

WORLD WRESTLING ENTERTAINMENT INC  
Form DEF 14A  
August 06, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

**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:

- 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.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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- No fee required.
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1) Amount Previously Paid:

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1241 East Main Street  
Stamford, Connecticut 06902

To our Stockholders:

August 6, 2004

You are invited to attend the 2004 annual meeting of stockholders of World Wrestling Entertainment, Inc., which will be held at 10:00 a.m. local time, on September 23, 2004, at the Westin Hotel, Stamford, Connecticut. The business to be conducted is described in the enclosed Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is important. 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 and conserve resources.** 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 as of the record date (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 8:30 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 23, 2004

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 the Grand Ballroom of the Westin Hotel, One First Stamford Place, Stamford, Connecticut 06902, on September 23, 2004, 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 for the ensuing year and until their successors are elected;
2. to approve an option exchange program completed in January 2004; and
3. to ratify the selection of Deloitte & Touche LLP as our independent auditors for the fiscal year ending April 30, 2005.

We have fixed the close of business on July 26, 2004 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  
August 6, 2004

**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 23, 2004**

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 23, 2004, 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 the Grand Ballroom of the Westin Hotel, One First Stamford Place, Stamford, CT 06902. We intend to mail this proxy statement and accompanying proxy card on or about August 6, 2004, 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 26, 2004, will be entitled to notice of and to vote at our Annual Meeting. At the close of business on the record date, 20,839,466 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 approve our option exchange program and to ratify the selection of Deloitte & Touche LLP as our independent auditors. 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 Proposals 2 and 3. **The Board of Directors recommends that you vote FOR each of the proposals.**

We have secured an irrevocable commitment of Vincent K. McMahon and Linda E. McMahon to vote a sufficient number of shares of Common Stock in favor of Proposal 2 to ensure its approval. We believe that they will also vote a sufficient number of shares of common stock to ensure the approval of the other 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.

***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 your proxy card, which is enclosed. Internet voting is available 24 hours a day until 11:59 P.M. on September 22, 2004. 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 and conserve resources. 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 22, 2004. 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 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.

<u>Director/Nominee</u>	<u>Age</u>	<u>Current Position with Company</u>	<u>Director Since</u>
Vincent K. McMahon	58	Chairman of the Board	1980
Linda E. McMahon	55	Chief Executive Officer	1980
Robert A. Bowman	49		2003
David Kenin	62		1999
Joseph Perkins	69	Consultant	1999
Michael B. Solomon	57		2001
Lowell P. Weicker, Jr.	73		1999
Philip B. Livingston	47	Chief Financial Officer	2003

**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, and was President from May 1993 through June 2000. She is a member of the Executive Committee.

**Robert A. Bowman** is Chairman of the Audit Committee. Mr. Bowman is currently the Chief Executive Officer of MLB Advanced Media, LP, where he manages the interactive and Internet rights for all 30 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 is a director of The Warnaco Group, Inc., an apparel manufacturer, and serves on its 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, Hallmark Channel. Mr. Kenin is the 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 Perkins** was a pioneer in the television syndication of wrestling matches starting more than forty years ago. He is President of Communications Consultants, Inc., which provides us television syndicate consulting services.

**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 Partners 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 his stock as described in

Executive Compensation Certain Relationships and Related Party Transactions , Mr. McMahon agreed to vote his shares and the shares of The Vincent K. McMahon Irrevocable Trust dated 2004 to elect Mr. Solomon (or his successor designated by an affiliate of Gladwyne), as a Director. Mr. Solomon is a director of Reliant Pharmaceuticals, Inc., a specialty pharmaceuticals company, and serves as chairman of its audit committee.

**Lowell P. Weicker, Jr.** is Chairman 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. Mr. 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.

**Philip B. Livingston** joined the Company as Chief Financial Officer and Director in March 2003. He is a member of the Executive Committee. From 1999 to 2003 he was President and Chief Executive Officer of Financial Executives International, a professional association for senior financial executives. He is a director and audit committee chairman of Cott Corporation, a supplier of retailer brand carbonated soft drinks, and Insurance Auto Auctions Inc., an automotive salvages services company.

#### Other Executive Officers

Each of the following executive officers will serve in such capacity until the next Annual Meeting of Stockholders or until their 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.

<u>Name</u>	<u>Age</u>	<u>Position with Company</u>	<u>With Company Since</u>
Edward S. Cohen	48	EVP, Event Booking & Live Events	1982
Kevin Dunn	44	EVP, Television Production	1986
Donna Goldsmith	44	SVP, Consumer Products	2000
Edward L. Kaufman	45	EVP, General Counsel & Secretary	1997
Shane B. McMahon	34	EVP, Global Media	1994
James W. Ross	52	EVP, Business Strategies	1993
James A. Rothschild	43	SVP, North American Sales	1994
Kurt Schneider	38	EVP, Marketing	2003
Frank G. Serpe	59	SVP, Finance	1986

**Edward S. Cohen** has served as Executive Vice President, Event Booking & Live Events since October 2003, and for nine years before that, served as our SVP, Event Booking & Live Events.

**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 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.

**Shane B. McMahon** has served as Executive Vice President, Global Media, since July 2003, and, before that, he was President, Digital Media, since 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.

**James W. Ross** has served as Executive Vice President, Business Strategies, since April 2004. From July 2003 to April 2004, Mr. Ross was our EVP, Talent Relations. Before that, Mr. Ross served as our SVP, Talent Relations, since 1997.

**James A. Rothschild** has served as Senior Vice President, North American Sales, since 1997. Mr. Rothschild has held senior positions with the Company since 1994.

**Kurt 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, since 1998. Mr. Serpe has held senior positions in the Company since 1986.

### **The Board and Committees**

Our Board has standing Audit, Compensation and Executive Committees. During Fiscal 2004, there were seven meetings of the Board of Directors, eight meetings of the Audit Committee and six 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.* Our Audit and Compensation Committees consist solely of independent directors under applicable New York Stock Exchange and SEC regulations. None of our 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. Since Mr. McMahon owns a substantial majority 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 under the NYSE listing standards. 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.

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 chaired 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.

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 ([www.corporate.wwe.com](http://www.corporate.wwe.com)) under the link for Investor Relations. 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 that applies to all of our Directors, officers and employees, including our Chairman, our Chief Executive Officer and senior financial and accounting officers. Our Code of Business Conduct 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 of Business Conduct 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 of Business Conduct is posted on our website ([www.corporate.wwe.com](http://www.corporate.wwe.com)) under the link for Investor Relations. Stockholders also may request a written copy of the Code of Business Conduct free of charge by writing to World Wrestling Entertainment, Inc., 1241 East Main Street, Stamford, CT 06902, Attn: Investor Relations.



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*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 one other public company. 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, which is set forth as *Annex A* to this Proxy Statement, states that the Audit Committee 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 auditing department 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 nonaudit 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 preapproval reported to the Audit Committee at its next regularly scheduled meeting. Approval of nonaudit 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 Gov. Weicker, Chair, 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, which is set forth as *Annex B* to this Proxy Statement, states that the Compensation Committee 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 seniority; 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 2005 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 the 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 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, 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.

*Compensation of Outside Directors.* We pay our non-management Directors an annual retainer of \$50,000, payable in equal quarterly installments in arrears. We pay our Audit and Compensation Committee Chairs an additional annual fee of \$10,000, payable in equal quarterly installments in arrears. Non-management Directors each also receive a fee of \$1,500 for each Board or Committee meeting that they attend in person and a fee of \$500 for each Board or Committee meeting in which they participate by telephone. Fifty percent of a Director's retainer is paid in shares of our Class A common stock under our 1999 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. In connection with joining the Board and the Audit Committee, which he chairs, on September 19, 2003, Mr. Bowman was granted options to purchase 25,000 shares of Class A common stock for an exercise price equal to that day's closing price of the Class A shares on the New York Stock Exchange of \$10.22 per share.

## EXECUTIVE COMPENSATION

The following table sets forth the components of the total compensation earned during fiscal 2004, 2003 and 2002 by our Chairman of the Board, Chief Executive Officer and our three next most highly compensated executive officers. These people are referred to as the named executive officers.

## Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation		
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)(1)	Restricted Stock Awards (\$)	Securities Underlying Options/SARs (#)	All Other Compensation (\$)
Vincent K. McMahon Chairman	2004	1,085,000	1,085,000	8,143			874,136(2)
	2003	1,085,000					855,500(2)
	2002	1,000,000					929,965(2)
Linda E. McMahon Chief Executive Officer	2004	750,000	750,000	8,143			21,790(3)
	2003	750,000					5,500(3)
	2002	750,000					13,350(3)
Kevin Dunn EVP, Television Production	2004	517,692	300,000		431,895(4)	30,000	6,750(5)
	2003	497,917				40,000	5,500(5)
	2002	470,833	75,000				5,500(5)
Philip B. Livingston Chief Financial Officer	2004	385,000	260,000		75,600(4)		19,903(6)
	2003	69,058(7)				55,000	40,841(6)
James A. Rothschild SVP, North American Sales	2004	365,000	675,866		306,945(4)	25,000	6,370(8)
	2003	365,000	390,600			20,000	5,500(8)
	2002	365,000	389,090				5,500(8)

- (1) The dollar value of perquisites and other personal benefits for each of the named executive officers was less than established reporting thresholds. In fiscal 2004, \$8,143 of income was imputed to each of Vincent K. McMahon and Linda E. McMahon as a result of personal use of our corporate aircraft. We believe that this imputed income was approximately 60% of the actual out-of-pocket cost to the Company for such aircraft use. See Executive Compensation Employment Agreements.
- (2) Includes \$850,000 of talent fees in each of the fiscal years listed, certain insurance and employer matching contributions under our 401(k) plan. In respect of fiscal 2002, includes payments made for housekeeping services which services ended May 1, 2002.
- (3) Consists of matching contributions under our 401(k) plan, certain insurance and, in respect of fiscal 2004 and 2002, talent fees.
- (4) Represents the grant date value of restricted stock units granted pursuant to our Long Term Incentive Plan in fiscal 2004. On June 13, 2003, grants were made under the Plan of the following numbers of restricted stock units: Kevin Dunn 12,000 shares Philip Livingston 8,000 shares and James Rothschild 6,000 shares. On that date, the closing price of the Company's Class A common stock was \$9.45 per share. These units were to vest in equal installments over seven years with such vesting to be accelerated if, in any year, the Company exceeded an EBITDA (earnings before interest, taxes, depreciation and amortization) target of \$65 million, which the Company did in fiscal 2004. 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 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.

See Proposal 2 Approval of Stock Option Exchange. This exchange program resulted in the following grants of restricted stock units in exchange for the following options: Kevin Dunn 23,333 units for 140,000 options and James Rothschild 18,333 units for 110,000 options. These units vest in two equal installments on January 16, 2005 and January 16, 2006, without a performance acceleration feature, and in other respects are the same as the June 2003 grant. On January 16, 2004, the closing price of the Company's Class A common stock was \$13.65 per share. As of April 30, 2004, the named executive officers held the following number of restricted stock units with the following values based on the closing price on such date of \$13.76 per share: Mr. Dunn 35,559 shares with a value of \$489,292; Mr. Livingston 8,109 shares with a value of \$115,580; and Mr. Rothschild 24,464 shares with a value of \$336,625.

- (5) Consists of matching contributions under our 401(k) plan and certain insurance.
- (6) Consists of matching contributions under our 401(k) plan, reimbursed temporary housing and relocation costs, certain insurance and, in fiscal 2003, a \$35,000 signing bonus.
- (7) Mr. Livingston began his employment with us on March 31, 2003.
- (8) Consists of matching contributions under our 401(k) plan and certain insurance.

#### **Employment Agreements**

We have employment agreements with each of Vincent K. McMahon and Linda E. McMahon. Mr. McMahon's agreement is for a term of seven years, ending October 14, 2006, and Mrs. McMahon's agreement is for a term of four years, originally ending October 14, 2003 and renewed pursuant to its terms until October 14, 2005. Mr. and Mrs. McMahon also have booking contracts that are coterminous with their employment agreements and, in the case of Mr. McMahon, his booking contract provides for a guaranteed payment of \$850,000 per year. Each agreement will 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 at a base salary of \$1,085,000 per year. Mrs. McMahon's employment agreement provides for her to be our Chief Executive Officer at a base salary of \$750,000 per year. Mr. and Mrs. McMahon are each entitled to an annual bonus of up to 100% of base salary based upon the attainment of performance goals set under the Company's Management Bonus Plan, and to participate in our various other employee benefit plans and programs. During the term of the employment agreements, the compensation package of each of Mr. and Mrs. McMahon will 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 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 executive's 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 executive's estate compensation and benefits that are accrued but unpaid as of the date of the executive's death, plus a lump sum amount equal to the executive's base salary and bonus for two years. If we terminate Mr. or Mrs. McMahon's employment for cause, if either executive resigns without good reason, or if either executive's employment is terminated due to the executive's disability, we are obligated to pay the executive compensation and benefits accrued but unpaid as of the date of termination. 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.

Effective January 1, 2004, the employment agreements for Mr. and Mrs. McMahon were amended to allow personal travel on the Company's aircraft when it is not being used for business purposes. Income related to such travel is imputed at the higher of applicable IRS regulations or 120% of the Company's estimate of first class airfare for the flights. Prior to January 1, 2004, the McMahons reimbursed such imputed income to the Company. This reimbursement aggregated \$102,541 since the aircraft's acquisition in November 2000. The Compensation Committee annually reviews the amount of this use and its related cost to the Company.

We have an agreement with Philip Livingston under which, if his employment is terminated by the Company without cause, as defined, prior to March 31, 2006, he will receive continued salary and medical benefits for one year, accelerated vesting of options as if his employment had continued until March 31, 2006 (which options will be exercisable for one year from the date of termination) and, if bonuses are awarded for that year, a target bonus prorated for the period of employment during the fiscal year in which termination occurs.

**Stock Options**

The following tables provide information relating to options granted to the named executive officers during fiscal 2004 and the value of options owned by the named executive officers and aggregate securities underlying equity compensation plans at April 30, 2004.

*Option/SAR Grants in Last Fiscal Year*

<b>Option Grants in Last Fiscal Year (1)</b>	<b>Potential Realizable Value at Assumed Annual Rates of Stock Appreciation for Option Term</b>
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