

WORLD WRESTLING ENTERTAINMENT INC

Form DEF 14A

March 05, 2019

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 (Amendment No.)

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)

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1241 East Main Street
Stamford, Connecticut 06902

Dear WWE Stockholder:

March 5, 2019

You are cordially invited to attend WWE's 2019 Annual Meeting of Stockholders. The meeting will be held on April 18, 2019, at the Company's Headquarters, 1241 East Main Street, Stamford, Connecticut 06902 beginning at 10:00 a.m. Eastern Time. Details of the business to be conducted at this year's Annual Meeting are described in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

As a stockholder, you are being asked to vote on important matters. Whether or not you plan to attend the Annual Meeting of Stockholders, your vote is important. We therefore encourage you to vote. After reading the attached Notice of Annual Meeting of Stockholders and Proxy Statement, please promptly fill out and submit your proxy. **We also invite you to utilize the convenience of Internet voting at the website indicated on the enclosed proxy card.** Alternatively, you can vote by telephone or complete, sign, date and promptly return via mail the enclosed proxy card. 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, and any such in-person vote will supersede all of your prior votes.

On behalf of the WWE Board of Directors, I greatly appreciate your continued support.

Sincerely,

Vincent K. McMahon

Chairman and Chief Executive Officer

PLEASE NOTE THAT THIS WILL BE A BUSINESS MEETING ONLY AND NOT AN ENTERTAINMENT EVENT. The meeting will be limited to stockholders (or their authorized representatives) having evidence of their stock ownership. If you plan to attend the Annual Meeting in person, 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 government-issued photo identification, such as a driver's license or passport, to enter the meeting. These procedures may require additional time, so please plan accordingly. Cameras, recording devices and other electronic devices will not be permitted, and cell phones may not be used for these purposes. The Annual Meeting will start promptly at 10:00 a.m. Eastern Time. To avoid disruption, admission may be limited once the meeting begins.

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
AND PROXY STATEMENT**

The Annual Meeting (the “Annual Meeting”) of Stockholders of World Wrestling Entertainment, Inc., a Delaware corporation (“WWE” or the “Company”), will be held on April 18, 2019 at the Company’s Headquarters, 1241 East Main Street, Stamford, Connecticut 06902 at 10:00 a.m. Eastern Time. The purpose of the Annual Meeting, as described in the attached Proxy Statement is as follows:

1. To elect thirteen Directors to serve until the Company’s next Annual Meeting and until their successors are elected and qualified;
 2. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the year ending December 31, 2019;
 3. To hold an advisory vote to approve executive compensation; and
 4. To transact such other business as may properly come before the Annual Meeting.
- The close of business on February 20, 2019 is the record date for determining stockholders entitled to notice of and to vote at our Annual Meeting and at any adjournment or postponement of the meeting.

Whether or not you plan to attend the Annual Meeting in person, your vote is important. We therefore urge you to vote by Internet, phone or mail by following the instructions set forth herein.

By the Order of the Board of Directors,
Brian M. Nurse
SVP, General Counsel & Secretary

Stamford, Connecticut
March 5, 2019

PROXY STATEMENT

Annual Meeting of Stockholders

Thursday, April 18, 2019

The enclosed proxy is solicited on behalf of WWE's Board of Directors in connection with our Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, April 18, 2019, at 10:00 a.m. Eastern Time or any adjournment or postponement of this meeting. The Annual Meeting will be held at the Company's Headquarters, 1241 East Main Street, Stamford, Connecticut 06902. Pursuant to rules adopted by the Securities and Exchange Commission ("SEC"), the Company has elected to provide electronic access to its proxy materials over the Internet. Accordingly, the Company is sending a Notice of Internet Availability of Proxy Materials (the "Notice") to the Company's record and beneficial stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials electronically by email on an ongoing basis. The Company encourages you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the costs and environmental impact of printing proxy materials. We intend to mail the Notice on or about March 5, 2019, to each stockholder entitled to vote at our Annual Meeting.

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

Only holders of record of our Class A common stock and Class B common stock at the close of business on February 20, 2019 (the "record date"), will be entitled to notice of and to vote at our Annual Meeting. At the close of business on the record date, 43,739,412 shares of Class A common stock and 34,303,438 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. Election of nominees to the Board (Proposal 1) is decided by plurality votes. The affirmative vote of a majority of the shares present and entitled to vote at the meeting is required to approve Proposals 2 and 3. Proposal 3 is an advisory vote only and as discussed in more detail below, the voting result is not binding on us. Under New York Stock Exchange ("NYSE") rules, if your broker holds your shares in its name as a nominee, and does not receive voting instructions from you, the broker is permitted to vote your shares only on the ratification of the appointment of the independent registered public accounting firm (Proposal 2). When a broker does not receive voting instructions and either declines to exercise discretionary voting or is barred from doing so under NYSE rules, the missing votes are referred to as "broker non-votes." Other unvoted shares in returned proxies will be voted in accordance with the Board recommendations set forth in this proxy statement. Both abstentions and broker non-votes in returned proxies will be counted for purposes of determining the presence or absence of a quorum at the meeting. Broker non-votes are not, however, considered present and entitled to vote and will have no effect on the voting results of any of the proposals. An abstention in a returned proxy on either of Proposals 2 or 3 identified above will have the effect of a vote against that proposal. An abstention in a returned proxy will have no effect on the outcome of Proposal 1. **The Board of Directors recommends that you vote FOR the election of each of the nominees for Director, FOR the ratification of our independent registered public accounting firm, and FOR the advisory approval of our executive compensation.**

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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 that is received by us no later than Wednesday, April 17, 2019 that states that the proxy is revoked, by timely executing and delivering, by mail, Internet or telephone, a later-dated proxy 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 both the Notice and the proxy card. Internet voting is available 24 hours a day until 11:59 P.M. on April 17, 2019. 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 ensure 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 April 17, 2019. 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 thirteen Directors at our Annual Meeting, each to serve until the next Annual Meeting of Stockholders and until 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 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 represented by a proxy for the remaining nominees and, if there is one, for an alternate person duly nominated by our Board of Directors.

Director/Nominee(1)	Age	Current Position with Company	Committee	Director
				Since
Vincent K. McMahon	73	Chairman of the Board and Chief Executive Officer	Executive (Chair)	1980
George A. Barrios	53	Co-President	Executive	2018
Michelle D. Wilson	53	Co-President	Executive	2018
Stephanie McMahon	42	Chief Brand Officer	Executive	2015
Paul Levesque	49	EVP, Talent, Live Events & Creative	Executive	2015
Stuart U. Goldfarb(1)	64	—	Audit; Governance & Nominating	2011
Patricia A. Gottesman(1)	60	—	Governance & Nominating (Chair)	2011
Laureen Ong(1)	66	—	Compensation; Governance & Nominating	2014
Robyn W. Peterson(1)	43	—	Governance & Nominating	2015
Frank A. Riddick, III(1)	62	—	Compensation (Chair); Audit	2008
Man Jit Singh(1)	62	—	—	2018
Jeffrey R. Speed(1)	56	—	Audit (Chair); Compensation	2008
Alan M. Wexler(1)	55	—	—	2018

(1) Independent Director.

Vincent K. McMahon, co-founder of our Company, is Chairman of the Board of Directors and Chief Executive Officer and Chair of the Executive Committee.

George A. Barrios has served as our Co-President since February 2018. Before that, Mr. Barrios was our Chief Strategy & Financial Officer since November 2013, and Chief Financial Officer since March 2008. Before that, he was Vice President and Treasurer of The New York Times Company since January 2007. Mr. Barrios joined The New York Times Company in 2002 as Chief Financial Officer of a subsidiary which published, among other things, The Boston Globe. Prior to that, he was President and Chief Operating Officer of Netsilicon, Inc., a publicly-held software development company, where he helped to stabilize the business prior to its merger. From 1994 to 2000, Mr. Barrios served in several senior capacities for Praxair, Inc., a large supplier of industrial gasses.

Michelle D. Wilson has served as our Co-President since February 2018. Before that, Ms. Wilson was our Chief Revenue & Marketing Officer since November 2013, and Chief Marketing Officer since February 2009. From 2001 to 2009, she was Chief Marketing Officer of the United States Tennis Association where she was instrumental in making the US Open the highest attended annual sporting event in the world. Ms. Wilson developed innovative advertising and promotional campaigns that significantly elevated the image and awareness of tennis in the United States, resulting in record television viewership and ticket sales. She was also pivotal in the implementation of several innovations for the sport, including in-stadium video screens, blue courts, instant replay and the 2004 launch of the US Open Series. From 2000 to 2001, she was Vice President of Marketing for the XFL, our former professional football league. Before that, Ms. Wilson held positions at the National Basketball Association in its domestic and international consumer products groups.

Stephanie McMahon has served as our Chief Brand Officer since November 2013. She is responsible for WWE's brand community relations and pop culture strategy, which includes celebrity integrations and partnerships within the entertainment industry. She works with WWE's business units to support key growth initiatives and represents WWE as its global brand ambassador. Among her many contributions, Ms. McMahon has been the driving force behind WWE's women's evolution, which has given female performers an equal share of the spotlight both in and out of the ring. She is also a TV personality, appearing regularly on WWE programming. She is a member of the 2017 Class of Henry Crown Fellows within the Aspen Global Leadership Network at the Aspen Institute and is also a member of the 2015 Eisenhower Fellowship class. Prior to being named WWE's first-ever Chief Brand Officer, Ms. McMahon was Executive Vice President, Creative, responsible for overseeing the Digital and Creative Departments, as well as the creative development of all WWE television, pay-per-view programming, print, digital and social media content. She was also the first woman to lead WWE's Talent Relations, Talent Brand Management and Live Event businesses. Adweek has included Ms. McMahon in their list of the "Most Powerful Women in Sports" for the past three years. In 2017, she was named a Stuart Scott ENSPIRE Award Honoree at the ESPN Humanitarian Awards and was named to Sports Business Journal's 2017 class of "Game Changers: Women in Sports Business". In 2014, Ms. McMahon and her husband, Paul "Triple H" Levesque, established Connor's Cure, a fund dedicated to fighting Pediatric cancer. Ms. McMahon received her B.S. from Boston University in Communications and has been named a Distinguished Alumni by its School of Communications. She is also a member of the Board of Directors for USO Metropolitan Washington and Children's Hospital of Pittsburgh Foundation. Ms. McMahon is the daughter of Vincent McMahon.

Paul "Triple H" Levesque has served as our Executive Vice President, Talent, Live Events & Creative since August 2011. In this role, he oversees the Company's Talent Relations, Talent Development and Live Events departments. Additionally, Mr. Levesque plays an integral role in the Company's creative process, helping shape the creative direction and storylines of WWE's programming. Mr. Levesque is revolutionizing the business with his global recruiting strategy and developmental training processes. In order to create a platform for future success, he established the Company's state of the art training facility, the WWE Performance Center, which paved the way for the WWE's third global touring brand, NXT. Mr. Levesque debuted as a WWE Superstar, "Triple H", in 1995 and has held the WWE Heavyweight Championship title 14 times. He has captured every major championship, headlined thousands of WWE events, and entertained millions around the world. Mr. Levesque is married to Stephanie McMahon and together they established Connor's Cure. Mr. Levesque is the son-in-law of Vincent McMahon.

Stuart U. Goldfarb is a member of our Audit Committee and our Governance & Nominating Committee. Since January 2014, Mr. Goldfarb has been Co-founder and Partner of Melo7 Tech Partners, LLC, which was founded by Carmelo Anthony and Mr. Goldfarb to invest in and develop opportunities primarily in early stage digital media, consumer internet and technology ventures. Prior to this, from January 2012, Mr. Goldfarb was President of Fullbridge, Inc., a provider of an accelerated, rigorous business education program. From June 2011 until January 2012, Mr. Goldfarb was President and Chief Executive Officer of Atrinsic, Inc., a marketer of direct-to-consumer subscription products and an Internet search marketing

agency. Mr. Goldfarb served as a director of Atrinsic from January 2010 until December 2012. In June 2012, Atrinsic filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. The filing was precipitated by Atrinsic's cessation of certain businesses and its inability to raise financing. From November 2009 to June 2011, Mr. Goldfarb was a Partner in Unbound Partners LLC, a marketing and management consulting firm. From 2001 to 2009, Mr. Goldfarb was President and Chief Executive Officer of Direct Brands, Inc. Under his leadership, the company grew to be the world's largest direct marketer of music, DVDs and books, with household brands such as Columbia House, BMG Music, Doubleday Book Club, Book-of-the-Month-Club and cdnow.com. Prior to that, Mr. Goldfarb was President and Chief Executive Officer of bol.com, Bertelsmann's premier online retailer of books and music, doing business in 18 European and Asian countries. Before joining Bertelsmann, he was Vice Chairman of Value Vision International, a cable TV home shopping and e-commerce company. He was formerly Executive Vice President, Worldwide Business Development at NBC.

Patricia A. Gottesman is Chair of our Governance & Nominating Committee. From February 2011 until August 2012, Ms. Gottesman was President and Chief Executive Officer of Crimson Hexagon, a social intelligence company in the vanguard of online media monitoring and analysis. From April 2008 to January 2011, she was founder and principal of Omnibus, an international media and technology practice. Prior to that, Ms. Gottesman was with Cablevision Systems Corporation for almost 30 years, most recently as Executive Vice President, Digital Marketing and Commerce. From August 2014 until its merger with comScore, Inc. in January 2016, Ms. Gottesman was a member of the Board of Directors and the Audit and Nominating & Governance Committees of Rentrak Corporation, a media measurement and advanced consumer targeting company. Subsequent to this merger, until November 2016, Ms. Gottesman was a director of comScore, Inc., a public company that provides digital media analytics services. Ms. Gottesman served as comScore's Chair, Nominating & Governance Committee and Co-Chair of its Special Investigation Subcommittee and member of its Audit Committee.

Laureen Ong is a member of our Compensation Committee and our Governance & Nominating Committee. She is a consultant in the media industry. From April 2010 to October 2013, Ms. Ong served as President, Travel Channel LLC, a subsidiary of Scripps Networks Interactive, Inc., which operates a television network focusing on travel entertainment. From March 2007 to October 2009, she was Chief Operating Officer of Star Group Limited, which produces, broadcasts and distributes television programming via satellite in Asia. From April 2000 to April 2007, Ms. Ong was President of National Geographic Television, during which time she was the chief architect of the launch of its cable television network. Prior to that, she was a senior executive in several sports and media companies. Ms. Ong is on the Board of Charter 100, an organization of Women Executives in Phoenix.

Robyn W. Peterson is a member of our Governance & Nominating Committee. Mr. Peterson has been Chief Technology Officer and Senior Vice President of CNN since December 2018 and, before that since February 2018, he was Head of Products and Platforms at Turner. From May 2011 until January 2018, Mr. Peterson was Chief Technology Officer of Mashable, Inc., a leading source of news information and resources for the connected generation. From January 2011 to March 2011, Mr. Peterson was Vice President of Product, News and Info for AOL, responsible for product strategy and development of the news, finance and sports sites until AOL's acquisition of the Huffington Post. From March 2010 to January 2011, Mr. Peterson was Product Director for Next Issue Media LLC, a company formed by five major U.S. publishers to develop, market and deliver interactive digital editions of magazines. Prior to that, from November 2008, Mr. Peterson was Vice President, Technology and Product for NBC Universal, Inc. From 2001-2004, and from 2005-2008, Mr. Peterson was an executive at Ziff Davis Media, where he was Chief Technology Officer. Mr. Peterson was previously involved in other digital companies since 1998.

Frank A. Riddick, III is Chair of our Compensation Committee and a member of our Audit Committee. Mr. Riddick was Chief Executive Officer of FloWorks International LLC (formerly named Shale-Inland Group LLC), a leading supplier of pipe, valves and related products ("FloWorks") from September 2013 until

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November 2017. Prior to that, he was Chairman and then Executive Chairman of FloWorks since March 2012. Mr. Riddick is also currently a member of the Management Advisory Board of Tower Brook Capital Partners, L.P. ("TowerBrook"), a private equity firm. From August 2009 until joining FloWorks, Mr. Riddick was Chief Executive Officer of JMC Steel Group, the largest independent steel tubular manufacturer in North America. Prior to that, he was a consultant to TowerBrook. Before joining TowerBrook, he served as President and Chief Executive Officer of Formica Corporation, a manufacturer of surfacing materials, from January 2002 to April 2008. He served as President and Chief Operating Officer of Armstrong Holdings, Inc. from February 2000 to November 2001, and as Chief Financial Officer at Armstrong and its subsidiaries from 1995 to 2000. Mr. Riddick is a member of the Board of FloWorks and Chairman of the Board of Apache Industrial Services, Inc., which provides scaffolding, insulation, fireproofing and coatings. Until its sale in July 2015, Mr. Riddick was a member of the board of directors, Chair of the Audit Committee and a member of the Compensation Committee of Geeknet, Inc., the owner and operator of ThinkGeek, an online retailer. Mr. Riddick is also a former director of GrafTech International Ltd, a manufacturer of graphite and carbon products, as well as related technical services.

Man Jit Singh is a seasoned media executive with global experience across product innovation, growth strategy and business development. Mr. Singh was with Sony Pictures Entertainment from 2007 until March 2018 where he was most recently President, Home Entertainment. Prior to being President, Mr. Singh oversaw Sony's Multi Screen Media subsidiary in India, where he was instrumental in moving into the sports market with the launch of television and digital offerings. Prior to joining Sony, Mr. Singh was a senior executive at several technology, staffing, management consulting and consumer product companies.

Jeffrey R. Speed is Chair of the Audit Committee and a member of our Compensation Committee. He served as Executive Vice President and Chief Financial Officer of Six Flags, Inc., the world's largest regional theme park operator, from April 2006 until October 2010. In June 2009, Six Flags, Inc. filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware, and it emerged from those proceedings in May 2010. Prior to joining Six Flags, Mr. Speed spent approximately 13 years with The Walt Disney Company, serving from 2003 until 2006 as Senior Vice President and Chief Financial Officer of Euro Disney SAS, the publicly-traded operator of the Disneyland Resort Paris, the number one tourist destination in Europe. Prior to that, Mr. Speed spent approximately nine years with the public accounting firm of Price Waterhouse (now PwC).

Alan M. Wexler, Chairman of Publicis Sapient, has been working at the intersection of creative, digital and technology for more than 30 years. Mr. Wexler has been at his current position since February 2019. Prior to that, he was CEO of Publicis Sapient since January 2018, and, prior thereto, CEO of Sapient Razorfish and Co-CEO of Publicis Sapient. He was President and then CEO of Sapient Nitro for several years prior to that and has been with Sapient Corporation, which was acquired by Publicis Group, in several other senior leadership positions for an aggregate of nearly 20 years. Publicis Sapient has offices globally, 17,000 employees and cultivates key agency relationships with a roster of blue-chip brands and advises clients on the impact of digital on their businesses. Mr. Wexler has extensive experience in the advertising and branding space.

Other Executive Officers

The following table provides information regarding our executive officers as of March 1, 2019.

Name	Age	Position with Company	With Company Since
Kevin Dunn	58	Executive Producer & Chief Global Television Production	1984
Brian M. Nurse	47	SVP, General Counsel & Secretary	2018

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Kevin Dunn has been Executive Producer & Chief Global Television Production since July 2014 and, prior thereto Executive Producer since November 2013, and Executive Vice President, Television Production, since July 2003. Before that, Mr. Dunn served as our Executive Producer for 11 years.

Brian M. Nurse has served as our Senior Vice President, General Counsel and Secretary since September 2018. Prior to joining WWE, from March 2012 to September 2018, Mr. Nurse was Vice President, Associate General Counsel & Secretary at Nestle Waters North America Inc. Before that, from April 2001 to February 2012, Mr. Nurse was with PepsiCo, Inc. where he served as Senior Legal Counsel. Mr. Nurse started his legal career as an associate at two New York City law firms.

The Board and Committees

Our Board has standing Audit, Compensation, Governance & Nominating and Executive Committees. During the year ended December 31, 2018, there were 8 meetings of the Board of Directors, 9 meetings of the Audit Committee, 7 meetings of the Compensation Committee, and 3 meetings of the Governance & Nominating Committee. Under our Corporate Governance Guidelines, Directors are expected to prepare for and attend meetings of the Board and committees on which they sit. Each Director attended more than 75% of the aggregate number of meetings of the Board and committees on which he or she served. Directors are also expected to attend the Company's Annual Meeting of Stockholders, and all members attended last year's meeting.

Independent Directors. Each year our Board conducts a review to determine which of our Directors qualify as independent. Based on our most recent review, the eight members of our Board noted in the table above (Stuart U. Goldfarb, Patricia A. Gottesman, Laureen Ong, Robyn W. Peterson, Frank A. Riddick, III, Manjit Singh, Jeffrey R. Speed and Alan M. Wexler) qualified as independent under the NYSE and SEC regulations for Board members as well as those regulations, as applicable, relating to their role on the Audit, Compensation and/or Governance & Nominating Committee(s). These are the standards we use to determine independence. One of our independent directors has a small stock ownership in a public company which is a licensee of the Company; another independent director has a cousin who is an employee of the Company; one is an executive officer of a large company with which an affiliate of the Company did business in 2018 in an amount immaterial to the Company and the other company; and one is an executive at a subsidiary of a large company, a different subsidiary of which did business with the Company in 2018 in an amount immaterial to the Company and the other company. The Board considered these relationships and affirmatively determined that none of them is material. None of the other independent Directors has any relationship with the Company other than his or her Director/Committee membership(s). Our Audit, Compensation and Governance & Nominating Committees consist solely of independent Directors. The Company does not currently have a lead independent director.

NYSE Listing Standards. Certain provisions of the corporate governance rules of the NYSE are not applicable to "controlled companies." "Controlled companies" under those rules are companies of which more than 50 percent of the voting power is held by an individual, a group or another company. The Company currently is a "controlled company" under this definition by virtue of the beneficial ownership by Mr. McMahon of approximately 41% of the Company's outstanding equity and approximately 82% of the combined voting power of our Common Stock. As a "controlled company," the Company is exempt from the NYSE listing standards of having a majority of independent directors and independent compensation and governance & nominating committees. However, the Company currently does not avail itself of these "controlled company" exemptions.

Board Structure and Risk Management. Mr. McMahon serves as both our Chairman and Chief Executive Officer. The Board believes that the unique blend of creativity, entrepreneurship and management skills required to act as Chief Executive Officer at the Company would make filling this position extremely difficult. As a practical matter, Mr. McMahon's combined role as Chairman and Chief Executive Officer reflects the larger reality that as the owner of a majority of the Company's voting power, management of the Company is

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within his ultimate control. This notwithstanding, the Board recognizes the critical role it plays in risk oversight and believes that it works well with management to understand and give clear guidance on matters that it considers to pose possible risks to the Company, such as entering into new business ventures, cybersecurity and other matters disclosed as risk factors in the Company's Annual Report on Form 10-K. In addition, as described elsewhere in this proxy, certain committees of the Board have primary oversight responsibility for specific risk factors. Examples include (i) Audit Committee oversight of, among other things, SEC filings, internal and external audit functions and related party transactions; (ii) Compensation Committee oversight of compensation matters, including mitigating instances where compensation could be tied to excessive risk taking by management; and (iii) Governance & Nominating Committee oversight of corporate governance and the recommendation of a slate of nominees for Director and Committee memberships. The Board believes that the administration of its risk oversight function has not been negatively affected by the Board's current leadership structure, and the Board believes it appropriately addresses risk factors facing the Company.

Executive Sessions. Under our Corporate Governance Guidelines, the non-management/independent members of the Board meet at least quarterly in executive sessions (i.e. without the presence of management). In practice, most Board and Committee meetings include an executive session. Executive sessions are presided over by the chair of the appropriate Committee, if the principal item to be considered is within a Committee's scope and, if not, such chairs alternate executive sessions.

Communications with Directors. Interested parties who wish to communicate with a member or members of the Board of Directors, including Committee chairs and the non-management/independent Directors as a group, may do so by addressing their correspondence to such members or group c/o WWE, 1241 East Main Street, Stamford, CT 06902, Attention: 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 corporate website (corporate.wwe.com).

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 and Chief Executive Officer and senior financial and accounting officers. Our Code requires, among other things, that all of our Directors, officers and employees comply with all laws, avoid conflicts of interest, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interest. In addition, our Code imposes obligations on all of our Directors, officers and employees to maintain books, records, accounts and financial statements that are accurate and comply with applicable laws and with our internal controls. A copy of our Code is posted on our corporate website (corporate.wwe.com). We also plan to disclose any amendments to, and waivers from, the Code on this website.

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, as amended (the "Exchange Act"). The Audit Committee consists of its Chair, Mr. Speed, and Messrs. Goldfarb and Riddick. Each of these members satisfies the independence requirements of applicable NYSE and SEC rules relating to independence generally and to audit committees specifically, and is financially literate, with a working familiarity with basic finance and accounting practices within the meaning of the listing standards of the NYSE. Messrs. Speed and Riddick have accounting and related financial management expertise and are qualified as audit committee financial experts within the meaning of the applicable rules and regulations of the SEC. Pursuant to the charter of our Audit Committee, no Audit Committee member may simultaneously serve on the audit committee of more than three public companies.

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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. The Audit Committee's charter is posted on our corporate website (corporate.wwe.com). The Audit Committee charter states that the Committee will, among other things, fulfill the following obligations:

Review and discuss with management and the independent auditors our audited financial statements, quarterly financial statements and all internal control 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 specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to its filing.

Review and discuss earnings press releases with management, including the type and presentation of information, paying particular attention to any use of "pro-forma," "adjusted" or other information which is not required by generally accepted accounting principles.

Review and discuss with management financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be on general terms (*i.e.*, discussion of the types of information to be disclosed and the type of presentation to be made) and need not be in advance of each earnings release or earnings guidance.

Review the regular internal reports (or summaries thereof) to management prepared by the internal auditor(s) and management's response.

Recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.

Obtain from the outside auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act.

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 has the ultimate authority to approve all audit engagement fees and terms. The Audit Committee has sole authority to review the performance of the independent auditors and remove the independent auditors if circumstances warrant. The independent auditors 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 Auditing Standard No. 1301 and SEC Rule 2-07 of Regulation S-X; 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 will be disclosed to investors in periodic reports to the extent required by the Exchange Act.

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.

Discuss policies with respect to risk assessment and risk management.

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. The Compensation Committee consists of its Chair, Mr. Riddick, and Ms. Ong and Mr. Speed. Each of these members satisfies the independence requirements of applicable NYSE and SEC rules relating to independence generally and compensation committees specifically. 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 procedures. The Compensation Committee's charter is posted on our corporate website (corporate.wwe.com). The Compensation Committee charter states that the Committee will, among other things, fulfill the following obligations:

Approve all employment agreements for the Chairman and Chief Executive Officer and all officers of the Company who (i) have a title of Executive Vice President or have equal or higher seniority; (ii) are "officers" as defined in Rule 16a – 1(f) promulgated under the Exchange Act; or (iii) are other senior executives who report directly to the Company's Chairman and Chief Executive Officer (collectively, the "Senior Executives").

Annually review and approve corporate goals and objectives relevant to the compensation of the Chairman and Chief Executive Officer, evaluating his performance in light of those goals and objectives, and either as a Committee or together with the other independent Directors determine and approve the Chairman and Chief Executive Officer's compensation level based on this evaluation. In determining the long-term incentive component of the Chairman and Chief Executive Officer's compensation, the Compensation Committee will consider the Company's and the individual's performance, relative total shareholder return, the value of similar incentive awards to chairs and chief executive officers at comparable companies and awards given in past years, among other factors.

Annually review and approve for Senior Executives: (i) the annual base salary level; (ii) the annual incentive opportunity level; (iii) the long term incentive opportunity level; (iv) severance arrangements and change in control agreements/provisions in each case when and if appropriate; and (v) any special or supplemental benefits.

Annually review management's recommendations and make recommendations to the Board of Directors with respect to the compensation of all Directors and Senior Executives, including all compensation, incentive compensation plans, equity-based plans as well as the individuals or groups of individuals receiving awards under incentive and equity-based compensation plans.

Administer the Company's 2016 Omnibus Incentive Plan and any successor or other incentive compensation plans of the Company. The Compensation Committee has authority to hire compensation consultants, independent counsel and other advisors. For the past several years, the Committee has retained the services of Frederic W. Cook & Co., Inc. (the "Compensation Consultant"). The Compensation Committee annually reviews the Compensation Consultant's independence and has determined that no conflicts of interest exist.

Compensation Committee Interlocks and Insider Participation. During 2018, no member of the Compensation Committee was 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 2018.

Governance & Nominating Committee. The Governance & Nominating Committee consists of its Chair, Ms. Gottesman, Ms. Ong and Messrs. Goldfarb and Peterson. Each of these members satisfies the independence requirements of applicable NYSE and SEC rules relating to independence generally.

The Governance & Nominating Committee operates under a charter. This charter is posted on our corporate website (corporate.wwe.com). Under its charter, the Governance & Nominating Committee responsibilities include:

- Monitoring the implementation and operation of the Company's Corporate Governance Guidelines.

- Reviewing from time to time the adequacy of the Corporate Governance Guidelines in light of broadly accepted practices of corporate governance, emerging governance issues and market and regulatory expectations, and advising and making recommendations to the Board with respect to appropriate modifications.

- Preparing and supervising the implementation of the Board's annual review of director independence.

- Developing an annual self-evaluation process for the Board and Committees, which process is overseen by the Governance & Nominating Committee, and recommending such process to the Board for its approval.

- Identifying, reviewing and evaluating candidates for election as Director, consistent with criteria approved by the Board, including appropriate inquiries into the background and qualifications of candidates, interviewing potential candidates to determine their qualification and interest, and recommending to the Board nominees for any election of Directors.

- Recommending to the Board the appointment of Directors to serve as members, and as chairs, of the standing Committees and any other Committees established by the Board.

- Recommending to the Board appropriate changes to the governance of the Company, including changes to the terms or scope of the Governance & Nominating Committee charter and the Committee's overall responsibilities.

- Making recommendations to the Board regarding any duly submitted stockholder proposal.

- Overseeing the Company's continuing education program for our Directors.

Nominees for Director. The Board added two new independent directors in 2018. If the Board were to embark on a search for new directors, it would consider candidates, and follow the same process and use the same criteria for evaluating candidates, irrespective of whether they were suggested by Board members, management and/or stockholders. Any stockholder recommendations would need to be submitted to the Board at our principal address in care of the Corporate Secretary and would need to 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. If stockholders

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wish to nominate a person for election to the Board, as contrasted with recommending a potential nominee to the Board for its consideration, they would need to fulfill the requirements detailed under “Stockholder Proposals for 2020 Annual Meeting.”

The Board reviews potential nominees and decides whether to conduct a full evaluation of any one or more candidates. If additional consideration of one or more nominees is deemed by the Board to be warranted, the Board requests its third-party search firm to gather additional information about the prospective nominee’s background and experience. The Board evaluates the prospective nominee taking into account whether the prospective nominee is independent within the meaning of the listing standards of the NYSE and applicable regulations of the SEC and such other factors as it deems relevant, including the then current composition of the Board, the need for Committee expertise, and the evaluations of other prospective nominees. While there is a general desire at least to maintain the mixture of viewpoints among its members, the Board does not have any specific policy relating to diversity. The Board will also determine when or how to interview prospective nominees. Each Director has the opportunity to participate in the consideration of the prospective nominee. The Governance & Nominating Committee oversees this process and recommends any nominees to the full Board.

The Board believes that its current members (including our two new independent directors elected in 2018) comprise an appropriate mix of background, diversity and expertise. In particular, Mr. McMahon is a seasoned manager who understands what is necessary for the Company to thrive in the dynamic and competitive markets in which we compete. In particular, he has significant expertise in creative matters, television, talent development and live events, each of which is a critical aspect of our business. As our co-founder, Mr. McMahon has decades of experience overseeing all of our revenue streams. He is familiar with every aspect of our business and industry. Similarly, Ms. McMahon and Mr. Levesque have decades of experience in our Company and have both been important players in all aspects of our creative process, including television, talent and live events. Messrs. Barrios and Levesque and Meses. Wilson and McMahon all have extensive practical experience with many of our revenue streams and each of them has been critically involved in our business transformation over the past several years as well as our continuing brand development. Of the independent directors, Mr. Goldfarb has more than 25 years of experience in media companies with revenue streams similar to those of the Company. For more than 12 years of his tenure, Mr. Goldfarb has served at the CEO level. He has significant e-commerce and digital experience. Ms. Gottesman has nearly 30 years of senior level experience with a cable television operator. This experience provides the Company insight into the television industry. She also has relevant digital and social networking experience. Ms. Ong has decades of experience as a senior executive in television, and Mr. Peterson adds further expertise in the digital space. The digital expertise added to the Board by Messrs. Goldfarb and Peterson and Ms. Gottesman are of particular note in light of WWE Network, the Company’s most important recent undertaking. The television expertise added by Meses. Gottesman and Ong are of note because television (together with live events) traditionally has been at the core of the Company’s business, and video programming, however it is distributed, will continue to be critical to our success. Mr. Singh brings years of experience as a seasoned professional in media and, in specific, has depth of knowledge about the India subcontinent, an important geographical area in the Company’s strategy. Messrs. Riddick and Speed bring financial and auditing acumen as both have been chief financial officers of large companies. In the case of Mr. Speed, approximately 20 years of his experience has been spent in media and entertainment companies. Mr. Wexler has expertise in digital technology and direct-to-consumer communications, including a very extensive understanding of the advertising industry. The foregoing experience, qualifications and skills led the Board to conclude that each of these members should serve and be nominated for re-election at this year’s Annual Meeting.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

World Wrestling Entertainment is an integrated media and entertainment company. We have been involved in the sports entertainment business for nearly 40 years, and have developed WWE into one of the most popular brands in global entertainment today. We are principally engaged in the production and distribution of unique and creative content through various channels, including our premium over-the-top subscription network (“WWE Network”), content rights agreements, pay-per-view event programming, filmed entertainment, live events, licensing of various WWE themed products, and the sale of consumer products featuring our brands. At the heart of our success are the athletic and entertainment skills and appeal of our Superstars and our consistently innovative and multi-faceted storylines. Our distribution platforms provide significant cross-promotion and marketing opportunities that reinforce our brands while effectively reaching our fans.

2018 Highlights. 2018 was another record-breaking year for the Company. We believe management was highly effective in achieving the following results:

Revenue increased 16% to \$930.2 million, the highest in the Company’s history (the fifth year of consecutive record revenues).

Operating income increased 51% to a record \$114.5 million.

We completed agreements with USA Network (NBCU) and Fox Sports, effective October 1, 2019, which increase the average annual value (AAV) of our U.S. distribution to 3.6 times that of the prior deal.

We produced new, large-scale international events (*Greatest Royal Rumble*, *Crown Jewel* and *Super Show-Down*).

The Company delivered a total shareholder return (“TSR”) of approximately 146%, including dividends aggregating approximately \$37.0 million. WWE’s stock performance outpaced the S&P 500, the Russell 2000 and many other media peers.

Raw celebrated its 25th Anniversary and remained the #1 show on USA Network. *SmackDown Live*, the network’s second most watched show, surpassed 1,000 episodes.

WWE Network average paid subscribers increased 8% to 1.65 million.

Digital engagement continued to grow with 31.4 billion video views and 1.2 billion hours of video consumed across digital and social media platforms.

We believe our record-setting revenue and other strong results in 2018 validate our ongoing investment to support the Company’s long-term objectives.

For the Company to achieve our desired level of success, we must continue to retain and incentivize management. The incentive compensation package for senior management in 2018 is described in detail below and was structured for precisely that purpose. On balance, we believe the ongoing compensation structure envisions and

Oil and Gas Production

As of December 31, 2006, the Company had ownership interests in the following numbers of gross and net producing oil and gas wells and gross and net producing acres (1).

	Gross	Net
Producing wells (1)		
Oil Wells	842	264.70
Gas Wells	1,177	386.51
Producing Acres	294,568.05	90,810.59

(1)

A gross well or gross acre is a well or an acre in which a working interest is owned. A net well or net is the sum of the fractional revenue interests owned in gross wells or gross acres.

Wells are classified by their primary product. Some wells produce both oil and gas.

The following table shows the Company's net production of crude oil and natural gas for each of the five years ended December 31, 2006. Net production is net after royalty interests of others are deducted and is determined by multiplying the gross production volume of properties in which the Company has an interest by percentage of the leasehold, mineral or royalty interest owned by the Company.

	2006	2005	2004	2003	2002
Oil (barrels)	379,000	361,000	371,000	370,000	321,000
Gas (Mcf)	5,695,000	4,758,000	5,138,000	3,991,000	3,540,000

The following table sets forth the Company's average sales price per barrel of crude oil and average sales prices per one thousand cubic feet (Mcf) of gas, together with the Company's average production costs per unit of production for the five years ended December 31, 2006.

	2006	2005	2004	2003	2002
Average sales price per barrel	\$61.47	\$52.91	40.45	28.90	23.37
Average sales price Per Mcf	\$ 6.78	\$ 7.33	5.64	4.80	3.06
Average production costs per net equivalent barrel (1)	\$15.84	\$16.10	12.17	12.42	11.80

(1) Net equivalent barrels are computed at a rate of 6 Mcf per barrel.

Table of Contents**Undeveloped Acreage**

The following table sets forth the approximate gross and net undeveloped acreage in which the Company has leasehold, mineral and royalty interests as of December 31, 2006. Undeveloped acreage is that acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether or not such acreage contains proved reserves.

State	Leasehold Interests		Mineral Interests		Royalty Interests	
	Gross Acres	Net Acres	Gross Acres	Net Acres	Gross Acres	Net Acres
Colorado			799	23		
Gulf of Mexico	130,316	74,573				
Montana			13,984	59	786	5
Nebraska			2,553	331		
North Dakota			640	1		
Oklahoma	6,118	3,765	320	1		
Texas	13,470	6,828	680	16		
New Mexico	188	62				
Wyoming	1,000	125	5,043	35	140	35
TOTAL	151,092	85,353	24,019	466	926	40

Reserves

The Company's interests in proved developed and undeveloped oil and gas properties have been evaluated by Ryder Scott Company, L.P. for each of the five years ended December 31, 2006. All of the Company's reserves are located within the continental United States. The following table summarizes the Company's oil and gas reserves at each of the respective dates (figures rounded):

As of	Reserve Category				Total	
	Proved Developed		Proved Undeveloped		Oil (bbls)	Gas (Mcf)
12-31	Oil (bbls)	Gas (Mcf)	Oil (bbls)	Gas (Mcf)		
2002	2,319,000	29,917,000			2,319,000	29,917,000
2003	2,865,000	34,045,000	40,000	4,960,000	2,905,000	39,005,000
2004	2,926,000	37,728,000	6,000	7,142,000	2,932,000	44,870,000
2005	3,504,000	43,976,000	183,000	968,000	3,687,000	44,944,000
2006	4,009,000	66,754,000	219,000	2,479,000	4,228,000	69,233,000

The estimated future net revenue (using current prices and costs as of those dates:) and the present value of future net revenue (at a 10% discount for estimated timing of cash flow) for the Company's proved developed and proved undeveloped oil and gas reserves at the end of each of the five years ended December 31, 2006, are summarized as follows (figures rounded):

As of	Proved Developed		Proved Undeveloped		Total		Standardized Measure of Discounted Cash flow
	Future Net	Present Value Of Future	Future Net	Present Value Of Future Net	Present Value Of Future	Present Value Of Future	
12-31	Revenue	Net Revenue	Revenue	Revenue	Net Revenue	Taxes	
2002	\$ 97,600,000	56,855,000			97,600,000	56,855,000	14,079,000
							42,776,000

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2003	\$ 141,194,000	85,695,000	22,891,000	17,401,000	164,085,000	103,096,000	29,844,000	73,252,000
2004	\$ 177,916,000	107,116,000	33,484,000	26,796,000	211,400,000	133,912,000	39,501,000	94,411,000
2005	\$ 349,816,000	201,883,000	12,510,000	6,663,000	362,326,000	208,546,000	63,067,000	145,479,000
2006	\$ 360,665,000	242,216,000	13,836,000	7,077,000	374,501,000	249,293,000	50,670,000	198,623,000

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The PV 10 Value represents the discounted future net cash flows attributable to our proved oil and gas reserves before income tax, discounted at 10%. Although it is a non-GAAP measure, we believe that the presentation of the PV 10 Value is relevant and useful to our investors because it presents the discounted future net cash flow attributable to our proved reserves prior to taking into account corporate future income taxes and our current tax structure. We use this measure when assessing the potential return on investment related to our oil and gas properties. The standardized measure of discounted future net cash flows represents the present value of future cash flows attributable to our proved oil and natural gas reserves after income tax, discounted at 10%.

Proved developed oil and gas reserves are reserves that can be expected to be recovered from existing wells with existing equipment and operating methods. Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

In accordance with FASB Statement No. 69, December 31 market prices are determined using the daily oil price or daily gas sales price (spot price) adjusted for oilfield or gas gathering hub and wellhead price differentials (e.g. grade, transportation, gravity, sulfur, and BS&W) as appropriate. Also in accordance with SEC and FASB specifications, changes in market prices subsequent to December 31 are not considered.

The spot price for gas at December 31, 2006 and 2005, was \$5.62 and \$10.05 per MMBTU, respectively. The range of spot prices during the year 2006 was a low of \$3.66 and a high of \$9.95 and the average was \$6.76. The range during the first quarter of 2007 has been from \$5.50 to \$8.98, with an average of \$7.27. The recent futures market prices have traded above \$6.72 per MMBTU.

The NYMEX price for oil at December 31, 2006 and 2005, was \$61.06 and \$61.04 per barrel, respectively. The range of NYMEX prices during the year 2006 was a low of \$56.26 and a high of \$77.03 and the average was \$66.14. The range during the first quarter of 2007 has been from \$50.48 to \$62.91, with an average of \$57.93. The recent futures market prices have fluctuated around \$62.00.

While it may reasonably be anticipated that the prices received by the Company for the sale of its production may be higher or lower than the prices used in this evaluation, as described above, and the operating costs relating to such production may also increase or decrease from existing levels, such possible changes in prices and costs were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation for the SEC case. Actual volumes produced, prices received and costs incurred by the Company may vary significantly from the SEC case.

Since January 1, 2007, the Company has not filed any estimates of its oil and gas reserves with, nor were any such estimates included in any reports to, any federal authority or agency, other than the Securities and Exchange Commission, except Form EIA-23, Annual Survey of Domestic Oil and Gas Reserves, filed with The Energy Information Administration of the U.S. Department of Energy.

Item 3. LEGAL PROCEEDINGS.

From time to time, the Company is party to certain legal actions and claims arising in the ordinary course of business. While the outcome of these events cannot be predicted with certainty, management does not expect these matters to have a materially adverse effect on the financial position or results of operations of the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted during the fourth quarter of the fiscal year ended December 31, 2006, to a vote of the Company's security-holders through the solicitation of proxies or otherwise.

Table of Contents**PART II****Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

The following performance graph and related information shall not be deemed soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that PrimeEnergy Corporation specifically incorporates it by reference into such filing.

The following graph illustrates the yearly percentage change in the cumulative stockholder return on our common stock, compared with the cumulative total return on The Nasdaq Stock Market (U.S. Companies) Index and the Nasdaq Stocks Crude Petroleum and Natural Gas Index, for the five years ended December 31, 2006.

Comparison of Five Year Cumulative Total Return
PrimeEnergy Corporation Stock Price vs. NASDAQ AND NASDAQ E&P INDICES
Value of Investment of \$100 on December 31, 2001

As of December 31	2001	2002	2003	2004	2005	2006
PrimeEnergy Corporation	\$100.0	\$100.5	\$183.5	\$262.2	\$645.7	\$810.3
NASDAQ Market Index	100.0	69.1	103.4	112.5	114.9	126.2
Peer Group Index	100.0	99.3	175.4	272.2	420.0	468.5

The Company's Common Stock is traded in the NASDAQ Stock Market, trading symbol PNRG. The high and low bid quotations for each quarterly period during the two years ended December 31, 2006, were as follows:

2006	High	Low	2005	High	Low
First Quarter	\$83.42	\$48.83	First Quarter	\$22.99	\$19.50
Second Quarter	\$86.75	\$66.35	Second Quarter	\$47.09	\$19.77
Third Quarter	\$81.26	\$59.09	Third Quarter	\$52.49	\$28.12
Fourth Quarter	\$72.98	\$64.05	Fourth Quarter	\$52.52	\$36.00

The above quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not represent actual transactions.

The number of record holders of the Company's Common Stock as of March 15, 2007, was 858.

No dividends have been declared or paid during the past two years on the Company's Common Stock. Provisions of the Company's line of credit agreement restrict the Company's ability to pay dividends. Such dividends may be declared out of funds legally available therefore, when and as declared by the Company's Board of Directors.

Table of Contents**Issuer Purchases of Equity Securities**

In December 1993, we announced that our Board of Directors authorized a stock repurchase program whereby we may purchase outstanding shares of our Common Stock from time-to-time, in open market transactions or negotiated sales. A total of 2,400,000 shares have been authorized, to date, under this program. On November 10, 2006, the board of Directors authorized the Company to purchase up to an additional 300,000 shares of its Common Stock. Through December 31, 2006, we repurchased a total of 2,334,106 shares under this program for \$24,699,359 at an average price of \$10.58 per share. Additional purchases of shares may occur as market conditions warrant. We expect future purchases will be funded with internally generated cash flow or from working capital.

2006 Month	Number of Shares	Average Price Paid per share	Maximum Number of Shares that May Yet Be Purchased Under The Program
January	21,890	49.74	154,994
February	1,503	56.80	153,491
March	1,243	61.97	152,248
April			152,248
May	9,362	75.79	142,886
June	10,000	70.00	132,886
July	10,041	63.98	122,845
August	21,298	69.00	101,547
September	5,924	77.74	95,623
October	18,832	70.02	376,791
November	7,313	69.18	369,478
December	3,584	67.65	365,894
Total/Average/Remainder	110,990	65.89	

Item 6. SELECTED FINANCIAL DATA

The following table summarizes certain selected financial data to highlight significant trends in the Company's financial condition and results of operations for the periods indicated. The selected financial data should be read in conjunction with the Financial Statements and related notes included elsewhere in this Report.

	2006	2005	2004	2003	2002
Revenues	\$ 92,419,000	\$ 75,946,000	62,428,000	46,719,000	34,186,000
Income from operations	\$ 27,584,000	\$ 22,151,000	11,359,000	8,047,000	2,168,000
Net income	\$ 18,300,000	\$ 25,955,000	7,275,000	5,702,000	1,757,000
Income per common share	\$ 5.52	\$ 7.64	2.04	1.56	0.47
Diluted net income per common share	\$ 4.50	\$ 6.27	1.70	1.31	0.40
Total assets	\$291,572,000	\$109,383,000	69,926,000	58,255,000	44,887,000
Long-term obligations	\$168,141,000	\$ 44,126,000	30,290,000	26,925,000	23,734,000
Cash dividends	None	None	None	None	None

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with the financial statements of the Company and notes thereto. The Company's subsidiaries are defined in Note 1 of the financial statements.

Liquidity And Capital Resources:

Cash flow provided by operations for the year ended December 31, 2006, was \$31.9 million, compared to \$18.6 million in the prior year. The change reflects the increase in oil and gas prices throughout the entire year, combined with changes in our working capital accounts. We expect sufficient cash flow to be provided by operations during

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2007 because of higher projected production from new properties, combined with oil and gas prices consistent with 2006 and steady operating, general and administrative, interest and financing costs.

Excluding the effects of significant unforeseen expenses or other income, our cash flow from operations fluctuates primarily because of variations in oil and gas production and prices or changes in working capital accounts. Our oil and gas production will vary based on actual well performance but may be curtailed due to factors beyond our control. Hurricanes in the Gulf of Mexico may shut down our production for the duration of the storm's presence in the Gulf or damage production facilities so that we cannot produce from a particular property for an extended amount of time. In addition, downstream activities on major pipelines in the Gulf of Mexico can also cause us to shut-in production for various lengths of time.

Our realized oil and gas prices vary due to world political events, supply and demand of products, product storage levels, and weather patterns. We sell the vast majority of our production at spot market prices. Accordingly, product price volatility will affect our cash flow from operations. To mitigate price volatility we sometimes lock in prices for some portion of our production through the use of financial instruments.

We expect to continue to make significant capital expenditures over the next several years as part of our long-term growth strategy. We have budgeted \$60 million for capital expenditures in 2007. We project that we will spend \$40 million in the Gulf of Mexico and \$20 million on onshore wells.

If our exploratory drilling results in significant new discoveries, we will have to expend additional capital in order to finance the completion, development, and potential additional opportunities generated by our success. We believe that, because of the additional reserves resulting from the successful wells and our record of reserve growth in recent years, we will be able to access sufficient additional capital through additional bank financing.

The Company has in place both a stock repurchase program and a limited partnership interest repurchase program. Spending under these programs in 2006 was \$7.8 million. The Company expects to expend a similar amount in 2007.

The Company currently maintains two credit facilities totaling \$360 million, with a combined current borrowing base of \$156.5 million. The bank reviews the borrowing base semi-annually and, at their discretion, may decrease or propose an increase to the borrowing base relative to a redetermined estimate of proved oil and gas reserves. Our oil and gas properties are pledged as collateral for the line of credit and we are subject to certain financial covenants defined in the agreement. We are currently in compliance with these financial covenants. If we do not comply with these covenants on a continuing basis, the lenders have the right to refuse to advance additional funds under the facility and/or declare all principal and interest immediately due and payable.

It is the goal of the Company to increase its oil and gas reserves and production through the acquisition and development of oil and gas properties. The Company also continues to explore and consider opportunities to further expand its oilfield servicing revenues through additional investment in field service equipment. However, the majority of the Company's capital spending is discretionary, and the ultimate level of expenditures will be dependent on the Company's assessment of the oil and gas business environment, the number and quality of oil and gas prospects available, the market for oilfield services, and oil and gas business opportunities in general.

Critical Accounting Estimates:

Proved Oil and Gas Reserves

Proved oil and gas reserves directly impact financial accounting estimates, including depreciation, depletion and amortization. Proved reserves represent estimated quantities of natural gas, crude oil, condensate, and natural gas liquids that geological and engineering data demonstrate, with reasonable certainty, to be recoverable in future years from known reservoirs under economic and operating conditions existing at the time the estimates were made. The process of estimating quantities of proved oil and gas reserves is very complex, requiring significant subjective decisions in the evaluation of all available geological, engineering and economic data for each reservoir. The data for a given reservoir may also change substantially over time as a result of numerous factors including, but not

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limited to, additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. Consequently, material revisions (upward or downward) to existing reserve estimates may occur from time to time.

Depreciation, Depletion and Amortization for Oil and Gas Properties

The quantities of estimated proved oil and gas reserves are a significant component of our calculation of depletion expense and revisions in such estimates may alter the rate of future expense. Holding all other factors constant, if reserves were revised upward or downward, earnings would increase or decrease respectively.

Depreciation, depletion and amortization of the cost of proved oil and gas properties are calculated using the unit-of-production method. The reserve base used to calculate depletion, depreciation or amortization is the sum of proved developed reserves and proved undeveloped reserves for leasehold acquisition costs and the cost to acquire proved properties. The reserve base includes only proved developed reserves for lease and well equipment costs, which include development costs and successful exploration drilling costs. Estimated future dismantlement, restoration and abandonment costs, net of salvage values, are taken into account.

Repurchase of limited partners' interests

The quantities of estimated proved oil and gas reserves are a significant component of the calculation of amounts offered for partnership interests acquired pursuant to our repurchase commitment. Revisions in such estimates may alter the amount of our future annual commitments. Holding all other factors constant, if reserves were revised upward or downward, repurchase offer amounts would increase or decrease respectively.

Results of Operations:**2006 as compared to 2005**

The Company had net income of \$18,300,000 in 2006 as compared to \$25,955,000 in 2005.

Oil and gas sales were \$61,924,000 in 2006 as compared to \$53,988,000 in 2005. A chart summarizing oil and gas production and revenue is presented below.

	2006	2005	Increase (Decrease)
Barrels of Oil Produced	379,000	361,000	18,000
Average Price Received (rounded)	\$ 61.47	\$ 52.91	\$ 8.56
Oil Revenue	\$ 23,300,000	\$ 19,100,000	\$ 4,200,000
Mcf of Gas Produced	5,695,000	4,758,000	937,000
Average Price Received (rounded)	\$ 6.78	\$ 7.33	\$ (0.55)
Gas Revenue	\$ 38,625,000	\$ 34,888,000	\$ 3,737,000
Total Oil & Gas Revenue	\$ 61,924,000	\$ 53,988,000	\$ 7,936,000

Changes in Production are due to additional production from properties added during late 2005 and throughout 2006.

Field Service Income increased to \$20,319,000 in 2006 from \$15,182,000 in 2005. This increase reflects higher utilization of equipment during 2006 combined with rate increases.

Lease operating expenses increased by 12% to \$21,040,000 in 2006 as compared to \$18,753,000 in 2005. The difference is attributable to costs on properties added during late 2005 and throughout 2006 and repairs made to marginal wells currently economic due to higher product price levels. This increase also reflects the overall price increase in oil field services.

General and administrative expenses increased to \$12,400,000 in 2006 as compared to \$10,493,000 in 2005, reflecting the increased ownership of the Partnerships combined with reduced reimbursements from the Partnerships

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and increases in personnel costs and professional fees. The \$1,907,000 increase includes \$1,313,000 representing the fair market value of subsidiary stock issued to two key executives.

Depreciation and depletion of oil and gas properties increased to \$14,437,000 in 2006 from \$10,125,000 in 2005. This increase reflects the increased production and cost basis of the Company's properties.

Exploration costs of \$1,162,000 were incurred during 2006. These costs include \$588,000 related to the drilling of unsuccessful exploratory wells and \$573,655 of certain geological, geophysical and seismic costs.

Interest expense increased to \$2,091,000 in 2006 from \$1,531,000 in 2005 due to increased average outstanding debt combined with increased interest rates. The average interest rates paid on outstanding borrowings subject to interest during 2006 and 2005 were 8.80% and 5.35% respectively. As of December 31, 2006 and 2005, the total outstanding borrowings were \$136,460,000 and \$28,050,000, respectively.

Income tax expense of \$10,210,000 in 2006 represents a 36% effective rate as compared to the effective rate of 37% in 2005. At higher rates of income, the Company's percentage depletion deductions, which are currently its only major permanent difference, become less significant as a percentage of income. Current tax benefit in 2006 was \$1,348,000 with the remainder being attributable to an increase in the Company's deferred tax liability.

The primary reason that the Company's current federal tax expense for 2006 is below the statutory rate is that the Company is allowed to deduct currently, rather than capitalize, intangible drilling costs as incurred. The current deduction of these costs, which are capitalized for financial accounting purposes, is also the primary reason for the increase in the Company's deferred tax liability between 2006 and 2005.

2005 as compared to 2004

The Company had net income of \$25,955,000 as compared to \$7,275,000 in 2004.

Oil and gas sales were \$53,988,000 in 2005 as compared to \$43,964,000 in 2004. A chart summarizing oil and gas production and revenue is presented below.

	2005	2004	Increase (Decrease)
Barrels of Oil Produced	361,000	371,000	(10,000)
Average Price Received (rounded)	\$ 52.91	\$ 40.45	\$ 12.46
Oil Revenue	\$ 19,100,000	\$ 15,006,000	\$ 4,094,000
Mcf of Gas Produced	4,758,000	5,138,000	(380,000)
Average Price Received (rounded)	\$ 7.33	\$ 5.64	\$ 1.69
Gas Revenue	\$ 34,888,000	\$ 28,961,000	\$ 5,297,000
Total Oil & Gas Revenue	\$ 53,988,000	\$ 43,967,000	\$ 10,021,000

Changes in Production are due to additional production from properties added during 2004 and 2005 offset by the sale of offshore properties in August 2005 (Partners transaction) and the hurricanes in the third quarter of 2005. Hurricanes Katrina and Rita came ashore negatively affecting our offshore production and to a lesser extent a portion of our onshore production. While we did not incur any significant property damage as a result of either storm production during the third quarter was shut-in for periods ranging from several days to a few weeks, primarily because of a lack of power or because of flooding or damage to facilities receiving our production.

Field Service Revenue increased to \$15,182,000 in 2005 from \$11,965,000 in 2004. This increase reflects higher utilization of equipment during 2005 combined with rate increases.

Lease operating expenses increased by 24% to \$18,573,000 in 2005 as compared to \$14,939,000 in 2004. The difference is attributable to production taxes related to higher prices combined with costs on properties added during 2005 and repairs made to marginal wells currently economic due to higher product price levels. This increase also reflects the overall price increase in oil field services.

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General and administrative expenses increased to \$10,493,000 in 2005 as compared to \$7,536,000 in 2004, reflecting the increased ownership of the Partnerships combined with reduced reimbursements from the Partnerships and increases in personnel costs and professional fees.

Depreciation and depletion of oil and gas properties decreased by 8% to \$ 10,125,000 in 2005 from \$11,021,000 in 2004. This decrease reflects the declining cost basis of the Company's onshore properties combined with the sale of the offshore properties in August 2005 (Partners transaction).

Exploration costs of \$664,000 were incurred during 2005. These costs include \$262,000 related to the drilling of a dry hole in Oklahoma. Exploration costs in 2004 of \$5,499,000 consist of dry hole expenditures and certain geological, geophysical and seismic costs.

Interest expense increased to \$1,531,000 in 2005 from \$1,136,000 in 2004 due to increased average outstanding debt combined with increased interest rates. The average interest rates paid on outstanding borrowings subject to interest during 2005 and 2004 were 5.35% and 3.91% respectively. As of December 31, 2005 and 2004, the total outstanding borrowings were \$28,050,000 and \$29,900,000, respectively.

Income tax expense of \$14,999,000 in 2005 represents a 37% effective rate as compared to the effective rate of 29% in 2004. At higher rates of income, the Company's percentage depletion deductions, which are currently its only major permanent difference, become less significant as a percentage of income. Current tax expense in 2005 was \$8,814,000 with the remainder being attributable to an increase in the Company's deferred tax liability.

The primary reason that the Company's current federal tax expense for 2005 is below the statutory rate is that the Company is allowed to deduct currently, rather than capitalize, intangible drilling costs as incurred. The current deduction of these costs, which are capitalized for financial accounting purposes, is also the primary reason for the increase in the Company's deferred tax liability between 2005 and 2004.

Item 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to interest rate risk on its line of credit, which has variable rates based upon the lenders base rate, as defined, and the London Inter-Bank Offered rate. Based on the balance outstanding at December 31, 2006, a hypothetical 2.5% increase in the applicable interest rates would increase interest expense by approximately \$1,285,000.

Derivative Instruments and Hedging Activity.

Our hedging strategy is designed to reduce the risk of price volatility for our production in the natural gas and crude oil markets. Our hedging arrangements apply to only a portion of our production and provide only partial price protection. These hedging arrangements limit the benefit to us of increases in prices, but offer protection in the event of price declines. Further, if our counterparties defaulted, this protection might be limited as we might not receive the benefits of the hedges. Please read the discussion below and note 11 of the Notes to Consolidated Financial Statements for a more detailed discussion of our hedging arrangements.

Hedges on Production Collars.

From time to time, we enter into natural gas and crude oil collar agreements with counterparties to hedge price risk associated with a portion of our production. These cash flow hedges are not held for trading purposes. Under the collar arrangements, if the index price rises above the ceiling price, we pay the counterparty. If the index price falls below the floor price, the counterparty pays us. In the case of a three-way collar if the index price rises above the third tier price, the counterparty pays us.

Table of Contents*Hedges on Production Swaps.*

From time to time, we enter into natural gas and crude oil swap agreements with counterparties to hedge price risk associated with a portion of our production. These cash flow hedges are not held for trading purposes. Under the swap agreements, if the index price rises above the swap price, we pay the counterparty. If the index falls below the swap price, the counterparty pays us.

At December 31, we had open crude oil price collar contracts covering our 2007 and 2008 production as follows:

Contract Period	Volume In Mbbl	Crude Oil Price Collar		Net Unrealized (Loss)/Gain (In thousands)
		Weighted Average Price Floor/Ceiling/Third Tier		
		(per Bbl)		
First Quarter 2007	39	\$	65/ \$79.25/ \$100.00	
Second Quarter 2007	33	\$	65/ \$79.25/ \$100.00	
Third Quarter 2007	28	\$	65/ \$79.25/ \$100.00	
Fourth Quarter 2007	22	\$	65/ \$79.25/ \$100.00	
Full Year 2007	122			\$ 173,000
First Quarter 2008	23	\$	65/ \$79.25/ \$100.00	
Second Quarter 2008	21	\$	65/ \$79.25/ \$100.00	
Third Quarter 2008	20	\$	65/ \$79.25/ \$100.00	
Fourth Quarter 2008	18	\$	65/ \$79.25/ \$100.00	
Full Year 2008	82			\$

At December 31, 2006, we had open natural gas price swap contracts covering our 2007 and 2008 production as follows:

Contract Period	Natural Gas Price Swaps		
	Volume in Mmcf	Weighted Average Price (per Mcf)	Net Unrealized
			Gain (In thousands)
First Quarter 2007	905	\$ 10.25	\$ 3,393
Second Quarter 2007	880	8.32	1,287
Third Quarter 2007	720	8.51	955
Fourth Quarter 2007	275	9.53	276
Full Year 2007	2,780	\$ 9.12	\$ 5,911
First Quarter 2008	75	\$ 9.02	\$ 43
Second Quarter 2008	75	9.02	101
Third Quarter 2008	75	9.02	85

Fourth Quarter 2008	75		9.02		27
Full Year 2008	300	\$	9.02	\$	256

We are exposed to market risk on these open contracts, to the extent of changes in market prices of natural gas and crude oil. However, the market risk exposure on these hedged contracts is generally offset by the gain or loss recognized upon the ultimate sale of the commodity that is hedged.

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The preceding paragraphs contain forward-looking information concerning future production and projected gains and losses, which may be impacted both by production and by changes in future market prices of energy commodities. See Forward-Looking Information for further details.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The financial statements and supplementary information included in this Report are described in the Index to Financial Statements at Page F-1 of this Report.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

Item 9A. CONTROLS AND PROCEDURES.

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of the end of the period covered by this Annual Report on Form 10-K. The evaluation included certain internal control areas in which we have made and are continuing to make changes to improve and enhance controls. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting that occurred during the period covered by this Annual Report on Form 10-K that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management is currently in the process of comprehensively documenting and further analyzing our system of internal control over financial reporting. We are in the process of designing enhanced processes and controls to address any issues identified through this review. We plan to continue this initiative as well as prepare for our first management report on internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002 which may result in changes to our internal control over financial reporting.

Item 9B. OTHER INFORMATION.

None.

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PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information relating to the Company's Directors, nominees for Directors and executive officers is included in the Company's definitive proxy statement relating to the Company's Annual Meeting of Stockholders to be held in June, 2007, which will be filed with the U.S. Securities and Exchange Commission within 120 days of December 31, 2006, and which is incorporated herein by reference.

Item 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation is included in the Company's definitive proxy statement relating to the Company's Annual Meeting of Stockholders to be held in June, 2007, which will be filed with the U. S. Securities and Exchange Commission within 120 days of December 31, 2006, and which is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Information relating to security ownership of certain beneficial owners and management is included in the Company's definitive proxy statement relating to the Company's Annual Meeting of Stockholders to be held in June, 2007, which will be filed with the U. S. Securities and Exchange Commission within 120 days of December 31, 2006, and which is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Information relating to certain transactions by Directors and executive officers of the Company is included in the Company's definitive proxy statement relating to the Company's Annual Meeting of Stockholders to be held in June, 2007, which will be filed with the U. S. Securities and Exchange Commission within 120 days of December 31, 2006, and which is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Information relating to principal accountant fees and services is included in the Company's definitive proxy statement relating to the Company's Annual Meeting of Stockholders to be held in June, 2007, which will be filed with the U. S. Securities and Exchange Commission within 120 days of December 31, 2006, and which is incorporated herein by reference.

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PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as part of this Report:

1. Financial statements (Index to Financial Statements at page F-1 of this Report)
2. Financial Statement Schedules (Index to Financial Statements Supplementary Information at page F-1 of this Report)
3. Exhibits:
 - 3.1 Restated Certificate of Incorporation of PrimeEnergy Corporation (Incorporated by reference to Exhibit 3.1 of PrimeEnergy Corporation Form 10-K for the year ended December 31, 2004)
 - 3.2 Bylaws of PrimeEnergy Corporation (Incorporated by reference to Exhibit 3.2 of PrimeEnergy Corporation Form 10-K for the year ended December 31, 2004)
 - 10.3.1 Adoption Agreement #003 dated 4/23/2002, MassMutual Life Insurance Company Flexinvest Prototype Non-Standardized 401(k) Profit-Sharing Plan; EGTRRA Amendment to the PrimeEnergy employees 401(k) Savings Plan; MassMutual Retirement Services Flexinvest Defined Contribution Prototype Plan; Protected Benefit Addendum; Addendum to the Administrative Services Agreement Loan Agreement; Addendum to Administrative Services Agreement GUST Restatement Provisions; General Trust Agreement (Incorporated by reference to Exhibit 10.3.1 of PrimeEnergy Corporation Form 10-K for the year ended December 31, 2002) (1)
 - 10.3.2 First Amendment to the PrimeEnergy Corporation Employees 401(k) Savings Plan (filed herewith)
 - 10.4 Amended and Restated Agreement of Limited Partnership, FWOE Partners L.P., dated as of August 22, 2005 (Incorporated by reference to Exhibit 10.3 of PrimeEnergy Corporation Form 8-K for events of August 22, 2005)
 - 10.4.1 Contribution Agreement between F-W Oil Exploration L.L.C. and FWOE Partners L.P. dated as of August 22, 2005 (Incorporated by reference to exhibit 10.4 of PrimeEnergy Corporation Form 8-K for events of August 22, 2005)
 - 10.18 Composite copy of Non-Statutory Option Agreements (Incorporated by reference to Exhibit 10.18 of PrimeEnergy Corporation Form 10-K for the year ended December 31, 2004) (1)

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10.22.5	Amended and Restated Credit Agreement among PrimeEnergy Corporation, PrimeEnergy Management Corporation, Prime Operating Company, Eastern Oil Well Service Company, Southwest Oilfield Construction Company, EOWS Midland Company and Guaranty Bank, FSB as Agent and Letter of Credit Issuer and BNP Paribas, as Co-Documentation Agent and JPMorgan Chase Bank, N.A., as Co-Documentation Agent and the Lenders Signatory hereto, December 28, 2006 (filed herewith)
10.22.5.1	Letter from BNP Paribas regarding Amended and Restated Credit Agreement effective as of December 28, 2006, among PrimeEnergy Corporation, et al, and Guaranty Bank, FSB (filed herewith)
10.23.2	Amended and Restated Security Agreement between PrimeEnergy Corporation, PrimeEnergy Management Corporation, Prime Operating Company, Eastern Oil Well Service Company, Southwest Oilfield Construction Company, EOWS Midland Company, (debtor) and Guaranty Bank, FSB as Agent (secured party) December 28, 2006 (filed herewith)
10.23.3	Amended and Restated Security Agreement (Membership Pledge) by PrimeEnergy Corporation in favor of Guaranty Bank, FSB as Agent December 28, 2006 (filed herewith)
10.23.4	Amended and Restated Security Agreement between PrimeEnergy Corporation, PrimeEnergy Management Corporation, Prime Operating Company, Eastern Oil Well Service Company, Southwest Oilfield Construction Company, EOWS Midland Company, (debtor) and Guaranty Bank, FSB as Agent (secured party) December 28, 2006 (filed herewith)
10.23.5	Amended and Restated Security Agreement between Eastern Oil Well Service Company, EOWS Midland Company,(debtor) and Guaranty Bank, FSB as Agent (secured party) December 28, 2006 (filed herewith)
10.23.6	Security Agreement between Eastern Oil Well Service Company, EOWS Midland Company,(debtor) and Guaranty Bank, FSB as Agent (secured party) December 28, 2006 (filed herewith)
10.23.7	Amended and Restated Security Agreement between Southwest Oilfield Construction Company, (debtor) and Guaranty Bank, FSB as Agent (secured party) December 28, 2006 (filed herewith)
10.23.8	Amended and Restated Security Agreement effective between EOWS Midland Company, (debtor) and Guaranty Bank, FSB as Agent (secured party) December 28, 2006 (filed herewith)
10.25	Credit Agreement dated as of June 1, 2006 (but effective for all purposes as of August 22, 2005), between Prime Offshore L.L.C. as Borrower and PrimeEnergy Corporation as Lender (filed herewith)
10.26	Credit Agreement dated June 29, 2006 between Prime Offshore L.L.C. and Guaranty Bank, FSB as Agent and a Lender (filed herewith)
10.26.1	Subordination Agreement effective as of June 29, 2006, between Prime Offshore L.L.C., PrimeEnergy Corporation, and Guaranty Bank, FSB (filed herewith)
10.27	Security Agreement effective June 29, 2006 between Prime Offshore L.L.C., and Guaranty Bank, FSB (debtor) and Guaranty Bank, FSB as Agent (secured party) (filed herewith)

10.27.1	Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production effective as of June 29, 2006, from Prime Offshore L.L.C. and Guaranty Bank, FSB (filed herewith)
10.27.2	Pledge Agreement as of June 29, 2006, between Guaranty Bank, FSB and Prime Offshore L.L.C. (filed herewith)
10.28	Completion and Liquidity Maintenance Agreement effective as of June 29, 2006, between PrimeEnergy Corporation, Guaranty Bank, FSB, and Prime Offshore, L.L.C. (filed herewith)
10.29	Put Right Agreement effective as of June 29, 2006, by and among PrimeEnergy Corporation and Prime Offshore L.L.C. (filed herewith)
14	PrimeEnergy Corporation Code of Business Conduct and Ethics (filed herewith)
21	Subsidiaries (filed herewith)
23	Consent of Ryder Scott & Company L.P. (filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)

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- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
- (1) Management
contract or
compensatory
plan or
arrangement
required to be
filed as an
Exhibit to this
Form 10-K

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of March, 2007.

PrimeEnergy Corporation

By: /s/ CHARLES E. DRIMAL, JR
Charles E. Drimal, Jr.
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated and on the 30th day of March, 2007.

/s/ CHARLES E.DRIMAL, JR.	Director and President; The Principal Executive Officer
Charles E. Drimal, Jr.	
/s/ BEVERLY A. CUMMINGS	Director, Vice President and Treasurer; The Principal Financial and Accounting Officer
Beverly A. Cummings	
/s/ MATTHIAS ECKENSTEIN	Director
Matthias Eckenstein	
/s/ H. GIFFORD FONG	Director
H. Gifford Fong	
/s/ THOMAS S.T. GIMBEL	Director
Thomas S.T. Gimbel	
/s/ CLINT HURT	Director
Clint Hurt	
/s/ JAN K. SMEETS	Director
Jan K. Smeets	

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PUGLISI
& CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS
515 MADISON AVENUE
NEW YORK, NEW YORK 10022
(212) 832-1110 FAX (212) 755-6748]

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

PrimeEnergy Corporation and Subsidiaries:

We have audited the accompanying consolidated balance sheets of PrimeEnergy Corporation and Subsidiaries (the Corporation) as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders equity, and cash flows for the years ended December 31, 2006, 2005 and 2004. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PrimeEnergy Corporation and Subsidiaries as of December 31, 2006 and 2005, and the consolidated results of its operations and cash flows for the years ended December 31, 2006, 2005 and 2004 in conformity with accounting principles generally accepted in the United States of America.

PUSTORINO, PUGLISI & CO., LLP

New York, New York

March 30, 2007

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PRIMEENERGY CORPORATION and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, December 31, 2006 and 2005

	2006	2005
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 24,653,000	\$ 11,119,000
Restricted cash and cash equivalents	2,528,000	1,797,000
Accounts receivable, net	32,970,000	16,558,000
Due from related parties	655,000	985,000
Prepaid expenses	1,269,000	7,517,000
Derivative contracts	6,085,000	
Inventory at cost	3,521,000	388,000
Deferred income taxes		454,000
Total current assets	71,681,000	38,818,000
Property and equipment, at cost:		
Proved oil and gas properties at cost	284,698,000	125,248,000
Unproved oil and gas properties at cost	5,047,000	6,166,000
Less, accumulated depletion and depreciation	(78,005,000)	(65,234,000)
	211,740,000	66,180,000
Field and office equipment	15,793,000	11,450,000
Less, accumulated depreciation	(8,351,000)	(7,484,000)
	7,442,000	3,966,000
Total net property and equipment	219,182,000	70,146,000
Other assets	729,000	419,000
Total assets	\$ 291,592,000	\$ 109,383,000

The accompanying notes are an integral part of the consolidated financial statements.

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PRIMEENERGY CORPORATION and SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, December 31, 2006 and 2005

	2006	2005
LIABILITIES and STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 42,658,000	\$ 14,642,000
Current portion of asset retirement and other long-term obligations	314,000	1,246,000
Current portion of deferred taxes liability	1,961,000	
Accrued liabilities	22,030,000	8,606,000
Due to related parties	477,000	1,027,000
Total current liabilities	67,440,000	25,521,000
Long-term bank debt	136,460,000	28,050,000
Asset retirement obligations	6,314,000	2,216,000
Deferred income taxes	25,367,000	13,860,000
Total liabilities	235,581,000	69,647,000
Minority Interest	1,313,000	
Stockholders' equity:		
Preferred stock, \$.10 par value, authorized 5,000,000 shares; none issued		
Common stock, \$.10 par value, authorized 10,000,000 shares; issued 7,694,970 in 2006 and 2005	769,000	769,000
Paid in capital	11,024,000	11,024,000
Retained earnings	66,908,000	48,608,000
Accumulated other comprehensive income	3,976,000	
	82,677,000	60,401,000
Treasury stock, at cost 4,478,145 common shares in 2006 and 4,367,155 in 2005	(27,979,000)	(20,665,000)
Total stockholders' equity	54,698,000	39,736,000
Total liabilities and stockholders' equity	\$ 291,592,000	\$ 109,383,000

The accompanying notes are an integral part of the consolidated financial statements.

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PRIMEENERGY CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of OPERATIONS
for the years ended December 31, 2006, 2005 and 2004

	2006	2005	2004
Revenue:			
Oil and gas sales	\$ 61,924,000	\$ 53,988,000	\$ 43,967,000
Field service income	20,319,000	15,182,000	11,965,000
Administrative overhead fees	9,704,000	7,068,000	6,317,000
Loss on derivative instruments, net		(415,000)	
Interest and other income	472,000	123,000	179,000
	92,419,000	75,946,000	62,428,000
Costs and expenses:			
Lease operating expense	21,040,000	18,573,000	14,939,000
Field service expense	15,796,000	12,791,000	10,939,000
Depreciation, depletion and amortization	14,437,000	11,274,000	12,156,000
General and administrative expense	12,400,000	10,493,000	7,536,000
Exploration costs	1,162,000	664,000	5,499,000
	64,835,000	53,795,000	51,069,000
Income from operations	27,584,000	22,151,000	11,359,000
Other income and expense:			
Less interest expense	2,091,000	1,531,000	1,136,000
Add gain on sale and exchange of assets	3,017,000	20,334,000	75,000
Income before provision for income taxes	28,510,000	40,954,000	10,298,000
Provision for income taxes	10,210,000	14,999,000	3,023,000
Net income	\$ 18,300,000	\$ 25,955,000	\$ 7,275,000
Basic net income per common share	\$ 5.52	\$ 7.64	\$ 2.04
Diluted net income per common share	\$ 4.50	\$ 6.27	\$ 1.70

The accompanying notes are an integral part of the consolidated financial statements.

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PRIMEENERGY CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENT of STOCKHOLDERS' EQUITY
for the years ended December 31, 2006, 2005 and 2004

	Common Stock		Additional	Retained	Accumulated Other	Treasury	Total
	Shares	Amount	Paid In Capital	Earnings	comprehensive Income	Stock	
Balance at December 31, 2003	7,694,970	\$ 769,000	\$ 11,024,000	\$ 15,378,000		\$ (13,735,000)	\$ 13,436,000
Purchased 136,977 shares of common stock						(2,474,000)	(2,474,000)
Net income				7,275,000			7,275,000
Balance at December 31, 2004	7,694,970	\$ 769,000	\$ 11,024,000	\$ 22,653,000	\$	\$ (16,209,000)	\$ 18,237,000
Purchased 164,410 shares of common stock						(4,456,000)	(4,456,000)
Net Income				25,955,000			25,955,000
Balance at December 31, 2005	7,694,970	\$ 769,000	\$ 11,024,000	\$ 48,608,000	\$	\$ (20,655,000)	\$ 39,736,000
Purchased 110,990 shares of common stock						(7,314,000)	(7,314,000)
Net Income				18,300,000			18,300,000
Other comprehensive income, net of taxes					3,976,000		3,976,000
Balance as of December 31, 2006	7,694,970	\$ 769,000	\$ 11,024,000	\$ 66,908,000	\$ 3,976,000	\$ (27,979,000)	\$ 54,698,000

The accompanying notes are an integral part of the consolidated financial statements.

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PRIMEENERGY CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENT of CASH FLOWS
for the years ended December 31, 2006, 2005 and 2004

	2006	2005	2004
Cash flows from operating activities:			
Net income	\$ 18,300,000	\$ 25,955,000	\$ 7,275,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion, amortization and accretion on discounted liabilities	14,437,000	11,274,000	12,156,000
Dry hole and abandonment costs	510,000	262,000	5,499,000
Gain on sale of properties	(3,017,000)	(20,334,000)	(75,000)
Stock based compensation expense	1,313,000		
Provision for deferred income taxes	11,557,000	6,230,000	3,358,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(16,411,000)	(7,803,000)	(1,586,000)
(Increase) decrease in due from related parties	330,000	(985,000)	209,000
(Increase) decrease in inventories	(3,133,000)		
(Increase) decrease in prepaid expenses	6,435,000	(7,181,000)	(111,000)
(Increase) decrease in other assets	(53,000)	(139,000)	(137,000)
Increase (decrease) in accounts payable	3,716,000	5,510,000	1,016,000
Increase (decrease) in accrued liabilities	(1,450,000)	5,385,000	(276,000)
Increase (decrease) in due to related parties	(552,000)	431,000	(333,000)
Net cash provided by operating activities	31,982,000	18,605,000	26,995,000
Cash flows from investing activities			
Capital expenditures, including exploration expense	(121,345,000)	(54,440,000)	(24,696,000)
Proceeds from sale of properties and equipment	3,017,000	46,796,000	75,000
Net cash used in investing activities	(118,328,000)	(7,644,000)	(24,621,000)
Cash flows from financing activities			
Purchase of stock for treasury	(7,314,000)	(4,456,000)	(2,474,000)
Increase in long-term bank debt and other long-term obligations	198,362,000	65,570,000	32,522,000
Repayment of long-term bank debt and other long-term obligations	(91,168,000)	(67,432,000)	(29,837,000)
Net cash provided by (used in) financing activities	99,880,000	(6,318,000)	211,000
Net increase in cash and cash equivalents	13,534,000	4,643,000	2,585,000
Cash and cash equivalents at the beginning of the period	11,119,000	6,476,000	3,891,000
Cash and cash equivalents at the end of the period	\$ 24,653,000	\$ 11,119,000	\$ 6,476,000

Supplemental disclosures:

Income taxes paid during the year	\$	5,713,000	\$	5,076,000	\$	
Net income tax refunds received during the year	\$		\$		\$	172,000
Interest paid during the year	\$	2,091,000	\$	1,531,000	\$	953,000

The accompanying notes are an integral part of the consolidated financial statements.

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PRIMEENERGY CORPORATION and SUBSIDIARIES
NOTES to CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Operations and Significant Accounting Policies

Nature of Operations:

PrimeEnergy Corporation (PEC), a Delaware corporation, was organized in March 1973. The Company is engaged in the development, acquisition and production of oil and natural gas properties. The Company owns leasehold, mineral and royalty interests in producing and non-producing oil and gas properties across the United States, including Colorado, Kansas, Louisiana, Mississippi, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, Texas, Utah, West Virginia and Wyoming and the Gulf of Mexico. The Company operates 1,545 wells and owns non-operating interests in over 856 additional wells. Additionally, the Company provides well-servicing support operations, site-preparation and construction services for oil and gas drilling and reworking operations, both in connection with the Company's activities and providing contract services for third parties. The Company is publicly traded on the NASDAQ under the symbol PNRG . PEC owns Eastern Oil Well Service Company (EOWSC), EOWS Midland Company (EMID) and Southwest Oilfield Construction Company (SOCC), all of which perform oil and gas field servicing. PEC also owns Prime Operating Company (POC), which serves as operator for most of the producing oil and gas properties owned by the Company and affiliated entities. PEC also owns Prime Offshore L.L.C. (Prime Offshore) formerly F-W Oil Exploration LLC, which owns and operates properties in the Gulf of Mexico. PrimeEnergy Corporation and its subsidiaries are herein referred to as the Company. PrimeEnergy Management Corporation (PEMC), a wholly-owned subsidiary, acts as the managing general partner, providing administration, accounting and tax preparation services for 18 limited partnerships and 2 trusts (collectively, the Partnerships). The markets for the Company's products are highly competitive, as oil and gas are commodity products and prices depend upon numerous factors beyond the control of the Company, such as economic, political and regulatory developments and competition from alternative energy sources.

Consolidation and Presentation:

The consolidated financial statements include the accounts of PrimeEnergy Corporation, its subsidiaries and the Partnerships, using the proportionate consolidation method, whereby our proportionate share of each entity's assets, liabilities, revenue and expenses are included in the appropriate classifications in the consolidated financial statements. Inter-company balances and transactions are eliminated in preparing the consolidated