

WORLD WRESTLING ENTERTAINMENT INC
Form DEF 14A
April 04, 2007

SCHEDULE 14A INFORMATION

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

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- 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):

- No fee required.
- 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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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:

April 4, 2007

You are invited to attend the 2007 Annual Meeting of Stockholders of World Wrestling Entertainment, Inc., which will be held at 10:00 a.m. local time, on May 11, 2007, 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 May 11, 2007

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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 May 11, 2007, 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 year ending December 31, 2007; and
3. to transact such other business as may properly come before the meeting.

We have fixed the close of business on March 23, 2007 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
April 4, 2007

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
Friday, May 11, 2007**

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 Friday, May 11, 2007, 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 April 4, 2007, 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 March 23, 2007, will be entitled to notice of and to vote at our Annual Meeting. At the close of business on the record date, 23,356,577 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. The affirmative 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 for which a broker does not have authority to vote. Neither abstentions nor broker non-votes will have any effect on the outcome of any proposal to be considered at the Annual Meeting. **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 later-dated 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 May 10, 2007. 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 May 10, 2007. 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 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 currently 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	61	Chairman of the Board		1980
Linda E. McMahon	58	Chief Executive Officer		1980

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Robert A. Bowman	51		Audit (Chair)	2003
David Kenin	65		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 Operating Officer		2005

Vincent K. McMahon, co-founder of our Company, is Chairman of the Board of Directors. 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.

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 state's 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 Warnaco's audit and compensation committees.

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.

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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 Compensation" Certain Relationships and Related 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 Medallion Financial Corp., a specialty finance and advertising company.

Michael Sileck became our Chief Operating Officer in February 2007. He 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

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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
Kevin Dunn	46	EVP, Television Production	1986
Donna Goldsmith	47	EVP, Consumer Products	2000
Edward L. Kaufman	48	EVP, General Counsel & Secretary	1997
John Laurinaitis	44	SVP, Talent Relations	2001
Shane B. McMahon	37	EVP, Global Media	1994
Kurt M. Schneider	41	EVP, Marketing	2003
Frank G. Serpe	62	Chief Financial Officer	1986
Joel Simon	56	President, WWE Films	2002

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.

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 Senior Vice President, Talent Relations since February 2007. Prior to that, Mr. Laurinaitis was Vice President, Talent Relations since June 2004, and Director of Talent Relations from June 2001.

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Shane B. McMahon has served as Executive Vice President, Global Media, since July 2003, and, before that, he was President, Digital Media, from 1998. Mr. McMahon is the son of Vincent and Linda McMahon.

Kurt M. Schneider has served as Executive Vice President, Marketing, since February 2003. For two years before that, Mr. Schneider was CEO of Asimba, Inc., a leading internet destination for the sports and fitness lifestyle.

Frank G. Serpe became our Chief Financial Officer in February 2007. Before that he was 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 and Compensation Committees. During our eight-month transition period (Transition 2006) that ended December 31, 2006, which resulted from our change of fiscal year to a calendar basis beginning in 2007, there were five meetings of the Board of Directors, five meetings of the Audit Committee and one meeting 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 seven 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 66% 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 at least 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. Interested Parties 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

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Entertainment, Inc., 1241 East Main Street, Stamford, CT 06902, Attn: Corporate Secretary, and all such communications, which are not solicitations, bulk mail or communications unrelated to Company issues, will be duly forwarded.

Corporate Governance Guidelines. Our Corporate Governance Guidelines are posted on our website (corporate.wwe.com/governance/guidelines.jsp). 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: Corporate Secretary.

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, our Chief Operating 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/governance/conduct.jsp). 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: Corporate Secretary.

Audit Committee. We have an Audit Committee meeting the definition of "audit committee" under Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The 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 Audit Committee's Charter, a copy of which is posted on our website (corporate.wwe.com/documents/audit_committee_charter.pdf), 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).
- 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.

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- 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, each of whom satisfies the independence requirements of applicable New York Stock Exchange and SEC rules. 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/documents/compensation_committee_charter.pdf), 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.

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- 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 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.

Beyond what is required by its Charter, the Compensation Committee generally meets two to four times per year to review recommendations developed by the Company's Vice President of Human Resources and approved by the Company's Chairman, Chief Executive Officer and Chief Operating Officer. The Compensation Committee has authority to hire professional consultants and has regularly consulted Frederic W. Cook & Co., Inc. (the "Compensation Consultant") in reaching its decisions relative to Directors' and executive compensation. The Compensation Consultant is paid by the Company and has access to management, but reports directly to the Compensation Committee. While the Compensation Consultant has assisted the Committee with design aspects of compensation from time to time, to date this design has been proposed by management, with the Compensation Consultant advising on the appropriateness of the design and market competitive levels of compensation. The Compensation Committee, however, does not specify limits either on the scope of the Compensation Consultant's inquiry or on areas on which the Compensation Consultant is allowed to comment, other than to prohibit the

Compensation Consultant from undertaking work on behalf of management without the Committee's consent. Such consent has never been asked or given.

Compensation Committee Interlocks and Insider Participation. Gov. Weicker and Messrs. Kenin and Solomon are the only members of our Compensation Committee. No member of the Compensation Committee was at any time during Transition 2006 an officer or employee of the Company or any of our subsidiaries nor is any such person a former officer of the Company or any of our subsidiaries. In addition, no compensation committee interlocks, as described under SEC rules, existed during Transition 2006.

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 2008 Annual Meeting."

If the Board were to identify the need for additional Board members to fill vacancies or expand its size, it would review potential nominees and decide whether to conduct a full evaluation of any one or more candidates. If the Board were to determine that additional consideration is warranted, it would gather or request a third party search firm to gather additional information about the prospective nominee's background and experience. The Board would then evaluate the prospective nominee taking into account whether the prospective nominee

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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. The Board would also determine whether to interview the prospective nominee. After completing this process, the Board would 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 or members of management.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Committee of the Board has responsibility for evaluating and approving the Company's compensation programs including reviewing and approving corporate goals and objectives relative to compensation, evaluating performance in light of those goals and determining compensation level based on this evaluation. Management and, in particular, the Chairman, Chief Executive Officer, Chief Operating Officer and Vice President, Human Resources are instrumental in developing recommendations for the compensation program for submission to the Compensation Committee.

In general, the compensation package provided to senior management of the Company consists of:

- base salary
- performance-based annual incentive compensation in the form of a cash bonus; and
- longer-term equity incentive compensation in the form of restricted stock units.

The Compensation Committee believes that this package constitutes the appropriate mix of current and longer-term compensation, a significant portion of which is tied to Company performance. At the same time, we

believe that our compensation program is consistent with the entertainment industry, recognizes that the Company does not provide a defined benefit plan or other similar retiree benefits and generally does not provide its executive officers perquisites such as cars, club memberships or personal services.

The Chairman, Chief Executive Officer, Chief Operating Officer and Vice President, Human Resources review the performance of each officer with a level of Vice President or higher each year shortly after the financial results for a fiscal year are known (the "Annual Performance Review"). The conclusions reached and recommendations based on this review, including proposed salary, incentive bonuses and restricted stock unit grants, are presented to the Compensation Committee. The Compensation Committee, in addition, confers from time to time with its Compensation Consultant. In general, total compensation for the Company's executive officers is reviewed vis-à-vis broad-based published market data to determine whether we are generally competitive in the market. It should be noted that this market data does not come from a specified peer group, is not industry specific and is not related to the group used for comparison in the Cumulative Total Return Chart included in the Company's Transition Report. We do not attempt to maintain a certain target percentile within a peer group.

While we generally attempt to avoid entering into employment agreements with our executives, we do have agreements with certain of our named executive officers as described in "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table."

Salary. Mr. and Mrs. McMahon waived all compensation from November 2004 through December 31, 2006. In 2007, they began receiving salary in the amount of \$850,000, in the case of Mr. McMahon, and \$500,000, in the case of Mrs. McMahon, as recommended by the Committee and approved by the Board. Mr. and Mrs. McMahon will continue to waive all other compensation. These salaries are well below the compensation to which they are entitled under their agreements and, we believe, also considerably below market rates. As to other senior executives, we have attempted to limit raises to fairly moderate percentage increases except in instances of

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promotions. We expect to continue this practice. In the most recent Annual Performance Review, which occurred subsequent to the end of Transition 2006, salaries were set for 2007. For the named executive officers (other than the McMahons) recent annual base salaries were as follows:

Name	Fiscal 2004	Fiscal 2005	Fiscal 2006	Transition	
				2006	Calendar 2007
Michael Sileck	N/A	N/A	\$ 550,000	\$ 577,500	\$ 625,000**
Kevin Dunn	\$ 520,000	\$ 520,000	\$ 600,000	\$ 625,000	\$ 650,000
Joel Simon	\$ 400,000	\$ 425,000	\$ 425,000	\$ 500,000	\$ 500,000
Kurt Schneider	\$ 275,000	\$ 305,000	\$ 350,000**	\$ 375,000	\$ 386,300

** Denotes promotion and/or enhanced responsibilities.

Annual Incentive Bonuses. We believe that a reasonable annual bonus plan that is based on personal and company-wide performance is an excellent means of compensating executives, tying their interests to those of stockholders without the structural cost increases inherent in salary escalation. Our Management Incentive Plan is structured to meet the performance-based criteria of, and is therefore deductible for federal income tax purposes under, Section 162m of the Internal Revenue Code. Additional information on our Management Incentive Plan is set forth in "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" below.

Over the past few years, we have used EBITDA as our Company performance target measurement, generally tying our target for bonus purposes to the same EBITDA number as is in the budget we use to run our business. EBITDA for these purposes is defined as net income from continuing operations before interest and other income, income taxes, depreciation and amortization. We have maintained 85% of target, and an individual rating of 3.0 out of 5.0, as the threshold tests for the past few years. The individual performance is based on many factors, such as competency, creativity, leadership and communication, with scores in each area and a final score, summarizing such factors. Performance below either of the Company or the individual performance component precludes the payment of a bonus. Assuming both thresholds are met, bonuses are established based on

percentages of salary, with such targets in Transition 2006 ranging from 25% (for those at the Vice President level) to 50% (for the Chief Financial Officer and Executive Vice Presidents), prorated due to the fact that it was an eight-month period. The following shows the target, threshold percentage and the percentage of target we achieved for each of the past few years:

Year	EBITDA Target	Threshold Percentage	Percentage of Target Achieved
Fiscal 2004	\$49 million	75%	175%
Fiscal 2005	\$69 million	85%	91%
Fiscal 2006	\$58 million	85%	138%
Transition 2006 (Eight months)	\$50 million	85%	87%

Payments of bonuses under the Management Incentive Plan to the named executive officers for Transition 2006 are set forth in column (g) of the Summary Compensation Table.

While the Compensation Committee has been generally satisfied with the operation of the Management Incentive Plan, it also recognizes that at times the exercise of either positive or negative discretion is necessary to reflect accurately the true performance of the individual. Such discretion has never been exercised to lower or waive company performance targets for all compensation. In limited cases, modest bonuses beyond those required by the Management Incentive Plan have been paid. No such additional bonuses were paid for Transition 2006. The Committee also retains the right to exercise negative discretion over bonuses under the Plan and at times has exercised such discretion.

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For calendar 2007, we have established an EBITDA goal of \$84 million, which reflects growth of approximately 12% over the prior year on a prorated basis, and again will use a threshold of 85% of this EBITDA target. Recognizing the need for continued flexibility, the structure of the plan for 2007 provides additional flexibility with respect to the company-wide performance component of the bonus, subject to caps and negative discretion. The individual performance component will still be calculable from a formula, subject to negative discretion. The Company has increased various percentages of salary that are payable as described in Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table.

Restricted Stock Units. During 2003 and ending in 2004, we transitioned from granting stock options to granting time-vested restricted stock units. Generally, these units vest over three years and are viewed by the Committee as intermediate to longer-term compensation. A description of our restricted stock units is set forth in Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table below.

In the past, restricted stock units have been granted annually during the summer after the Annual Performance Review. While these grants are generally tied to individual performance, no numerical equations are used in setting the size of the grants. Rather, such grants have been based on recommendations from the Vice President, Human Resources with the approval of the Chairman, Chief Executive Officer and Chief Financial Officer and then reviewed and approved by the Compensation Committee. Grants for new hires and promotions were made on a case-by-case basis and are also approved by the Compensation Committee. The following shows the aggregate number of units granted in the normal annual grant for the past few years, which do not include grants for new hires:

Year	Aggregate units in Annual Grant
Fiscal 2004*	178,000
Fiscal 2005*	133,900
Fiscal 2006	475,000
Transition 2006	507,750

* Options also granted in these years.

We expect to continue to make annual grants of restricted stock units. Notwithstanding our change in reporting year to a calendar year, we have decided to continue our practice of making restricted stock grants in the summer with the next grant anticipated to occur during summer 2007. For ease of plan administration, we strive to have the equity grant on the same day in July each year and do not plan grants or vesting dates of restricted stock units around news releases in order to provide any special benefits to our employees. While we take into consideration the value of grants generally when setting other components of compensation, we do not have an equation for calculating total compensation whereby equity decreases other components of compensation based on a formula. We believe that equity compensation is different from salary and bonus in that, due to its vesting requirement, restricted stock units serve a retention, as well as compensation, purpose and align interests of management with stockholders. In addition, as with any stock, there are inherent risks of ownership of restricted stock units. Lastly, it is hoped that restricted stock units, together with our 401k Plan, will be utilized by our employees for retirement planning, as we do not provide a defined benefits retirement plan. Due to the resulting compensation cost, we do not plan to increase substantially the number of units granted annually over current levels.

In the early stages of our restricted stock program, the amounts involved were relatively low. The fact that units vest over time and accordingly are not performance-based for purposes of Section 162m has, historically, not been an issue. Annual vesting may soon cause compensation that is not [performance-based] for purpose of Section 162m for certain individuals to exceed \$1 million, which would result in a loss of deductibility for such excess above \$1 million. For this and other reasons, the Company is evaluating potential changes to its restricted stock unit plan. The Compensation Committee expects changes, if any, will be made in advance of the summer 2007 grants.

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While we believe that it is in the best interests of stockholders for management to own a significant amount of our Common Stock, to date, we have not imposed specific stock ownership requirements on our executive officers. We believe Mr. and Mrs. McMahon's stock ownership far exceeds any normal ownership guidelines. As to other executive officers, we believe their vesting periods sufficiently align their interests with those of stockholders.

Compensation Committee Report

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 Transition Report on Form 10-K for the transition period ended December 31, 2006 and the Company's currently effective Registration Statements on Forms S-3 and S-8, the following Report, 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.

The Compensation Committee of the Company has reviewed and discussed the Compensation Committee Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

The Compensation Committee
Lowell P. Weicker, Jr., Chairman
David Kenin
Michael B. Solomon

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Summary Compensation Table

The following table sets forth the components of the total compensation earned during the eight-month fiscal period ended December 31, 2006 (see footnote 1 to the Summary Compensation Table) by our Co-Principal Executive Officers, our Chief Financial Officer and our three next most highly compensated executive officers at the end of the period. These individuals are referred to as the [named executive officers.]

Name and Principal Position (a)	8-month Fiscal Period	Salary (\$)(c)	Bonus (\$)(d)	Stock Awards (\$)(e)	Options Awards (\$)(f)	Non-Equity Incentive Plan Compensation (\$)(g)	All Other Compensation (\$)(h)
	Ended December 31, 2006 (b)						
Vincent K. McMahon Chairman (Co-Principal Executive Officer)	2006(1)	0(2)	0(2)	0	0	0	22,010
Linda E. McMahon Chief Executive Officer (Co-Principal Executive Officer)	2006(1)	0(2)	0(2)	0	0	0	22,010
Michael Sileck(4) Chief Financial Officer	2006(1)	375,480	0	602,600(5)	0	174,867(1)	4,030
Kevin Dunn EVP, Television Production	2006(1)	406,730	0	387,360(5)	22,900(5)	204,867(1)	3,770
Joel Simon President, WWE Films	2006(1)	322,596	100,000(7)	208,000(5)	0	0	12,360
Kurt M. Schneider EVP, Marketing	2006(1)	243,269	0	259,320(5)	22,600(5)	94,800(1)	1,100

- (1) Due to the change in the Company's financial reporting to a calendar year basis effective January 1, 2007, the reported period was a shortened fiscal period that ran for eight months from May 1, 2006 to December 31, 2006. Non-Equity Incentive Plan Compensation was prorated to take into account the fact that Transition 2006 was an eight-month period.
- (2) Mr. and Mrs. McMahon waived all compensation from November 2004 through December 31, 2006. During 2007, they will continue to waive all compensation other than \$850,000 annual salary for Mr. McMahon and \$500,000 annual salary for Mrs. McMahon. See Compensation Discussion and Analysis.
- (3) Consists of the Company's incremental cost of the officer's personal use of our corporate aircraft. For purposes of this table, incremental costs consist of a charge per travel hour for fuel, maintenance and parts; crew expenses; catering; landing and parking fees; and other costs tied directly to the trip in question. 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. Since July 1, 2006, personal use of the aircraft has been paid for by the McMahons so that no incremental cost is incurred by the Company.
- (4) Mr. Sileck was promoted to Chief Operating Officer in February 2007.
- (5) Represents the dollar amount recognized for financial statement reporting purposes under Financial Accounting Standards No. 123R

(FAS 123R) as a result of the grant of restricted stock units (column (e)) and options (column (f)) pursuant to our Long Term Incentive Plan that were unvested during the reported period. For disclosure on assumptions made in the valuation of these awards, see Note 14 -- Share Based Compensation to our Consolidated Financial Statements. These amounts reflect the Company's accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers.

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- (6) Consists of matching contributions under our 401(k) plan and certain life insurance payments. In the case of Mr. Simon, also includes a monthly automobile allowance in the amount of \$1,100.
- (7) Mr. Simon does not participate in our Management Incentive Plan. This amount represents a discretionary bonus awarded to Mr. Simon for Transition 2006.

Grants of Plan-Based Awards

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of	Grant Date Fair Value of Stock Awards
		Threshold (\$)(c)	Target (\$)(d)	Maximum		