $637,158; and Mr. Barreca — 29,698 shares with a value of $514,963.

(6) Consists of matching contributions under our 401(k) plan, certain insurance and, in respect of fiscal 2005, appearance fees.

(7) Mr. Sileck began his employment with us on June 6, 2005.

(8) Includes $50,000 sign-on bonus, certain insurance and matching contributions under our 401(k) plan.

(9) Consists of certain insurance, employer matching contributions to our 401(k) plan, and, in respect of fiscal 2004, certain relocation expenses.

(10) Consists of certain insurance and employer matching contributions to our 401(k) plan.

(11) Mr. Barreca's employment with us began July 29, 2003.

Employment and other Agreements

We currently have employment agreements with each of Vincent K. McMahon and Linda E. McMahon having terms ending on October 14, 2007. Mr. and Mrs. McMahon also have booking contracts that are coterminous with their employment agreements. Since November 2004, Mr. and Mrs. McMahon have waived all salary, bonuses and booking fees under the agreements. The McMahons plan to continue to waive any compensation during calendar 2006. The Compensation Committee has determined that it may be appropriate to reinstate compensation beginning January 1, 2007, in which case these agreements will be amended or rewritten in their entirety. The Compensation Committee anticipates that incentive compensation will be an important aspect of any such compensation package. The remainder of this section describes the existing employment agreements.

Each of the McMahon's employment agreements would, if not revised as described above, automatically extend for successive one-year periods unless either party gives notice of non-extension at least 12 months, but no more than 18 months, prior to the expiration date. Mr. McMahon's employment agreement provides for him to be our Chairman, and Mrs. McMahon's employment agreement provides for her to be our Chief Executive Officer. If payments were to resume under such agreements, Mr. McMahon would be entitled to an annual base salary of $1,085,000, an annual bonus of up to 100% of such salary and a guaranteed minimum booking fee of $850,000; and Mrs. McMahon would be entitled to an annual base salary of $750,000 and an annual bonus of up to 100% of such salary. Under both executives' current agreements, bonuses, if not waived, are based on the attainment of performance goals set under the Company's Management Bonus Plan, and each executive is entitled to participate in our various other employee benefit plans and programs. If payments were to resume under these agreements, the compensation package of each of Mr. and Mrs. McMahon would be reviewed no less frequently than annually by the Compensation Committee to determine whether or not it should be increased or enhanced in light of the executive's duties, responsibilities and performance.

Under the existing employment agreements with Mr. and Mrs. McMahon, in the event we terminate either executive's employment other than for cause, death or disability, or if the executive terminates his or her employment for good reason, or if the executive terminates his or her employment for any reason within the

90-day period beginning six months after the occurrence of a change in control, we are obligated to pay to the executive compensation and benefits that are accrued but unpaid at the date of termination, plus a lump sum cash amount equal to the executives base salary and bonus for the greater of the balance of the contract term or two years and to continue his or her benefit plan participation for such period. If Mr. or Mrs. McMahon dies during the term of his or her agreement, we are obligated to pay to the executives estate compensation and benefits that are accrued but unpaid as of the date of the executives death, plus a lump sum amount equal to the executives base salary and bonus for two years. If we terminate Mr. or Mrs. McMahons employment for cause, if either executive resigns without good reason, or if either executives employment is terminated due the executives disability, we are obligated to pay the executive compensation and benefits accrued but unpaid as of the date of termination. Amounts that have been waived by the McMahons will not be deemed accrued but unpaid for the foregoing purposes. If either Mr. or Mrs. McMahon becomes subject to any change in control excise taxes, we will be obligated to provide such executive a gross-up bonus sufficient, on an after-tax basis, to cover any such excise taxes. The employment agreements also contain confidentiality covenants and covenants that, among other things, prohibit each executive from competing with us in professional wrestling and our other core businesses during employment and for one year after termination, unless the termination follows a change in control. The employment agreements for Mr. and Mrs. McMahon allow personal travel on the Companys aircraft when it is not being used for business purposes. For periods prior to July 1, 2006, income related to such travel was imputed to the McMahons at the higher of applicable IRS regulations or 120% of the Companys estimate of first class airfare for the flights, and the Companys incremental cost of such use is reported in our Summary Compensation Table. For the period beginning July 1, 2006, the personal use will be paid for by the McMahons so that no incremental cost is incurred by the Company.

We have an agreement with Michael Sileck through May 31, 2008 pursuant to which, if he is terminated without cause, as defined in the agreement, he will be entitled to vesting of the 100,000 restricted stock units granted to him on hiring (See Summary Compensation Table) and continued pay at his then current base salary through May 31, 2008.

We have an agreement with Thomas Barreca pursuant to which, if he is terminated without cause, as defined in the agreement, he will be entitled to continued pay at his then current base salary for nine months.

Under the terms of our Restricted Stock Unit Agreements, in the event that following a change of control, as defined in the agreement, an employee is terminated without cause or terminates his or her employment as a result of a decrease in base salary, a change in responsibility or reporting structure or a change in employment location of more than twenty-five miles, such restricted stock units and accrued dividend units will vest.

Stock Options

The following table provides information relating to options exercised by the named executive officers during fiscal 2006 and the value of options owned by the named executive officers at April 30, 2006. No options were granted in fiscal 2006.

Aggregated Option Exercises in Fiscal 2006 and Fiscal Year-End Option Values

Name	Shares Acquired on Exercise	Value Realized ($)	Number of Securities underlying Exercisable/ Unexerciseable Options at Fiscal Year End	Value of In-the-Money Exercisable/Unexerciseable Options at Fiscal Year End ($) (1)
Vincent K. McMahon				
Linda E. McMahon				
Michael Sileck				
Kevin Dunn	93,125	417,900	28,750 / 38,125	89,043 / 186,457
Kurt M. Schneider	30,000	239,659	21,875 / 38,125	97,125 / 215,675
Thomas N. Barreca	7,115	48,316	35,092 / 22,796	183,586 / 143,878

(1) The closing price of our Class A common stock on April 28, 2006, the last trading day of fiscal 2006, was $17.34 per share.

Certain Relationships and Related Party Transactions

In August 2001, The Vincent K. McMahon Irrevocable Trust sold to Invemed Catalyst Fund, L.P. ("Invemed") an aggregate of 1,886,793 shares of Common Stock and in connection with such sale, we entered into a registration rights agreement under which we registered all shares held by Invemed, will maintain such effectiveness until no longer needed and will pay certain expenses incident to the registration, excluding underwriting commissions, and will indemnify the stockholder against certain civil liabilities, including certain liabilities under the Securities Act.

Joseph Perkins, through his wholly-owned consulting company, Communications Consultants, Inc., provided us television syndicate consulting services, which services ended in fiscal 2006. Mr. Perkins received $145,831 for these services until October 2005.

Shane McMahon is the son, and Stephanie McMahon Levesque and Paul Levesque are the daughter and son-in-law, of Vincent and Linda McMahon. Shane McMahon is an executive officer of the Company; Stephanie McMahon Levesque is a key employee of the Company; and Paul Levesque is a key performer for, and independent contractor of, the Company.

COMPENSATION COMMITTEE REPORT AND PERFORMANCE GRAPH

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act or the Securities Exchange Act of 1934 that might incorporate future filings, in whole or in part, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2006 and the Company's currently effective Registration

Statements on Forms S-3 and S-8, the following Report and Performance Graph, and the Audit Committee Report set forth under Proposal 2—Ratification of Selection of Independent Registered Public Accounting Firm, shall not be incorporated by reference into any such filings.

Report of the Compensation Committee on Executive Compensation

As an entertainment company, the talents of our creative and performing personnel are integral to our success and, by extension, the return on investment of our stockholders. Vincent McMahon, our Chairman, plays a unique role in that he heads the team which, among other functions, develops story lines, characters, live events and televised programming. He and Linda McMahon, his wife and our Chief Executive Officer, are our co-principal executive officers. In addition, they perform in our live and televised events. We believe that, for the foreseeable future, we will have a continuing need for their talent and managerial skills.

Employment agreements were entered into with Mr. and Mrs. McMahon prior to the formation of the Committee and have been amended from time to time thereafter by the Committee. The Committee continues to believe that, in light of their invaluable contributions to the Company, compensation at high levels would ordinarily be appropriate for the McMahons. As a practical matter, however, the McMahons' very large stock ownership in the Company provides them a great degree of economic incentive to continue the Company's success. Moreover, the Company's dividend program provides an element of liquidity to their large investment in the Company. As a result, the Committee does not believe that the waiver by the McMahons of their salary, bonuses and booking contract payments, which began in November 2004, has in any way affected their desire to cause the Company to succeed. We do believe, however, that in light of the Company's improved performance during the past few years, it may be appropriate to reinstate compensation and we will be studying this issue with our compensation advisor during the remainder of calendar 2006. Any reinstatement of compensation packages for the McMahons would occur during calendar 2007. The Committee believes that incentive compensation will be an important aspect of any compensation package. Once we establish this compensation package, we will amend the McMahons employment agreements or rewrite them in their entirety.

As a general matter, all compensation arrangements with executives have been reviewed by the Committee and were deemed to be appropriate. During fiscal 2006, the salaries of employees with a title of Vice President or above (other than Mr. and Mrs. McMahon), including salary increases in connection with promotions, increased on average approximately 5.3 percent over fiscal 2005.

This Committee sets Company-wide performance goals and objectives for all executive officers under the Company's Management Bonus Plan early each fiscal year as required by Internal Revenue Code Section 162(m). In the event the Company-wide performance criteria are met, participants are entitled to bonuses provided they meet specified minimum personal performance goals in their annual reviews. If such minimum personal performance goals are not met, no bonus is paid; similarly, if Company-wide criteria are not met, no bonuses are paid. Performance goals and objectives are the same for all participants of the Plan. Exceeding personal or company targets increases bonuses pursuant to specified formulas. In fiscal 2006, the Committee set a Company-wide performance target of $58 million in EBITDA, with lesser payouts beginning at 85% of such EBITDA target. Since our actual EBITDA for the year was $80 million, resulting in a corporate performance score of 138% (after accruing all bonuses), incentive compensation as calculated under the Management Bonus Plan (taking into consideration personal performance ratings as provided in the formula) was paid to all executive officers who were eligible to participate (other than the McMahons because, as previously mentioned, they waived such payments), and in exceptional instances, bonuses were paid beyond those required by the Plan. The Committee approved all bonuses for executives with a title of Vice President and above. A copy of our Management Bonus Plan is on file with the SEC as Exhibit 10.7 to our Annual Report on Form 10-K.