WEIGHT WATCHERS INTERNATIONAL INC

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001.

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NO 000-03389

WEIGHT WATCHERS INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

VIRGINIA	11-6040273
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

175 CROSSWAYS PARK WEST, WOODBURY, NEW YORK 11797-2055
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (516) 390-1400

Securities registered pursuant to Section 12 (b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, no par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: ____None____
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

The aggregate market value, as determined by the average bid and ask price on the New York Stock Exchange, of the voting stock held by non-

affiliates (shareholders holding less than 5% of the outstanding Common Stock, excluding directors and officers), as of January 31, 2002 was $887,393,414.

The number of common shares outstanding as of January 31, 2002 was 105,600,658. Documents incorporated by reference: _____None_____

PART I

ITEM 1. BUSINESS

Weight Watchers International, Inc. (herein, together with its subsidiaries unless the context otherwise requires, generally referred to as the "Company") was incorporated in Virginia in 1974, as a successor to a business founded in 1963.

The Company is a leading global branded consumer company and the world's leading provider of weight-loss services, operating in 30 countries around the world. The Company's programs help people lose weight and maintain their weight loss and, as a result, improve their health, enhance their lifestyles and build self-confidence. At the core of the Company's business are weekly meetings, which promote weight loss through education and group support in conjunction with a flexible, healthy diet. Each week, more than one million members attend approximately 39,000 Weight Watchers meetings, which are run by over 14,000 classroom leaders.

The Company conducts its business through a combination of company-owned and franchise operations, with company-owned operations accounting for approximately 65% of total worldwide attendance in the fiscal year ended December 29, 2001. In the 1960's the Company pursued an aggressive franchising strategy with respect to its classroom operations to rapidly grow its geographic presence and build market share. The Company believes that its early franchising strategy was very effective in establishing its brand as the world's leading weight-loss program.

The following schedule sets forth the Company's revenues by category for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal years ended April 29, 2000 and April 24, 1999.

REVENUE SOURCES
(in millions)

	FISCAL YEAR ENDED DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	FISCAL YEARS ENDED APRIL 29, 2000	FISCAL YEARS ENDED APRIL 24, 1999
North America Meeting Fees	$262.5	$ 96.8	$130.8	$122.3
International Meeting Fees	153.2	87.3	152.7	143.9
Product Sales	170.4	66.4	84.2	57.3
Domestic Franchise Commissions	23.3	14.9	21.3	19.1
Foreign Franchise Commissions	5.0	2.8	4.5	4.1
Other	9.5	5.0	6.1	17.9
Total Sales	$623.9	$273.2	$399.6	$364.6

On January 16, 2001, the Company acquired the franchised territories and certain business assets of Weighco Enterprises, Inc., Weighco of Northwest, Inc. and Weighco of Southwest, Inc. ("Weighco") for $83.8 million. The pro forma financial information for the acquisition of Weighco, for the fiscal year ended December 29, 2001 shows that the Company's revenues grew more than 28% over the comparable period in the prior year. The pro forma financial information assumes the acquisition of Weighco occurred at the beginning of the earliest period presented.

The following table sets forth the Company's worldwide attendance for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000 and the fiscal years ended April 29, 2000 and April 24, 1999.

ATTENDANCE IN COMPANY-OWNED OPERATIONS
(in millions)

	FISCAL YEAR ENDED DECEMBER 29, 2001 (52 WEEKS)	EIGHT MONTHS ENDED DECEMBER 30, 2000 (35 WEEKS)	FISCAL YEARS ENDED APRIL 29, 2000 (53 WEEKS)	FISCAL YEARS ENDED APRIL 24, 1999 (52 WEEKS)
North America	23.5	8.9	13.2	10.9
United Kingdom	11.6	7.0	10.6	9.8
Continental Europe	8.7	4.6	6.1	5.7
Other International	3.2	1.9	3.3	3.4
Total	47.0	22.4	33.2	29.8

The Company's worldwide attendance has grown by 57.7% in its company-owned operations from 29.8 million in the fiscal year ended April 24, 1999 to 47.0 million in the fiscal year ended December 29, 2001. The acquisition of Weighco contributed to this attendance growth.

The Company is engaged principally in one line of business, weight control. Financial information of the Company in each of its geographic areas is provided in Note 16 of the notes to the consolidated financial statements.

Throughout its history, the Company has based its program on four core elements: group support, behavior modification, diet and exercise. The group support system remains the cornerstone of the Company's classes. Members provide each other support by sharing their experiences and their encouragement and empathy with other people enduring similar weight-loss challenges. This group support provides the reassurance that no one must overcome their weight-loss challenges alone. The Company facilitates this support through interactive meetings that encourage learning through group activities and discussions.

Behavior modification and education on eating habits have also always been key elements of the Company's program. The Company uses motivation, education and support to help members manage their weight and to change their habits. Discussions on topics such as staying motivated, how to avoid overeating and managing stress offer members valuable insight on how to stay on the Company's program while dealing with the realities of everyday life. The Company's U.S. members also currently learn "Tools for Living," a program of eight fundamental goal setting and motivational principles. In addition, the Company's U.S. members currently receive a booklet titled "Managing Your Weight From the Inside Out" that teaches members how to develop a positive mind-set about weight control, new approaches to problem solving and specific ideas for handling some of the most common weight-loss issues. The Company's international members learn similar principles and receive similar publications.

The Company's diets allow members to eat regular meals instead of pre-packaged meals. By giving members the freedom to choose what they eat, the Company's diets are flexible and adjusted to modern lifestyles. In order to keep the Company's diets at the forefront of weight-loss science, each is designed in consultation with doctors and other scientific advisors. The Company continually strives to improve its diets by periodically testing, then introducing, new features.

The Company's current diets feature the POINTS system, which assigns each food a POINTS value based on its nutritional content. Members are given a daily POINTS goal to use on whatever

combination of food they prefer so long as the total does not exceed the goal. While no food is forbidden, the Company's POINTS-based diets encourage members to eat a wide variety of foods in amounts that promote healthy weight loss. The Company's diets help members choose foods that are low in fat, high in complex carbohydrates and moderate in protein. The Company customizes its diets from country to country in order to suit local tastes, as well as package labeling differences between countries. The Company's current U.S. diet, WINNING POINTS, allows members to carry back or carry forward unused POINTS and thus gives members the flexibility to participate in special occasions and special meals. The Company's current U.K. diet is branded PURE POINTS, and the Company's current diet in Continental Europe is marketed as THE POINTS PLAN.

The final key element of the program is exercise. Exercise is an important component of weight loss and the Company's overall program to lose weight. The Company's classroom leaders emphasize the importance of exercise to weight loss and in leading a healthy, balanced lifestyle. In addition, the Company's WINNING POINTS diet promotes exercise by granting members additional POINTS for their diet based on the type and amount of exercise in which they engage. The Company's U.S. members currently receive "The Weight Watchers Activity Guide," which is designed to promote exercise and activity outside of the classroom. This exercise guide is consistent with the recommendations for physical activity outlined by both the Center for Disease Control and Prevention and the American College of Sports Medicine. International members receive similar information.

The Company presents its program in a series of weekly classes of approximately one hour in duration. Classes are conveniently scheduled throughout the day. Typically, the Company holds classes in either meeting rooms rented from civic or religious organizations or in leased locations.

In the Company's classes, the leaders present the Company's program, which combines group support and education about healthy eating patterns, behavior modification and physical activity with the Company's scientifically developed diet. The Company's more than 14,000 classroom leaders run meetings and educate members on the process of successful and sustained weight loss. The Company's leaders also provide inspiration and motivation for members and represent examples of the program's effectiveness because they have lost weight and maintained their weight loss on the Company's program.

Classes typically begin with registration and a confidential weigh-in to track each member's progress. Leaders are trained to engage the members at the weigh-in to talk about their weight control efforts during the previous week and to provide encouragement and advice. Part of the class is educational, where the leader uses personal anecdotes, games or open questions to demonstrate some of the Company's core weight-loss strategies, such as self-belief and discipline. For the remainder of the class, the leader focuses on a variety of topics pre-selected by the Company, such as seasonal weight-loss topics, achievements people have made in the prior week and celebrating and applauding successes. Members who have reached their weight goal are singled out for their accomplishment. Discussions can range from dealing with a holiday office party to making time to exercise. The leader encourages substantial class participation and discusses the support of products and materials as appropriate. At the end of the class, new members are given special instruction about the Company's current diet.

The Company's leaders help set a member's weight goal within a healthy range by using a body mass index. When members reach their weight goal and maintain it for six weeks, they achieve lifetime member status, which gives them the privilege to attend the Company's meetings free of charge as long as they maintain their weight within a certain range. Successful members also become eligible to apply for positions as classroom leaders.

The Company's AT WORK program addresses the weight-loss needs of working people by holding classes at their place of employment. AT WORK is particularly popular in the United States as employees,

and increasingly employers, are receptive to the Company's classes in the work place. In many cases, employers subsidize employee participation and typically provide meeting space without charge.

The Company has developed additional delivery methods for people who, either through circumstance or personal preference, do not attend the Company's classes. For example, the Company has developed program cookbooks and an AT HOME self-help product that provide information on the Company's diet and guidance on weight loss, as well as CD-ROM versions of the Company's diet for the United Kingdom, Continental Europe and Australia.

COMPANY OWNED OPERATIONS

The Company's North America operations consist of approximately 2,500 meeting locations that generated $262.5 million in meeting fee revenue for the fiscal year ended December 29, 2001. North America attendance was 23.5 million in the fiscal year ended December 29, 2001.

International operations consist of approximately 8,900 meeting locations in 15 countries outside the United States that generated $153.2 million in meeting fee revenue for the fiscal year ended December 29, 2001. International attendance was 23.5 million for the fiscal year ended December 29, 2001.

PRODUCT SALES

The Company sells a range of proprietary products, including snack bars, books, CD-ROMS and POINTS calculators, that are consistent with the Company's brand image. The Company sells its products primarily through its classroom operations and to its franchisees. In 2001, sales of the Company's proprietary products represented 27% of the Company's revenues. The Company has grown product sales per attendance by focusing on a core group of products that complement the Weight Watchers program.

FRANCHISE OPERATIONS

The Company's franchised operations represented approximately 35% of total worldwide attendance for the fiscal year ended December 29, 2001. The Company estimates that in fiscal 2001, these franchised operations attracted attendance of over 25 million. Franchisees typically pay the Company a fee equal to 10% of their meeting fee revenues.

The Company's franchisees are responsible for operating classes in their territory using the program the Company has developed. The Company provides a central support system for the program and the Company's brand. The Company also produces and sells program and marketing materials to the franchisees. Franchisees also purchase products from the Company at wholesale prices for resale directly to members. Franchisees are obligated to adhere strictly to the Company's program content guidelines, with the freedom to control pricing, meeting locations, operational structure and local promotions. Franchisees provide local operational expertise, advertising and public relations. Franchisees are required to keep accurate records that the Company audits on a periodic basis. Most franchise agreements are perpetual and can be terminated only upon a material breach or bankruptcy of the franchisee.

LICENSING

As a highly recognized global brand, WEIGHT WATCHERS is a powerful marketing tool for the Company and for third parties. The Company currently licenses the WEIGHT WATCHERS brand in certain categories of food, books and other products.

During the period that the Company's former parent, H.J. Heinz Company ("Heinz") owned the Company, it developed a number of food product lines under the WEIGHT WATCHERS brand, with hundreds

of millions of dollars of retail sales, mostly in the United States and in the United Kingdom. Heinz, however, did not actively license the WEIGHT WATCHERS brand to other food companies. Heinz has retained a perpetual royalty-free license to continue using the Company's brand in its core food categories. In addition, Heinz still continues to receive royalty payments of over $4 million per year from an existing portfolio of third-party licenses for various food products outside of Heinz's core categories. After 2004, these royalty payments will be payable to the Company, although the Company has the right to acquire them sooner.

MARKETING AND PROMOTION

An important source of new members is through word-of-mouth generated by the Company's current and former members. Over its 40-year operating history, the Company has created a powerful referral network of loyal members. These referrals, combined with the Company's strong brand and the effectiveness of its program, enable the Company to efficiently attract new and returning members.

The Company's advertising enhances the Company's brand image and awareness and motivates both former members and potential new members to join the Company's program. The Company's advertising schedule supports the three key enrollment-generating diet seasons of the year: winter, spring and fall. The Company allocates its media advertising on a market-by-market basis, as well as by media vehicle (television, radio, magazines and newspapers), taking into account the target market and the effectiveness of the medium. Direct mail is also a critical element of the Company's marketing because it targets potential returning members. The Company maintains a database of current and former members, which the Company uses to focus its direct mailings. During 2001 the Company's NACO operations sent over thirteen million pieces of direct mail. Most of these mailings are timed to coincide with the start of the diet seasons. Direct Mail generally consists of special offers encouraging former members to re-enroll and related advertisements.

The Company's most popular payment structure is a "pay-as-you-go" arrangement. Typically, a new member pays an initial registration fee and then a weekly fee for each class attended, although free registration is often offered as a promotion. The Company also offers discounted prepayment options.

The focus of the Company's public relations efforts is through its current and former members who have successfully lost weight on the Company's program. Classroom leaders and successful members engage in local promotions, information presentations and charity events to promote Weight Watchers and demonstrate the program's efficacy.

For many years the Company has also used celebrities to promote and endorse the program. Since 1997, the Company has retained Sarah Ferguson, the Duchess of York, to promote and endorse its program in North America. The Company also uses local celebrities to promote its program in other countries.

WEIGHT WATCHERS MAGAZINE is an important branded marketing channel that is experiencing strong growth. The Company re-acquired the rights to publish the magazine in February 2000. Since its U.S. re-launch in March 2000, circulation has grown from zero to over 600,000 in December 2001, with a readership of over two million. In addition to generating revenues from subscription sales and advertising, WEIGHT WATCHERS MAGAZINE reinforces the value of the Company's brand and serves as an important marketing tool to non-members.

The Company's affiliate and licensee, WeightWatchers.com, operates the WEIGHT WATCHERS website, which is an important global promotional channel for the Company's brand and businesses. The website contributes value to the Company's classroom business by promoting the Company's brand, advertising Weight Watchers classes and keeping members involved with the program outside the classroom through useful offerings, such as a meeting locator, low calorie recipes, weight-loss news articles, success stories and on-line forums.

Under its agreement with WeightWatchers.com, the Company granted it an exclusive license to use the Company's trademarks, copyrights and domain names on the Internet in connection with its online weight-loss business. The license agreement provides the Company with control of how the Company's intellectual property is used. In particular, the Company has the right to approve WeightWatchers.com's e-commerce activities, strategies and operational plans, marketing programs, privacy policy and materials publicly displayed on the Internet.

COMPETITION

The weight-loss market includes commercial weight-loss programs, self-help weight-loss products, Internet-based weight-loss products, dietary supplements, weight-loss services administered by doctors, nutritionists and dieticians, and weight-loss drugs. Competition among commercial weight-loss programs is largely based on program recognition and reputation and the effectiveness, safety and price of the program.

In the United States, the Company competes with several other companies in the commercial weight-loss industry, including Jenny Craig, although the Company believes that the businesses are not comparable. For example, many of the Company's competitors' businesses are based on the sale of pre-packaged meals and meal replacements. The Company's classes use group support, education and behavior modification to help members change their eating habits, in conjunction with a flexible diet that allows the Company's members the freedom to choose what they eat.

There are no significant group education-based competitors in any of the Company's major markets, except in the United Kingdom. Even there, the Company has a 50% market share and approximately twice the revenues of its largest competitor, Slimming World.

REGULATION

A number of laws and regulations govern the Company's advertising, franchise operations and relations with consumers. The Federal Trade Commission ("FTC") and certain states regulate advertising, disclosures to consumers and franchisees and other consumer matters. The Company's customers may file actions on their own behalf, as a class or otherwise, and may file complaints with the FTC or state or local consumer affairs offices and these agencies may take action on their own initiative or on a referral from consumers or others.

During the mid-1990s, the FTC filed complaints against a number of commercial weight-loss providers alleging violations of the Federal Trade Commission Act by the use and content of advertisements for weight-loss programs that featured testimonials, claims for program success and safety, and statements as to program costs to participants. In 1997, the Company entered into a consent order with the FTC settling all contested issues raised in the complaint filed against the Company. The consent order requires the Company to comply with certain procedures and disclosures in connection with the Company's advertisements of products and services but does not contain any admission of guilt nor require the Company to pay any civil penalties or damages.

The Company's foreign operations and franchises are also generally subject to regulations of the applicable country regarding the offer and sale of franchises, the content of advertising and the promotion of diet products and programs. Future legislation or regulations, including legislation or regulations affecting the Company's marketing and advertising practices, relations with consumers or franchisees, or the Company's food products, could have an adverse impact on the Company.

EMPLOYEES AND SERVICE PROVIDERS

As of December 29, 2001, the Company had approximately 34,400 employees and service providers, of which 13,300 were located in the United States, 13,200 were located in the United Kingdom, 3,500 were located in Continental Europe and 4,400 were located in Australia and New Zealand. One hundred twelve employees work full-time as management and support personnel in the

Company's Woodbury, New York offices, 235 employees work full-time as management and support personnel at four regional offices in its North America operations, and 542 employees work full-time as management and support personnel in its international operations. Within the Company's company-owned operations, approximately 9,300 service providers work part-time as leaders and approximately 24,300 work part-time as receptionists worldwide. None of the Company's service providers or employees is represented by a labor union. The Company considers its employee relations to be satisfactory.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, the matters discussed in this Annual Report on Form 10-K include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the Company's financial condition, results of operations, cash flows, dividends, financing plans and business strategies. These forward-looking statements are found at various places throughout this Annual Report, including, without limitation, the statements about the Company's plans, strategies and prospects under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business." The Company utilizes the words "may," "will," "expect," "anticipate," "believe," "estimate," "plan," "intend" and similar expressions in this Annual Report to identify forward-looking statements. The Company has based these forward-looking statements on the Company's current views with respect to future events and financial performance. Actual results could differ materially from those projected in the forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things:

- competition, including price competition and competition with self-help, medical and other weight-loss programs and products;

- risks associated with the relative success of the Company's marketing and advertising;

- risks associated with the continued attractiveness of the Company's programs;

- risks associated with the Company's ability to meet its obligations related to the Company's outstanding indebtedness;

- risks associated with general economic conditions; and

- adverse results in litigation and regulatory matters, the adoption of adverse legislation or regulations, more aggressive enforcement of existing legislation or regulations or a change in the interpretation of existing legislation or regulations.

You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those discussed under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" could cause the Company's results to differ materially from those expressed or suggested in any forward-looking statements. The Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

ITEM 2. PROPERTIES

The Company is headquartered in Woodbury, New York in a leased office. Each of the four North America regions has a small regional office. The Woodbury, New York lease expires in 2005, the Paramus, New Jersey lease expires in 2007 and the New York, New York WEIGHT WATCHERS MAGAZINE lease expires in 2007. The Company guarantees the rental commitments for WeightWatchers.com's office facility. The Company's other North American office leases are short-term. The Company's operations in each country also have one head office.

The Company typically holds its classes in third-party locations (typically meeting rooms in well-located civic or religious organizations) or space leased in retail centers (typically leased spaces in strip malls for short terms, generally less than five years). As of December 29, 2001, there were approximately 2,500 North America meeting locations, including approximately 2,000 third-party locations and 500 retail centers. In the United Kingdom, there were approximately 4,700 meeting locations, with approximately 97% in third-party locations. In Continental Europe, there were approximately 3,100 meeting locations, with approximately 96% in third-party locations. In Australia and New Zealand, there were approximately 1,100 meeting locations, with approximately 98% in third-party locations.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings. The Company has had and continues to have disputes with the Company's franchisees regarding, among other things, operations and revenue sharing, including the interpretation of franchise territories as they relate to new media. In the opinion of management, based in part upon advice of legal counsel, the disposition of all such matters is not expected to have a material effect on the Company's results of operations and financial condition.

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

The holder of the majority of the common stock of the Company took action by written consent of the shareholders on April 3, 2001 to increase the number of shares available for grants under the 1999 Stock Purchase and Option Plan from 1,200,000 shares of authorized common stock of the Company (5,646,432 on a post-split basis) to 1,500,000 shares of authorized common stock of the Company (7,058,040 on a post-split basis.)

The holder of the majority of the common stock of the Company took action by written consent of the shareholders on November 8, 2001 to (1) amend and restate the Company's Articles of Incorporation and Bylaws; (2) simultaneously with such amendment and restatement of the Company's Articles of Incorporation, each share of common stock, no par value, of the Company, then outstanding was converted to 4.70536 shares of common stock and (3) directors were placed in the respective classes designated and the directors placed in Class II and III were elected as follows: Class I (term expiring 2002) Raymond Debbane and Jonas M. Fajgenbaum; Class II (term expiring 2003) Sacha Lainovic and Christopher J. Sobecki; and Class III (term expiring 2004) Linda Huett.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The New York Stock Exchange (the "NYSE") is the principal market on which the Company's common stock is traded. The common stock was first traded on the NYSE on November 15, 2001 under the symbol "WTW", concurrent with the underwritten initial public offering of 17,400,000 shares of the Company's common stock at an initial price to the public of $24.00 per share. The underwriters exercised their option to purchase 2,610,000 additional shares of the Company's common stock to cover over-allotments. The Company did not receive any of the proceeds from the sale of shares of the Company's common stock pursuant to this initial public offering. Prior to this offering, there was no established public trading market for the Company's common stock. The following table sets forth, for the period indicated, the high and low sales prices per share for the Company's common stock as reported on the New York Stock Exchange consolidated tape (NYSE ticker symbol: "WTW").

FISCAL YEAR ENDED DECEMBER 29, 2001	HIGH	LOW
Fourth Quarter	$36.01	$28.25

HOLDERS

The approximate number of holders of record of common stock as of January 31, 2002 was 81. This number does not include beneficial owners of the Company's securities held in the name of nominees.

DIVIDENDS

No cash dividends were declared or paid on the Company's common stock in 2001. The Company currently intends to retain all available funds for use in its business, and does not anticipate paying cash dividends in the foreseeable future. In addition, the Company's existing debt instruments place limitations on the Company's ability to pay dividends. Any future determination as to the payment of dividends will be subject to such limitations, will be at the discretion of the board of directors and will depend on the results of operations, financial conditions, capital requirements and other factors deemed relevant by the board of directors.

ITEM 6. SELECTED FINANCIAL DATA

The following schedule sets forth selected financial data of the Company and its subsidiaries for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000 and the fiscal years ended April 29, 2000 and April 24, 1999.

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

	FISCAL YEAR ENDED DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000 (35 WEEKS)	FISCAL YEARS ENDED APRIL 29, 2000	APRIL 24, 1999	APRIL 25, 1998	APRIL 26, 1997
Revenues, net	$623.9	$273.2	$399.5	$364.6	$297.2	$292.8
Net income (loss)	$147.3	$ 15.0	$ 37.8	$ 47.9	$ 23.8	$(24.0)
Working capital	$(24.1)	$ 10.2	$ (0.9)	$ 91.2	$ 65.8	$ 64.9
Total assets	$482.9	$346.2	$334.2	$371.4	$370.8	$373.0
Long-term obligations	$500.0	$496.7	$500.5	$ 16.7	$ 17.7	$ 71.6
Basic Net Income Per Share:						
Income before extraordinary item	$ 1.37	$ 0.13	$ 0.20	$ 0.17	$ 0.09	$(0.09)
Extraordinary item, net of taxes	(0.03)	--	--	--	--	--
Net income	$ 1.34	$ 0.13	$ 0.20	$ 0.17	$ 0.09	$(0.09)
Diluted Net Income per Share:						
Income before extraordinary item	$ 1.34	$ 0.13	$ 0.20	$ 0.17	$ 0.09	$(0.09)
Extraordinary item, net of taxes	(0.03)	--	--	--	--	--
Net Income	$ 1.31	$ 0.13	$ 0.20	$ 0.17	$ 0.09	$(0.09)

ITEMS AFFECTING COMPARABILITY

Several events occurred during the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal years ended April 29, 2000 and April 24, 1999 that affect the

comparability of the Company's financial statements. In order to understand the impact of these events and disclose underlying business trends, they are summarized as follows:

REVERSAL OF TAX VALUATION ALLOWANCE. During the fourth quarter of fiscal 2001, the Company reversed the remaining tax valuation allowance set up in conjunction with the Transaction, as defined below in Recapitalization. At the time of the Transaction, the Company determined that it was more likely than not that a portion of the deferred tax asset would not be utilized. Therefore, a valuation allowance of approximately $72.1 million was established against the corresponding deferred tax asset. Based on the Company's performance since the Transaction, the Company determined that the valuation allowance is no longer required. Accordingly, the provision for taxes for the fiscal year ended December 29, 2001 included a one-time reversal (credit) of the remaining balance of the valuation allowance of $71.9 million.

ACQUISITION OF WEIGHCO. On January 16, 2001, the Company acquired the franchised territories and certain business assets of Weighco for an aggregate purchase price of $83.8 million. The acquisition was financed through additional borrowings of $60.0 million and cash from operations. The acquisition has been accounted for as a purchase. Accordingly, Weighco's earnings have been included in the consolidated operating results of the Company since the date of acquisition.

CHANGE IN FISCAL YEAR. Effective April 30, 2000, the Company changed its fiscal year end from the last Saturday in April to the Saturday closest to December 31 and eliminated a one month reporting lag for certain foreign subsidiaries. The results of operations for these foreign subsidiaries have been adjusted for the eight months ended December 30, 2000. The effect on the Company's net income for these subsidiaries for the period March 31, 2000 through April 29, 2000 was $1.1 million and was adjusted to the opening accumulated deficit at April 30, 2000.

RECAPITALIZATION. On September 29, 1999, the Company entered into a recapitalization and stock purchase agreement (the "Transaction") with its former parent, Heinz. In connection with this transaction, the Company effectuated a stock split of 58.7 shares for each share outstanding. The Company then redeemed 164.4 million shares of common stock from Heinz for $349.5 million. The $349.5 million consisted of $324.5 million of cash and $25.0 million of the Company's redeemable Series A Preferred Stock. After redemption, Artal Luxembourg S.A. purchased 94% of the Company's remaining common stock from Heinz for $223.7 million. The recapitalization and stock purchase was financed through borrowings under credit facilities amounting to approximately $237.0 million and by issuing Senior Subordinated Notes amounting to $255.0 million. In connection with the transaction, the Company incurred approximately $8.3 million in transaction costs, which were included in the results of operations for the fiscal year ended April 29, 2000.

MANAGEMENT INITIATIVES. In fiscal 1997, the Company made the strategic decision to discontinue the sale of pre-packaged meals in the North America classroom meetings (which were added in 1990 by the Company's former owner, Heinz) and to introduce to the North America operations some of the best practices developed by the Company's European managers. After the Company's acquisition by Artal Luxembourg S.A. in 1999, the Company reorganized its management and strengthened its strategic focus. Since 1997, the Company's revenues and operating income have increased principally as a result of:

- eliminating the prepackaged meals programs,

- innovating its programs and services including introduction of POINTS-based diets,

- adapting the Company's business model to local conditions by implementing more aggressive marketing programs tailored to the local markets,

- introducing new products and optimizing its product mix,

- improving customer service,

- restoring employee morale,

- relocating classes from fixed to rented meeting rooms,

- reducing back office and field headcount, and

- eliminating certain field offices.

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

OVERVIEW

The Company is a leading global branded consumer company and the world's leading provider of weight-loss services, operating in 30 countries around the world. The Company conducts its business through a combination of company-owned and franchise operations, with company-owned operations accounting for 65% of total worldwide attendance in the fiscal year ended December 29, 2001. For the fiscal year ended December 29, 2001, 64% of the Company's revenues were derived from its North American Company-Owned operations ("NACO"), and the remaining 36% of the Company's revenues were derived from its international operations. The Company derives its revenues principally from:

- MEETING FEES. The Company's members pay a weekly fee to attend classes.

- PRODUCT SALES. The Company sells proprietary products that complement its program, such as snack bars, books, CD-ROMs and POINTS calculators, to its members and franchisees.

- FRANCHISE ROYALTIES. The Company's franchisees typically pay a royalty fee of 10% of their meeting fee revenues.

- OTHER. The Company licenses its brand for certain foods, clothing, books and other products. The Company also generates revenues from the publishing of books and magazines and third-party advertising.

SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Release No. 60, which was recently issued by the Securities and Exchange Commission ("SEC"), requires all registrants to discuss critical accounting policies or methods used in preparation of the financial statements. The notes to the consolidated financial statements include a summary of the significant accounting policies and methods used in the preparation of the Company's consolidated financial statements. However, in the opinion of management, the Company does not have any individual accounting policies that are not disclosed which are critical to the preparation of the consolidated financial statements. This is due principally to the definitive nature of accounting requirements for the business. Also, in many instances, the Company must use an accounting policy or method permitted under accounting principles generally accepted in the United States of America ("U.S. GAAP"). The following is a review of the more significant accounting policies and methods used by the Company.

REVENUE RECOGNITION

The Company earns revenue by conducting meetings, selling products and aids in its own facilities, collecting commissions from franchisees operating under the Weight Watchers name and collecting royalties related to licensing agreements. As required by U.S. GAAP, revenue is recognized when registration fees are paid, services are rendered, products are shipped to customers and title and risk of loss pass to the customer, and commissions and royalties are earned. Deferred revenue, consisting of prepaid lecture income, is amortized into income over the period earned.

DEPRECIATION AND AMORTIZATION

The Company depreciates its property and equipment and amortizes its goodwill and other intangible assets using the straight-line method. For acquisitions completed prior to June 30, 2001, the Company used 3 to 40 years to amortize goodwill and other intangible assets, which resulted in amortization expense of $10.5 million for the fiscal year ended December 29, 2001. As discussed in Note 2 to the consolidated financial statements with the adoption of SFAS No. 141 "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets," the Company will no longer be required to amortize its goodwill. As a result, the Company estimates that the adoption of these standards will reduce amortization expense by approximately $6.4 million, net of taxes, for the year ending December 28, 2002. The Company will review annually its goodwill and other intangible assets for possible impairment or loss of value.

HEDGING INSTRUMENTS

As of December 31, 2000, the Company adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related amendment, SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". The adoption of these standards resulted in a charge to other comprehensive income of $3.2 million, net of taxes. These standards require that all derivative financial instruments be recorded on the consolidated balance sheets at their fair value as either assets or liabilities. Approximately 50% of the Company's derivative financial instruments are effective as hedges under the new standard. Accordingly, the changes in the fair value of effective hedges are recognized in earnings when the related hedged items are recorded in earnings. As discussed in Note 17 to the consolidated financial statements, the Company has included a detailed discussion of the types of exposures that are hedged, as well as a summary of the various instruments which the Company utilizes. The Company does not use derivative financial instruments for speculative purposes.

EQUITY INVESTEE

As discussed in Note 11 of the notes to the consolidated financial statements, the Company owns approximately 19.8% of its affiliate, WeightWatchers.com, which in accordance with U.S. GAAP, is accounted for under the equity method of accounting. Under a loan agreement between the Company and WeightWatchers.com, during the fiscal year ended December 29, 2001, the eight months ended December 30, 2001 and the fiscal year ended April 29, 2000, the Company advanced WeightWatchers.com $17.4 million, $14.8 million and $2.0 million, respectively. As required by U.S. GAAP, the Company's investment in WeightWatchers.com has been reduced by the equity losses apportioned to the Company based upon its ownership interest. The remaining loan balance has been reviewed by the Company for impairment and management has determined that at December 29, 2001, a full valuation allowance against the residual loan balance is appropriate.

The preparation of all financial statements includes the use of estimates and assumptions that affect a number of amounts included in the Company's consolidated financial statements, including among other things, inventory reserves and income taxes. The Company bases its estimates on historical experience and other assumptions which it believes are reasonable. Company management believes that full consideration has been given to all relevant circumstances that the Company may be subject to in the financial statements of the Company for the years presented.

RESULTS OF OPERATIONS

The following table summarizes the Company's historical income from operations as a percentage of revenues for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000 and the fiscal years ended April 29, 2000 and April 24, 1999.

	FISCAL YEAR ENDED	EIGHT MONTHS ENDED	FISCAL YEARS ENDED	
	DECEMBER 29, 2001	DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
Total revenues, net	100.0%	100.0%	100.0%	100.0%
Cost of revenues	45.9	51.0	50.4	49.1
Gross profit	54.1	49.0	49.6	50.9
Marketing expenses	11.2	9.9	12.9	14.5
Selling, general and administrative expenses	11.7	12.6	13.5	14.1
Operating income	31.2%	26.5%	23.2%	22.3%

COMPARISON OF THE FISCAL YEAR ENDED DECEMBER 29, 2001(52 WEEKS) TO THE TWELVE MONTHS ENDED DECEMBER 30, 2000 (54 WEEKS).

Net revenues were $623.9 million for the fiscal year ended December 29, 2001, an increase of $184.5 million, or 42.0%, from $439.4 million for the twelve months ended December 30, 2000. Of the $184.5 million increase, $112.2 million was attributable to NACO classroom meeting fees, $11.3 million from international company-owned classroom meeting fees, $58.1 million from product sales and $2.9 million from licensing, publications and other royalties. Pro forma for the acquisition of Weighco, net revenues for the twelve months ended December 30, 2000 were $488.2 million. The pro forma financial information assumes the acquisition of Weighco occurred at the beginning of the earliest period presented.

NACO classroom meeting fees were $262.5 million for the fiscal year ended December 29, 2001, an increase of $112.2 million, or 74.7%, from $150.3 million for the twelve months ended December 30, 2000. International company-owned classroom meeting fees were $153.2 million for the fiscal year ended December 29, 2001, an increase of $11.3 million, or 8.0%, from $141.9 million for the twelve months ended December 29, 2000. NACO meeting fees benefited from the inclusion of Weighco in the current fiscal year. Additionally, the increases in NACO and international company-owned meeting fees were the result of increased member attendance and the roll-out of new program innovations and price increases in select markets, offset in part by negative exchange rate variances.

Product sales were $170.4 million for the fiscal year ended December 29, 2001, an increase of $58.1 million, or 51.7%, from $112.3 million for the twelve months ended December 30, 2000. NACO and international company-owned product sales were $99.7 million and $70.7 million, respectively. The increases in product sales were primarily the result of increased member attendance and the Company's strategy to focus sales efforts on core classroom products, which has increased average product sales per attendance.

Franchise royalties were $28.3 million for the fiscal year ended December 29, 2001, and for the twelve months ended December 30, 2000. For the fiscal year ended December 29, 2001, domestic and international franchise royalties were $23.3 million and $5.0 million, respectively. Pro forma for the acquisition of Weighco, franchise royalties increased 24.4% for the fiscal year ended December 29, 2001. This increase was primarily the result of increased member attendance, offset in part by negative exchange rate variances.

Royalties from licensing, publications and other were $9.5 million for the fiscal year ended December 29, 2001, an increase of $2.9 million, or 43.9%, from $6.6 million for the twelve months

ended December 30, 2000. This increase was driven by an increase in advertising revenue from WEIGHT WATCHERS MAGAZINE and an increase in licensing royalties.

Cost of revenues was $286.4 million for the fiscal year ended December 29, 2001, an increase of $68.4 million, or 31.4%, from $218.0 million for the twelve months ended December 30, 2000. Gross profit margin was 54.1% for the fiscal year ended December 29, 2001, compared to 50.4% for the twelve months ended December 30, 2000. Typically, the gross profit margin for meeting fee revenue is slightly higher than the gross profit margin for product sales. The increase in gross profit margin was partly due to a $3.8 million non-recurring expense related to the elimination of a profit sharing agreement with certain franchisees in the twelve months ended December 30, 2000. Excluding this charge, the gross profit margin in the twelve months ended December 30, 2000 was 51.3%. The remaining increase in gross profit margin reflects increased attendance, price increases and cost control initiatives.

Marketing expenses were $69.7 million for the fiscal year ended December 29, 2001, an increase of $14.9 million, or 27.2%, from $54.8 million for the twelve months ended December 30, 2000. The increase in marketing expenses was primarily the result of additional advertising to promote the new program innovations. As a percentage of net revenues, marketing expenses decreased from 12.5% for the twelve months ended December 30, 2000 to 11.2% for the fiscal year ended December 29, 2001.

Selling, general and administrative expenses were $73.0 million for the fiscal year ended December 29, 2001, an increase of $16.7 million, or 29.7%, from $56.3 million for the twelve months ended December 30, 2000. As a percentage of net revenues, these costs decreased from 12.8% for the twelve months ended December 30, 2000 to 11.7% for the fiscal year ended December 29, 2001. The increase in selling, general and administrative expenses was the result of a one time charge of $6.2 million for the write-off of a receivable from a licensing agreement, increases in salary and incentive compensation and goodwill amortization due to the Weighco acquisition. Selling, general and administrative expenses excluding goodwill amortization of $9.8 million and $6.2 million for the fiscal year ended December 29, 2001 and the twelve months ended December 30, 2000 were $63.2 million and $50.1 million, respectively.

As a result of the above, operating income was $194.8 million for the fiscal year ended December 29, 2001, an increase of $84.5 million, or 76.6%, from $110.3 million for the twelve months ended December 30, 2000. Pro forma for the acquisition of Weighco, operating income for the twelve months ended December 30, 2000 was $125.6 million. Pro forma for the acquisition of Weighco, operating income increased by 55.1% for the fiscal year ended December 29, 2001. Operating income, excluding goodwill amortization of $9.8 million and $6.2 million for the fiscal year ended December 29, 2001 and the twelve months ended December 30, 2000, was $204.6 million and $116.5 million, respectively.

Other expenses, net were $13.2 million for the fiscal year ended December 29, 2001, an increase of $9.7 million, or 277.1%, from $3.5 million for the twelve months ended December 30, 2000. This increase was primarily due to changes in unrealized currency gains and losses and advances to WeightWatchers.com.

Provision for (benefit from) income taxes was ($23.2) million for the fiscal year ended December 29, 2001, a decrease of $41.3 million, or 228.2%, from $18.1 million for the twelve months ended December 30, 2000. The decrease was due to a one-time benefit of $71.9 million for the reversal of the remaining valuation allowance set up in conjunction with the Transaction. At the time of the Transaction, the Company determined that it was more likely than not that a portion of the deferred tax asset would not be utilized. Therefore, a valuation allowance of approximately $72.1 million was established against the corresponding deferred tax asset. Based on the Company's performance since the Transaction, the Company determined that the valuation allowance is no longer required.

An extraordinary charge on the early extinguishment of debt, net of taxes, was $2.9 million for the fiscal year ended December 29, 2001. The one-time charge of $2.9 million related to the refinancing of the Company's term loan B facility, term loan D facility and the transferable loan certificate. The term loan B facility, term loan D facility and the transferable loan certificate were repaid in the amount of $71.0, $19.0 and $82.0 million, respectively, and replaced with a new term loan B facility of $108.0 million and a new transferable loan certificate of $64.0 million.

COMPARISON OF THE EIGHT MONTHS ENDED DECEMBER 30, 2000 (35 WEEKS) TO THE EIGHT MONTHS ENDED DECEMBER 18, 1999 (34 WEEKS).

Net revenues were $273.2 million for the eight months ended December 30, 2000, an increase of $36.2 million, or 15.3%, from $237.0 million for the eight months ended December 18, 1999. Of the $36.2 million increase, $19.5 million was attributable to NACO classroom meeting fees, $2.3 million from foreign company-owned classroom meeting fees, $2.5 million from franchise royalties, $11.7 million from product sales and $0.2 million from licensing, publications and other royalties.

NACO classroom meeting fee revenues were $96.8 million for the eight months ended December 30, 2000, an increase of 25.3% from $77.3 million for the eight months ended December 18, 1999. This increase in NACO classroom meeting fee revenues was the result of a 14.2% increase in member attendance as well as a price increase in meetings fees in the majority of the markets for NACO operations. The Company's foreign company-owned classroom meeting fee revenues were $87.3 million for the eight months ended December 30, 2000, an increase of 2.7% from $85.0 million for the eight months ended December 18, 1999. This performance was the result of a 7.9% increase in attendance offset by negative exchange rate variances.

Franchise royalties were $17.7 million for the eight months ended December 30, 2000, an increase of 17.2% from $15.1 million for the eight months ended December 18, 1999. This increase was primarily the result of an increase in member attendance offset by negative exchange rate variances.

Product sales were $66.4 million for the eight months ended December 30, 2000, an increase of 21.4% from $54.7 million for the eight months ended December 18, 1999. This increase in product sales was primarily the result of increased member attendance and the Company's strategy to focus sales efforts on core classroom products.

Royalties from licensing, publications and other were $5.1 million for the eight months ended December 30, 2000, an increase of 4% from $4.9 million for the eight months ended December 18, 1999.

Cost of revenues was $139.3 million for the eight months ended December 30, 2000, an increase of 13.8% from $122.4 million for the eight months ended December 18, 1999. This increase was primarily the result of an increased number of meetings to accommodate attendance growth and increased product sales. Gross profit margin was 49.0% for the eight months ended December 30, 2000, compared to 48.4% for the eight months ended December 18, 1999. The increase in gross profit margin was primarily due to an increase in attendance per meeting and a change in product mix with a greater focus on higher margin core products.

Marketing expenses were $27.0 million for the eight months ended December 30, 2000, a decrease of 3.1% from $27.8 million for the eight months ended December 18, 1999. As a percentage of revenues, marketing expenses decreased from 11.7% for the eight months ended December 18, 1999 to 9.9% for the eight months ended December 30, 2000 as a result of the Company's efforts to improve the effectiveness of its marketing program.

Selling, general and administrative expenses were $34.4 million for the eight months ended December 30, 2000, an increase of 10.6% from $31.1 million for the eight months ended December 18,

1999. This increase was partly the result of an increase in incentive compensation as well as other professional fees incurred. As a percentage of net revenues, these costs decreased from 13.1% for the eight months ended December 18, 1999 to 12.6% for the eight months ended December 30, 2000.

As a result of the above, the Company's operating income was $72.5 million for the eight months ended December 30, 2000, an increase of 34.8% from operating income of $53.8 million, excluding a one-time charge of $8.3 million for transaction costs and $1.8 million of discontinued food royalties for the eight months ended December 18, 1999.

COMPARISON OF THE FISCAL YEAR ENDED APRIL 29, 2000 (53 WEEKS) TO THE FISCAL YEAR ENDED APRIL 24, 1999 (52 WEEKS).

Net revenues were $399.6 million for the fiscal year ended April 29, 2000, an increase of $35.0 million, or 9.6%, from $364.6 million for the fiscal year ended April 24, 1999. Of the $35.0 million increase, $8.5 million was attributable to NACO classroom meeting fees, $8.8 million to the Company's foreign company-owned classroom meeting fees, $2.6 million to franchise royalties and $26.9 million to product sales. These increases were offset by an $11.8 million decrease in royalties from licensing, publications and other. The $11.8 million decrease was primarily attributable to the discontinuation of food royalties from Heinz, offset in part by the recognition in the fiscal year ended April 24, 1999 of the present value of the guaranteed future payments from a licensing agreement. Adjusting for the discontinued food royalties of $1.8 million, net revenues were $397.8 million for the fiscal year ended April 29, 2000, an increase of 13.5% from $350.6 million (excluding $8.7 million from non-recurring revenues from the licensing agreement and $5.3 million from discontinued food royalties) for the fiscal year ended April 24, 1999.

NACO classroom meeting fee revenues were $130.8 million for the fiscal year ended April 29, 2000, an increase of 6.9% from $122.3 million for the fiscal year ended April 24, 1999, net of promotional allowances of $5.7 million and $23.0 million, respectively. This increase in NACO classroom meeting fee revenues was the result of a 22% increase in member attendance, partially offset by lower average meeting fee revenues per attendance as a result of the roll-out of the LIBERTY/LOYALTY pricing strategy. LIBERTY/LOYALTY provides members the option of committing to consecutive weekly attendance and paying a lower weekly fee with penalties for missed classes, or paying a higher weekly fee without the missed meeting penalties. The Company's revenues from foreign company-owned classroom meeting fees were $152.7 million for the fiscal year ended April 29, 2000, an increase of 6.1% from $143.9 million for the fiscal year ended April 24, 1999, net of promotional allowances of $17.4 million and $17.2 million, respectively. This increase in the Company's foreign company-owned classroom meeting fee revenues was the result of a 6.1% increase in international attendance in the United Kingdom, Continental Europe and Australia.

Domestic franchise royalties were $21.3 million for the fiscal year ended April 29, 2000, an increase of 11.5% from $19.1 million for the fiscal year ended April 24, 1999. This increase in domestic franchise royalties was primarily the result of an increase in member attendance due to improved training and support and increased marketing effectiveness. International franchise royalties were $4.5 million for the fiscal year ended April 29, 2000, an increase of 9.8% from $4.1 million for the fiscal year ended April 24, 1999. This increase was primarily the result of the Company's strong performance in Canada and Ireland.

Product sales were $84.2 million for the fiscal year ended April 29, 2000, an increase of 47.0% from $57.3 million for the fiscal year ended April 24, 1999. This increase in product sales was primarily the result of increased member attendance and the Company's strategy to focus sales efforts on core classroom products, including the Company's newly introduced snack bars.

Royalties from licensing, publications and other were $6.1 million for the fiscal year ended April 29, 2000, a decrease of 66% from $17.9 million for the fiscal year ended April 24, 1999, which was primarily due to discontinued food royalties from Heinz, offset in part by an increase in royalties from licensing agreements.

Cost of revenues was $201.4 million for the fiscal year ended April 29, 2000, an increase of 12.6% from $178.9 million for the fiscal year ended April 24, 1999. This increase was primarily the result of an increased number of meetings to accommodate attendance growth and growing product sales. The Company's gross profit margin was 49.4% for the fiscal year ended April 29, 2000, excluding $1.8 million from discontinued food royalties, compared to 49.0% for the fiscal year ended April 24, 1999, excluding $8.7 million from non-recurring revenues from a licensing agreement and $5.3 million from discontinued food royalties.

Marketing expenses were $51.5 million for the fiscal year ended April 29, 2000, a decrease of 2.6% from $52.9 million for the fiscal year ended April 24, 1999, net of promotional allowances of $23.0 million and $40.2 million, respectively. The Company's marketing program remained unchanged. The decrease of $1.4 million was related to amounts expended under Heinz's marketing programs in the fiscal year ended April 24, 1999 and the discontinuation of food royalties-related marketing rebate expenses.

Selling, general and administrative expenses were $53.8 million for the fiscal year ended April 29, 2000, an increase of 4.5% from $51.5 million for the fiscal year ended April 24, 1999. As a percentage of net revenues, excluding $1.8 million from discontinued food royalties in the fiscal year ended April 29, 2000 and excluding $8.7 million from non-recurring revenues from a licensing agreement and $5.3 million from discontinued food royalties in the fiscal year ended April 24, 1999, these costs were 13.5% for the fiscal year ended April 29, 2000, compared to 14.7% for the fiscal year ended April 24, 1999. This decrease was due to the continued benefit of the Company's restructuring and reorganization program.

As a result of the above, the Company's operating income was $91.1 million, excluding a one-time charge of $8.3 million of transaction costs and $1.8 million in revenues from discontinued food royalties, for the year ended April 29, 2000, an increase of 35.4% from operating income of $67.3 million, excluding $8.7 million of non-recurring revenues from a licensing agreement and $5.3 million from discontinued food royalties, for the fiscal year ended April 24, 1999.

LIQUIDITY AND CAPITAL RESOURCES

For the fiscal year ended December 29, 2001, the Company's primary source of funds to meet working capital needs was cash from operations. Cash and cash equivalents decreased $21.2 million for the fiscal year ended December 29, 2001. Cash flows provided by operating activities of $121.6 million were used primarily for investing activities. Cash flows used for investing activities of $120.1 million were primarily attributable to $84.4 million (including acquisition costs) and $13.5 million paid in connection with the Weighco acquisition and the acquisition of the Company's Oregon franchise, respectively, loans totaling $17.3 million made to WeightWatchers.com and capital expenditures of $3.8 million. Net cash flows used for financing activities of $21.4 million consisted primarily of proceeds from borrowings under the Company's senior credit facility of $60.0 million, offset by the payment of dividends on the Company's preferred stock of $1.5 million, payments associated with the cost of the public equity offering of $1.0 million, repayments of principal on the Company's outstanding senior credit facilities of $50.8 million and the repurchase of 6,719,254 shares of the Company's common stock held by Heinz for $27.1 million.

Capital spending has averaged approximately $3 million annually over the last four years and has consisted primarily of leasehold improvements for meeting locations and administrative offices, computer equipment for field staff and call centers, and information system upgrades.

The Company's total debt was $474.0 million and $470.7 at December 29, 2001 and December 30, 2000, respectively. As of December 29, 2001, the Company had approximately $45.0 million of additional borrowing capacity available under the Company's revolving credit facility. On January 16, 2001, the Company acquired Weighco for $83.8 million. The Company financed the acquisition with available cash of $23.8 million and additional borrowings of $60.0 million under the Company's senior credit facilities. As discussed in Note 5 to the consolidated financial statements, the Company's total debt of $474.0 million at December 29, 2001 is due to be repaid as follows (in millions):

2002	$ 15.7
2003	20.2
2004	17.6
2005	17.0
2006	1.7
2007 and thereafter	401.8
	$474.0

Debt obligations due to be repaid in 2002 are expected to be satisfied with operating cash flows.

The Company's credit ratings by Moody's at December 29, 2001 for the credit facilities and senior subordinated notes were "Ba1" and "Ba3", respectively. The Company's credit ratings by Standard & Poor's at December 29, 2001 for the credit facilities and senior subordinated notes were "BB-" and "B", respectively.

The Company's debt consists of both fixed and variable-rate instruments. At December 29, 2001 and December 30, 2000, fixed-rate debt constituted approximately 50.3% and 51.9% of its total debt, respectively. The decrease in the percentage of fixed-rate debt was primarily due to the translation of Euro debt into U.S. dollars. The average interest rate on the Company's debt was approximately 8.6% and 11.6% at December 29, 2001 and December 30, 2000, respectively.

The Company believes that cash flows from operating activities, together with borrowings available under the Company's revolving credit facility, will be sufficient for the next twelve months to fund currently anticipated capital expenditure requirements, debt service requirements and working capital requirements. Any future acquisitions, joint ventures or other similar transactions could require additional capital and the Company cannot be certain that any additional capital will be available on acceptable terms or at all.

On April 18, 2001, the Company entered into a Put/Call Agreement with Heinz. Under this agreement, Heinz had an option to sell and the Company had an option to purchase all of the Company's common stock owned by Heinz. Under this agreement, Heinz has sold to the Company 6,719,254 shares of the Company's common stock held by it for an aggregate purchase price of $27.1 million, which was funded with cash from operations. Heinz no longer holds any common stock of the Company.

The balances under the Company's senior credit facilities as of December 29, 2001 were $235.6 million, consisting of a $63.6 million term loan A facility, a $108.0 million term loan B facility, and a $64.0 million transferable loan certificate facility. As of December 29, 2001, $45.0 million was available under the revolving credit facility for additional borrowings. The term loan A facility matures on September 30, 2005, the term loan B facility matures on December 31, 2007, the transferable loan certificate facility matures on December 31, 2007 and the revolving credit facility matures on September 30, 2005. On January 18, 2002, the Company completed the acquisition of one of its franchisees, Weight Watchers of North Jersey, Inc. The acquisition was financed through additional borrowings of $46.5 million pursuant to the Company's Amended and Restated Credit Agreement, dated December 21, 2001.

The term loan A facility, the term loan B facility, the transferable loan certificate facility and the revolving credit facility bear interest at a rate equal to (a) in the case of the term loan A facility and the revolving credit facility, LIBOR plus 1.75% or, at the Company's option, the alternate base rate (as defined in the senior credit facilities) plus 0.75%, (b) in the case of the term loan B facility and the transferable loan certificate facility, LIBOR plus 2.50% or, at the Company's option, the alternate base rate plus 1.50%. In addition to paying interest on outstanding principal under the senior credit facilities, the Company is required to pay a commitment fee to the lenders under the revolving credit facility with respect to the unused commitments at a rate equal to 0.50% per year.

The Company's senior credit facilities contain covenants that restrict the Company's ability to incur additional indebtedness, pay dividends on and redeem capital stock, make other restricted payments, including investments, sell the Company's assets and enter into consolidations, mergers and transfers of all or substantially all of the Company's assets. The Company's senior credit facilities also require the Company to maintain specified financial ratios and satisfy financial condition tests. These tests and financial ratios become more restrictive over the life of the senior credit facilities.

The Company issued $150.0 million in aggregate principal amount of senior subordinated notes and Euro 100.0 million in aggregate principal amount of senior subordinated notes in connection with the Company's acquisition by Artal Luxembourg. The Company's senior subordinated notes mature in 2009 and bear interest at a rate of 13% per annum. The Company's obligations under the notes are subordinate and junior in right of payment to all of the Company's existing and future senior indebtedness, including all indebtedness under the senior credit facilities. The indentures, pursuant to which the notes were issued, restrict the Company's ability to incur additional indebtedness, issue shares of disqualified stock and preferred stock, pay dividends, make other restricted payments, including investments, create limitations on the ability of the Company's subsidiaries to pay dividends or make certain payments to the Company, merge or consolidate with any other person or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the Company's assets.

As of December 29, 2001, the Company had one million shares of Series A Preferred Stock issued and outstanding with a preference value of $25.0 million. Holders of the Series A Preferred Stock were entitled to receive dividends at an annual rate of 6% payable annually in arrears. If there was a liquidation, dissolution or winding up, the holders of shares of Series A Preferred Stock were entitled to be paid out of the Company's assets available for distribution to shareholders an amount in cash equal to the $25 liquidation preference per share plus all accrued and unpaid dividends prior to the distribution of any assets to holders of shares of the Company's common stock. Subject to the restrictions set forth in the Company's debt instruments, holders of the Company's Series A Preferred Stock had the right to cause the Company to repurchase their shares upon the occurrence of certain defined events. On March 1, 2002, the Company redeemed all of the Company's Series A Preferred Stock held by Heinz for a redemption price of $25 million plus accrued and unpaid dividends. The redemption was financed through additional borrowings of $12.0 million under the revolving credit facility and cash from operations.

The Company is obligated under non-cancelable operating leases primarily for office and rent facilities. The Company has also guaranteed the performance of WeightWatchers.com's lease of its office space at 888 Seventh Avenue, New York, New York. The annual rent rate for this WeightWatchers.com lease is $.5 million plus increases for operating expenses and real estate taxes. This lease expires in September 2003. See Note 11 to the consolidated financial statements for a more thorough discussion of related party transactions. Rent expense charged to operations under all the Company's leases, including the WeightWatchers.com lease, for the fiscal year ended December 29,

2001 was approximately $14.8 million. Future minimum lease payments under these agreements are as follows (in millions):

2002	$13.0
2003	9.1
2004	5.9
2005	3.9
2006	2.4
2007 and thereafter	15.9
	$50.2

The Company's ability to fund the Company's capital expenditure requirements, interest, principal and dividend payment obligations and working capital requirements and to comply with all of the financial covenants under the Company's debt agreements depends on the Company's future operations, performance and cash flow. These are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond the Company's control.

SEASONALITY

The Company's business is seasonal, with revenues generally decreasing at year end and during the summer months. The Company's advertising schedule supports the three key enrollment-generating seasons of the year: winter, spring and fall. Due to the timing of the Company's marketing expenditures, particularly the higher level of expenditures in the first quarter, the Company's operating income for the second quarter is generally the strongest, with the fourth quarter being the weakest.

ACCOUNTING STANDARDS

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards, or SFAS No. 143, "Accounting for Asset Retirement Obligations," and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of AICPA Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," and addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The Company will adopt SFAS 143 and SFAS 144 on December 29, 2002 and December 30, 2001, respectively. The Company does not expect the adoption of SFAS No. 143 and 144 to have a material impact on its consolidated financial position or results of operations.

In June 2001, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives" which is effective no later than periods beginning after December 15, 2001. EITF Issue No 00-14 addresses the recognition, measurement and statement of earnings classification for certain sales incentive. EITF issue No 00-14 is effective for the Company beginning December 30, 2001. The Company has determined that the impact of adoption or subsequent application of EITF Issue No. 00-14 will not have a material effect on its consolidated results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to foreign currency fluctuations and interest rate changes. The Company's exposure to market risk for changes in interest rates relates to the fair value of long-term fixed rate debt and interest expense of variable rate debt. The Company has historically managed interest rates through the use of, and the Company's long-term debt is currently composed of, a combination of fixed and variable rate borrowings. Generally, the fair market value of fixed rate debt will increase as interest rates fall and decrease as interest rates rise.

Based on the overall interest rate exposure on the Company's fixed rate borrowings at December 29, 2001, a 10% change in market interest rates would have less than a 5% impact on the fair value of the Company's long-term debt. Based on variable rate debt levels at December 29, 2001, a 10% change in market interest rates would have less than a 5% impact on the Company's net interest expense.

Other than intercompany transactions between the Company's domestic and foreign entities and the portion of the Company's senior subordinated notes that are denominated in Euros, the Company generally does not have significant transactions that are denominated in a currency other than the functional currency applicable to each entity.

The Company enters into forward and swap contracts to hedge transactions denominated in foreign currencies to reduce the currency risk associated with fluctuating exchange rates. These contracts are used primarily to hedge certain intercompany cash flows and for payments arising from some of the Company's foreign currency denominated obligations. In addition, the Company enters into interest rate swaps to hedge a substantial portion of its variable rate debt. Changes in the fair value of these derivatives will be recorded each period in earnings for non-qualifying derivatives or accumulated other comprehensive income (loss) for qualifying derivatives.

Fluctuations in currency exchange rates may also impact the Company's shareholders' equity. The assets and liabilities of the Company's non-U.S. subsidiaries are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated into U.S. dollars at the weighted average exchange rate for the period. The resulting translation adjustments are recorded in shareholders' equity as accumulated other comprehensive income (loss). In addition, fluctuations in the value of the Euro will cause the U.S. dollar translated amounts to change in comparison to prior periods. Furthermore, the Company revalues its outstanding senior subordinated Euro notes at the end of each period and the resulting change in value will be reflected in the income statement of the corresponding period.

As part of the European Economic and Monetary Union, the Euro will replace the national currencies of many of the European countries in which the Company conducts business. The conversion rates between the Euro and the participating nations' currencies were fixed irrevocably as of January 1, 1999, with the participating national currencies scheduled to be removed from circulation between January 1 and June 30, 2002, and replaced by Euro notes and coinage. The effects of the Euro conversion on the Company's consolidated financial position and results of operations have not been significant. The costs of the systems and business process conversions were not material.

Each of the Company's subsidiaries derives revenues and incurs expenses primarily within a single country and, consequently, does not generally incur currency risks in connection with the conduct of normal business operations.

The Company uses foreign currency forward contracts to more properly align the underlying sources of cash flow with the Company's debt servicing requirements. At December 29, 2001, the Company had long-term foreign currency forward contracts receivables with notional amounts of $44.0 million and Euro 76.0 million, offset by foreign currency forward contracts payables with notional amounts of L59.2 million and $21.9 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information is incorporated by reference to the "Consolidated Financial Statements and Notes" on pages F-1 through F-43, together with the report thereon of PricewaterhouseCoopers LLP on page F-44.

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

NONE.

PART III

ITEM 10. EXECUTIVE OFFICERS AND DIRECTORS OF THE COMPANY

Set forth below are the names, ages as of December 29, 2001 and current positions with the Company and its subsidiaries of the executive officers and directors. Directors are elected at the annual meeting of shareholders. Executive officers are appointed by, and hold office at, the discretion of the directors.

NAME	AGE	POSITION
Linda Huett	57	President and Chief Executive Officer, Director
Richard McSorley	57	Chief Operating Officer, NACO
Clive Brothers	48	Chief Operating Officer, Europe
Scott R. Penn	30	Vice President, Australasia
Thomas S. Kiritsis	57	Vice President, Chief Financial Officer
Robert W. Hollweg	59	Vice President, General Counsel and Secretary
Raymond Debbane(1)	46	Chairman of the Board
Jonas M. Fajgenbaum	29	Director
Sacha Lainovic(1)	45	Director
Christopher J. Sobecki	43	Director
Sam K. Reed(2)(3)	54	Director
Marsha Johnson Evans(2)(3)	54	Director

(1) Member of the Company's compensation and benefits committee.

(2) Member of the Company's audit committee.

(3) Named to the board of directors on February 12, 2002.

LINDA HUETT. Ms. Huett has been the President and a director of the Company since September 1999. She became the Company's Chief Executive Officer in December 2000. Ms. Huett joined the Company in 1984 as a classroom leader. Ms. Huett was promoted to U.K. Training Manager in 1986. In 1990, Ms. Huett was appointed Director of the United Kingdom operation and in 1993 was appointed Vice President of Weight Watchers U.K. Ms. Huett graduated from Gustavas Adolphus College and received her Masters in Theater from Yale University. Ms. Huett is also a director of WeightWatchers.com, Inc.

RICHARD MCSORLEY. Mr. McSorley has served as the Company's Chief Operating Officer for North America since January 2001. From 1992 until the Company's purchase of Weighco, Mr. McSorley served in various capacities with Weighco Enterprises, Inc., including as President since 1995 and Chief Executive Officer since 1996. Mr. McSorley received his B.A. degree from Villanova University and an M.B.A. from the University of Pittsburgh.

CLIVE BROTHERS. Mr. Brothers has served as the Company's Chief Operating Officer for Europe since February 2001. Mr. Brothers joined the Company in 1985 as a marketing manager in the United Kingdom. In 1990, Mr. Brothers was appointed General Manager, France and was appointed Vice

President, Continental Europe in 1993. Mr. Brothers received a B.A. (Hons) in Business Studies from Leeds Polytechnic in England and a diploma in Marketing from the Chartered Institute of Marketing.

SCOTT R. PENN. Scott Penn has been a Vice President of the Company's Australasia operations since September 1999. Mr. Penn joined the Company in 1994 as a Marketing Services Manager in Australia. In 1996, he was promoted to Group Marketing Manager in Australia and in 1997 he was promoted to General Manager--Marketing and Finance.

THOMAS S. KIRITSIS. Mr. Kiritsis has served as the Company's Vice President, Chief Financial Officer since joining the Company in May 2000. From June 1994 to April 2000, he was Senior Vice President of Finance of Olsten Corporation. Mr. Kiritsis received a B.B.A. in Accounting from Hofstra University and is a certified public accountant.

ROBERT W. HOLLWEG. Mr. Hollweg has served as the Company's Vice President, General Counsel and Secretary since January 1998. He joined the Company in 1969 as an Assistant Counsel in the law department. He transferred to the Heinz law department subsequent to Heinz's acquisition of the Company in 1978 and served there in various capacities. He rejoined the Company after Artal Luxembourg acquired the Company in September 1999. Mr. Hollweg graduated from Fordham University and received his Juris Doctor degree from Fordham University School of Law. He is a member of the American and New York State Bar Associations and a former President of the International Trademark Association.

RAYMOND DEBBANE. Mr. Debbane has been the Company's Chairman of the board of directors since the Company's acquisition by Artal Luxembourg on September 29, 1999. Mr. Debbane is a co-founder and President of The Invus Group, Ltd. Prior to forming The Invus Group, Ltd. in 1985, Mr. Debbane was a manager and consultant for The Boston Consulting Group in Paris, France. He holds an M.B.A. from Stanford Graduate School of Business, an M.S. in Food Science and Technology from the University of California, Davis and a B.S. in Agricultural Sciences and Agricultural Engineering from American University of Beirut. Mr. Debbane is a director of Artal Group S.A., Ceres, Inc., Financial Technologies International Inc. and Nellson Nutraceutical, Inc. Mr. Debbane is also the Chairman of the board of directors of WeightWatchers.com, Inc. and served as a director of Keebler Foods Company from 1996 to 1999.

JONAS M. FAJGENBAUM. Mr. Fajgenbaum has been a director of the Company since the Company's acquisition by Artal Luxembourg on September 29, 1999. Mr. Fajgenbaum is a Managing Director at The Invus Group, Ltd., which he joined in 1996. Prior to joining The Invus Group, Ltd., Mr. Fajgenbaum was a consultant for McKinsey & Company in New York from 1994 to 1996. He graduated with a B.S. from the Wharton School of Business and a B.A. in Economics from the University of Pennsylvania in 1994.

SACHA LAINOVIC. Mr. Lainovic has been a director of the Company since the Company's acquisition by Artal Luxembourg on September 29, 1999. Mr. Lainovic is a co-founder and Executive Vice President of The Invus Group, Ltd. Prior to forming The Invus Group, Ltd. in 1985, Mr. Lainovic was a manager and consultant for the Boston Consulting Group in Paris, France. He holds an M.B.A. from Stanford Graduate School of Business and an M.S. in engineering from Insa de Lyon in Lyon, France. Mr. Lainovic is a director of WeightWatchers.com, Inc., Financial Technologies International Inc., Nellson Nutraceutical, Inc. and Unwired Australia Pty Limited, and also served as a director of Keebler Foods Company from 1996 to 1999.

CHRISTOPHER J. SOBECKI. Mr. Sobecki has been a director of the Company since the Company's acquisition by Artal Luxembourg on September 29, 1999. Mr. Sobecki, a Managing Director of The Invus Group, Ltd., joined the firm in 1989. He received an M.B.A. from Harvard Business School. He also obtained a B.S. in Industrial Engineering from Purdue University. Mr. Sobecki is a director of

WeightWatchers.com, Inc., Nellson Nutraceutical, Inc., Financial Technologies International Inc. and iLife, Inc. He also served as a director of Keebler Foods Company from 1996 to 1998.

SAM K. REED. Mr. Reed has 27 years of experience in the food industry. He was formerly Vice Chairman and Director of Kellogg Company, the world's leading producer of cereal and a leading producer of convenience foods. From 1996 to 2001, Mr. Reed was Chief Executive Officer, President and a Director of Keebler Foods Company. Previously, he was Chief Executive Officer, of Specialty Foods Corporation's $450 million Western Bakery Group division. He is a Director of the Tractor Supply Company. Mr. Reed received a B.A. from Rice University and an M.B.A. from Stanford University.

MARSHA JOHNSON EVANS. Ms. Evans is currently the National Executive Director of Girl Scouts of the U.S.A., the world's preeminent organization dedicated solely to girls. A retired Rear Admiral in the United States Navy, Ms. Evans has served as superintendent of the Naval Postgraduate School in Monterey, California and headed the Navy's worldwide recruiting organization from 1993 to 1995. She is currently a director of the May Department Stores Company and numerous nonprofit boards. Ms. Evans received a B.A. from Occidental College and a Master's Degree from the Fletcher School of Law and Diplomacy at Tufts University.

BOARD OF DIRECTORS

The Company's board of directors is currently comprised of seven directors.

BOARD OF DIRECTORS REPORT ON EXECUTIVE COMPENSATION PROGRAMS

The Company's board of directors oversees the compensation programs of the Company, with particular attention to the compensation for its Chief Executive Officer and the other executive officers. It is the responsibility of the Company's board of directors to review, recommend and approve changes to the Company's compensation policies and benefits programs, to administer the Company's stock plans, including approving stock option grants to executive officers and other stock option grants, and to otherwise ensure that the Company's compensation philosophy is consistent with the best interests of the Company and is properly implemented.

The Company's compensation philosophy is to (1) provide a competitive total compensation package that enables the Company to attract and retain key executive and employee talent needed to accomplish the Company's goals, and
(2) directly link compensation to improvements in the Company's financial and operational performance.

Total compensation is comprised of a base salary plus both cash and non-cash incentive compensation, and is based on the Company's financial performance and other factors, and is delivered through a combination of cash and equity-based awards. This approach results in overall compensation levels which follow the Company's financial performance.

The Company's board of directors reviews each senior executive officer's base salary annually. In determining appropriate base salary levels, consideration is given to the officer's impact level, scope of responsibility, prior experience, past accomplishments and data on prevailing compensation levels in relevant executive labor markets.

The Company's board of directors believes that granting stock options provides officers with a strong economic interest in maximizing shareholder returns over the longer term. The Company believes that the practice of granting stock options is important in retaining and recruiting the key talent necessary at all employee levels to ensure the Company's continued success.

COMMITTEES OF THE COMPANY'S BOARD OF DIRECTORS

The standing committees of the Company's board of directors consist of an audit committee and a compensation and benefits committee.

AUDIT COMMITTEE

The principal duties of the Company's audit committee are as follows:

- to oversee that the Company's management has maintained the reliability and integrity of the Company's accounting policies and financial reporting and the Company's disclosure practices;

- to oversee that the Company's management has established and maintained processes to assure that an adequate system of internal control is functioning;

- to oversee that the Company's management has established and maintained processes to assure the Company's compliance with all applicable laws, regulations and corporate policy;

- to review the Company's annual and quarterly financial statements prior to their filing or prior to the release of earnings; and

- to review the performance of the independent accountants and make recommendations to the board of directors regarding the appointment or termination of the independent accountants.

The audit committee has the power to investigate any matter brought to its attention within the scope of its duties and to retain counsel for this purpose where appropriate.

COMPENSATION AND BENEFITS COMMITTEE

The principal duties of the compensation and benefits committee are as follows:

- to review key employee compensation policies, plans and programs;

- to monitor performance and compensation of the Company's employee-director, officers and other key employees;

- to prepare recommendations and periodic reports to the board of directors concerning these matters; and

- to function as the committee which administers the incentive programs referred to in "Executive Compensation" below.

COMPENSATION AND BENEFITS COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the Company's executive officers has served as a director or member of the compensation and benefits committee, or other committee serving an equivalent function, of any entity of which an executive officer is expected to serve as a member of the Company's compensation and benefits committee.

CLASSES AND TERMS OF DIRECTORS

The Company's board of directors is divided into three classes, as nearly equal in number as possible, with each director serving a three-year term and one class being elected at each year's annual meeting of shareholders. The following individuals are directors and serve for the terms indicated:

CLASS 1 DIRECTORS (TERM EXPIRING IN 2002)

Raymond Debbane
Jonas M. Fajgenbaum

CLASS 2 DIRECTORS (TERM EXPIRING IN 2003)

Sacha Lainovic
Christopher J. Sobecki
Marsha Johnson Evans

CLASS 3 DIRECTOR (TERM EXPIRING IN 2004)

Linda Huett
Sam K. Reed

SECTION 16(A) BENEFICIAL OWNERSHIP COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors, executive officers and holders of more than 10% of the Company's common stock (collectively, "Reporting Persons") to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock of the Company. Such persons are required by regulations of the Securities and Exchange Commission to furnish the Company with copies of all such filings. Based on its review of the copies of such filings received by it with respect to the fiscal year ended December 29, 2001 and written representations from certain Reporting Persons, the Company believes that all Reporting Persons complied with all Section 16(a) filing requirements in the fiscal year ended December 29, 2001.

ITEM 11. EXECUTIVE COMPENSATION

The following table sets forth for the fiscal year ended December 29, 2001, the twelve months ended December 30, 2000, and for the fiscal year ended April 29, 2000, the compensation paid to the Company's President and Chief Executive Officer and to each of the next four most highly compensated executive officers whose total annual salary and bonus was in excess of $100,000.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	TWELVE MONTHS ENDED	TWELVE MONTH PERIOD COMPENSATION		LONG-TERM COMPENSATION AWARDS SECURITIES UNDERLYING OPTIONS (NO. AWARDED)		ALL OTHER COMPENSATION(6)
		SALARY	BONUS	WEIGHT WATCHERS	WEIGHTWATCHERS.COM(5)	
Linda Huett.....	December 29, 2001	$250,016	$425,027	--	--	$ 93,497
President and	December 30, 2000(4)	236,565	283,351	141,161	--	84,531
Chief Executive Officer	April 29, 2000	183,750	215,159	282,322	11,385	288,905
Thomas S. Kiritsis(1).....	December 29, 2001	204,844	252,034	--	--	66,580
Vice President, Chief Financial Officer	December 30, 2000	130,798	160,035	282,322	11,385	26,747
Richard McSorley(2).....	December 29, 2001	192,534	252,034	282,322	--	17,579
Chief Operating Officer, North America						
Clive Brothers.....	December 29, 2001	183,593	207,651	--	--	30,872
Chief Operating Officer,	December 30, 2000(4)	170,148	154,215	--	--	29,639
Europe	April 29, 2000	143,423	158,597	282,322	11,385	12,908
Robert W. Hollweg(3).....	December 29, 2001	157,245	198,058	--	--	51,705
Vice President, General	December 30, 2000(4)	142,510	100,013	282,322	11,385	43,519
Counsel and Secretary	April 29, 2000	70,500	67,349	--	--	11,325
Scott R. Penn.....	December 29, 2001	117,711	94,350	--	--	25,759
Vice President, Australasia	December 30, 2000(4)	124,758	78,059	--	--	28,484
	April 29, 2000	63,508	86,134	282,322	11,385	15,930

(1) Mr. Kiritsis joined the Company on May 1, 2000.

(2) Mr. McSorley joined the Company on January 16, 2001.

(3) Mr. Hollweg rejoined the Company in September 1999. Prior to that time, he was an employee of Heinz.

(4) Effective April 30, 2000, the Company changed its fiscal year end from the last Saturday in April to the Saturday closest to December 31. To accurately reflect annual compensation, the compensation reported for the twelve months ended December 30, 2000 has been derived from the compensation for the eight months ended December 30, 2000, plus the compensation for the four months ended April 29, 2000, except that the shares underlying the options issued in respect of WeightWatchers.com shares are not included in the executive officer's compensation for the twelve months ended December 30, 2000 because this grant of options is reflected in the executive officer's compensation for the twelve months ended April 29, 2000. As a result, there is overlap in the compensation reported for the twelve months ended December 30, 2000 and the twelve months ended April 29, 2000.

(5) Awards of options with respect to shares of WeightWatchers.com common stock owned by the Company were made to the named executives under the Company's WeightWatchers.com 1999 Stock Incentive Plan of Weight Watchers International, Inc. and Subsidiaries.

(6) For the fiscal year ended December 29, 2001, these figures include amounts contributed under the Company's 401(k) savings plan and the Company's non-qualified executive profit sharing plan of $80,005 for Ms. Huett, $59,831 for Mr. Kiritsis, $43,689 for Mr. Hollweg and $11,552 for Mr. McSorley. Also included are contributions to the U.K. Pension Plan of $18,456 for Mr. Brothers and contributions to the Australia Pension Plan of $16,000 for Mr. Penn, as well as auto lease expense for named executives.

In December 1999, the Company's board of directors adopted the "1999 Stock Purchase and Option Plan of Weight Watchers International, Inc. and Subsidiaries" under which selected employees were afforded the opportunity to purchase shares of the Company's common stock and/or were granted options to purchase shares of the Company's common stock. The number of shares available for grant under this plan is 7,058,040 shares of the Company's authorized common stock.

The following table sets forth information regarding options granted during the fiscal year ended December 29, 2001 to the named executive officers under the Company's stock purchase and option plan.

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES OPTION GRANTS FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001

	INDIVIDUAL GRANTS				
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(1)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR ENDED DECEMBER 29, 2001(2)	EXERCISE OR BASE PRICE (PER SHARE)	EXPIRATION DATE	GRANT DATE PRESENT VALUE(3)
Richard McSorley.....	282,322	38.6%	$4.04	May 7, 2011	$457,364

(1) Options were granted during the fiscal year ended December 29, 2001 under the terms of the Company's option plan. No options under the plan were exercised during the fiscal year ended December 29, 2001. Options are exercisable based on vesting provisions outlined in the agreement.

(2) Percentage of total options granted are based on total grants made to all employees during the fiscal year ended December 29, 2001.

(3) The estimated grant date's present value is determined using the Black-Scholes model. The adjustments and assumptions incorporated in the Black-Scholes model in estimating the value of the grants include the following: (a) the exercise price of the options equals the fair market value of the underlying stock on the date of grant; (b) an option term of 7.5 years; (c) dividend yield of 0% and volatility of 34.6% and (d) a risk free interest rate ranging from 5.1% to 5.4%. The ultimate value, if any, an optionee will realize upon exercise of an option will depend on the excess of the market value of the Company's common stock over the exercise price of the option.

Under the Company's 1999 Stock Purchase and Option Plan, the Company has the ability to grant stock options, restricted stock, stock appreciation rights and other stock-based awards. Generally, stock options granted under this plan vest and become exercisable in annual increments over five years with respect to one-third of options granted, and the remaining two-thirds of the options vest on the ninth anniversary of the date the options were granted, subject to accelerated vesting upon the Company's achievement of certain performance targets. In any event, the options that vest over five years automatically become fully vested upon the occurrence of a change in control of the Company.

In April 2000, the Company's board of directors adopted the "WeightWatchers.com Stock Incentive Plan of Weight Watchers International, Inc. and Subsidiaries" pursuant to which selected employees were granted options to purchase shares of WeightWatchers.com common stock. The number of shares available for grant under this plan is 400,000 shares of authorized common stock of WeightWatchers.com. No options were granted during the fiscal year ended December 29, 2001 to the named executive officers under the WeightWatchers.com Stock Incentive Plan.

Under the Company's WeightWatchers.com Stock Incentive Plan, the Company has the ability to grant stock options, restricted stock, stock appreciation rights and other stock-based awards on shares of WeightWatchers.com common stock. Generally, stock options under this plan vest in annual increments over five years upon the Company's achievement of certain performance targets. These options are not exercisable until the earlier to occur of (1) six months after the tenth anniversary of the date the option was granted; and (2) a public offering of WeightWatchers.com common stock or a private sale of the stock in which an employee holding stock is entitled to participate under the terms of the sale participation agreement entered into with Artal Luxembourg.

The following tables set forth the number and value of securities underlying unexercised options held by each of the Company's executive officers listed on the Summary Compensation Table above as of December 29, 2001. None of the Company's executive officers exercised any options in the fiscal year ended December 29, 2001, and the Company does not have any stock appreciation rights.

AGGREGATED OPTIONS/SAR
VALUES AS OF DECEMBER 29, 2001

NAME	FISCAL YEAR ENDED DECEMBER 29, 2001 SHARES ACQUIRED IN EXERCISE (#)	FISCAL YEAR ENDED DECEMBER 29, 2001 SHARES VALUES REALIZED	NUMBER OF WEIGHT WATCHERS SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 29, 2001 EXERCISABLE (#)	NUMBER OF WEIGHT WATCHERS SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 29, 2001 UNEXERCISABLE (#)	VALUE OF WEIGHT WATCHERS UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT DECEMBER 29, 2001 EXERCISABLE	VALUE OF WEIGHT WATCHERS UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT DECEMBER 29, 2001 UNEXERCISABLE
Linda Huett.....	--	--	207,036	216,447	$6,475,051	$6,769,380
Clive Brothers.....	--	--	136,456	145,866	$4,267,661	$4,561,959
Scott R. Penn.....	--	--	136,456	145,866	$4,267,661	$4,561,959
Thomas S. Kiritsis.....	--	--	136,456	145,866	$4,267,661	$4,561,959
Robert W. Hollweg.....	--	--	136,456	145,866	$4,267,661	$4,561,959
Richard McSorley.....	--	--	47,054	235,268	$1,381,600	$6,907,939

NAME	NUMBER OF WEIGHTWATCHERS.COM SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 29, 2001 EXERCISABLE (#)	NUMBER OF WEIGHTWATCHERS.COM SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 29, 2001 UNEXERCISABLE (#)	VALUE OF WEIGHTWATCHERS.COM IN-THE-MONEY OPTIONS/SARSAT DECEMBER 29, 2001 EXERCISABLE	VALUE OF WEIGHTWATCHERS.COM IN-THE-MONEY OPTIONS/SARSAT DECEMBER 29, 2001 UNEXERCISABLE	NUMBER OF HEINZ SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 29, 2001 EXERCISABLE (#)	NUMBER OF HEINZ SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT DECEMBER 29, 2001 UNEXERCISABLE (#)
Linda Huett.....	5,692	5,693	--	--	40,000	--
Clive Brothers.....	5,692	5,693	--	--	40,000	--
Scott R. Penn.....	5,692	5,693	--	--	--	--
Thomas S. Kiritsis.....	5,692	5,693	--	--	--	--
Robert W. Hollweg.....	5,692	5,693	--	--	--	--
Richard McSorley.....	--	--	--	--	--	--

NAME	VALUE OF HEINZ IN-THE-MONEY OPTIONS/SARS AT DECEMBER 29, 2001 EXERCISABLE	VALUE OF HEINZ IN-THE-MONEY OPTIONS/SARS AT DECEMBER 29, 2001 UNEXERCISABLE
Linda Huett.....	--	--
Clive Brothers.....	--	--
Scott R. Penn.....	--	--
Thomas S. Kiritsis.....	--	--
Robert W. Hollweg.....	--	--
Richard McSorley.....	--	--

DIRECTORS COMPENSATION

The Company's executive directors and the Company's directors who are associated with The Invus Group, Ltd. do not receive compensation except in their capacity as officers or employees. Mr. Reed and Ms. Evans will receive
(1) annual compensation in the amount of $30,000, paid quarterly half in cash and half in common stock of the Company; (2) $1,000 per Audit Committee meeting;
(3) options for 2,000 shares of the Company's common stock per year, with the first grant on February 6, 2002, at an exercise price equal to the closing price of the common stock of the Company on the day that the options are granted, the options have a five year life and vest one year after the grant date; and
(4) reimbursement of reasonable out-of-pocket expenses associated with a director's role on the board of directors.

EXECUTIVE SAVINGS AND PROFIT SHARING PLAN

The Company sponsors a savings plan for salaried and eligible hourly employees. This defined contribution plan provides for employer matching contributions up to 100% of the first 3% of an employee's eligible compensation. The savings plan also permits employees to contribute between 1% and 13% of eligible compensation on a pre-tax basis.

The savings plan also contains a profit sharing component for full-time salaried employees that are not key management personnel, which provides for a guaranteed monthly employer contribution for each participant based on the participant's age and a percentage of the participant's eligible compensation. In addition, the profit sharing plan has a supplemental employer contribution component, based on the Company's achievement of certain annual performance targets, and a discretionary contribution component.

The Company also established an executive profit sharing plan, which provides a non-qualified profit sharing plan for key management personnel who are not eligible to participate in the Company's profit sharing plan. This non-qualified profit sharing plan has similar features to the Company's profit sharing plan.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of the Company's common stock by (1) all persons known by the Company to own beneficially more than 5% of the Company's common stock, (2) the Company's chief executive officer and each of the named executive officers,
(3) each director, and (4) all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days after December 29, 2001 are deemed issued and outstanding. These shares, however, are not deemed outstanding for purposes of computing percentage ownership of each other shareholder.

The Company's capital stock consists of common stock and preferred stock. As of December 29, 2001, there were 105,499,987 shares of the Company's common stock and 1,000,000 shares of the Company's preferred stock outstanding. On March 1, 2002, the Company redeemed all of the Company's Series A Preferred Stock held by Heinz for a redemption price of $25 million plus accrued and unpaid dividends.

	AS OF DECEMBER 29, 2001	
NAME OF BENEFICIAL OWNER	SHARES	PERCENT
Artal Luxembourg S.A.(1)	80,517,663	76.3%
Linda Huett(2)(3)	301,244	*
Richard McSorley(2)	159,984	*
Clive Brothers(2)(3)(4)	231,064	*
Scott R. Penn(2)(3)(4)	382,311	*
Thomas S. Kiritsis(2)(3)(4)	234,731	*
Robert W. Hollweg(2)(3)	254,090	*
Raymond Debbane(5)(6)	--	--
Sacha Lainovic(6)	--	--
Christopher J. Sobecki(6)	--	--
Jonas M. Fajgenbaum(6)	--	--
All directors and executive officers as a group (10 people)	1,563,424(3)	1.5%

* Less than 1.0%

(1) Artal Luxembourg may be contacted at 105, Grand-Rue, L-1661 Luxembourg, Luxembourg. The parent entity of Artal Luxembourg S.A. is Artal Group S.A. The address of Artal Group is the same as the address of Artal Luxembourg.

(2) The Company's officers may be contacted c/o Weight Watchers International, Inc., 175 Crossways Park West, Woodbury, New York, 11797.

(3) Includes shares subject to purchase upon exercise of options exercisable within 60 days after December 29, 2001, as follows: Ms. Huett 207,036 shares; Mr. Brothers 136,456 shares; Mr. Scott Penn 170,569 shares (includes 34,113 shares subject to options held by Mr. Scott Penn's spouse); Mr. Kiritsis 136,456 shares; Mr. Hollweg 136,456 shares; and Mr. McSorley 65,876 shares.

(4) With respect to Mr. Scott Penn, includes 70,581 shares of the Company's common stock and vested options to purchase 34,113 shares of the Company's common stock held by Mr. Scott Penn's spouse. With respect to Mr. Thomas Kiritsis, includes 4,167 shares of the Company's common stock held by Mr. Thomas Kiritsis' spouse. With respect to Mr. Clive Brothers, includes 500 shares of the Company's common stock held by Mr. Clive Brothers' spouse.

(5) Mr. Debbane is also a director of Artal Group. Artal Group is the parent entity of Artal Luxembourg. Mr. Debbane disclaims beneficial ownership of all shares owned by Artal Luxembourg.

(6) The Company's non-executive directors may be contacted c/o The Invus Group, Ltd., 135 East 57th Street, New York, New York 10022.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

SHAREHOLDERS' AGREEMENTS

Simultaneously with the closing of the Company's acquisition by Artal Luxembourg, the Company entered into a shareholders' agreement with Artal Luxembourg and Heinz relating to their rights with respect to the Company's common stock. Subsequent transferees of Artal Luxembourg and Heinz must, subject to limited exceptions, agree to be bound by the terms and provisions of the agreement. Heinz has sold all shares of the Company's common stock held by it and accordingly no longer has any rights or obligations under this agreement. The Company and Artal Luxembourg recently terminated this agreement.

Shortly after the Company's acquisition by Artal Luxembourg, the Company entered into a shareholders' agreement with Artal Luxembourg and Merchant Capital, Inc., Richard and Heather Penn, Longisland International Limited, Envoy Partners and Scotiabanc, Inc. relating to their rights with respect to the Company's common stock held by these parties other than Artal Luxembourg. Without the consent of Artal Luxembourg, transfers of the Company's common stock by these shareholders are restricted with certain exceptions. Subsequent transferees of the Company's common stock must, subject to limited exceptions, agree to be bound by the terms and provisions of the agreement. Additionally, this agreement provides the shareholders with the right to participate pro rata in certain transfers of the Company's common stock by Artal Luxembourg and grants Artal Luxembourg the right to require the other shareholders to participate on a pro rata basis in certain transfers of the Company's common stock by Artal Luxembourg.

REGISTRATION RIGHTS AGREEMENT

Simultaneously with the closing of the Company's acquisition by Artal Luxembourg, the Company entered into a registration rights agreement with Artal Luxembourg and Heinz. The registration rights agreement grants Artal Luxembourg the right to require the Company to register its shares of the Company's common stock for public sale under the Securities Act (1) upon demand and (2) in the event that the Company conducts certain types of registered offerings. Heinz has sold all shares of the Company's common stock held by it and accordingly no longer has any rights under this agreement. Merchant Capital, Inc., Richard and Heather Penn, Long Island International Limited, Envoy Partners and Scotiabanc, Inc. became parties to this registration rights agreement under joinder agreements, and each acquired the right to require the Company to register and sell their stock in the event that the Company conducts certain types of registered offerings.

PREFERRED SHAREHOLDERS' AGREEMENT

Simultaneously with the closing of the Company's acquisition by Artal Luxembourg, the Company entered into a preferred shareholders' agreement with Heinz that governed the Company's relationship concerning the Company's Series A Preferred Stock. Subsequent transferees of Heinz, subject to limited exceptions, had to agree to be bound by the terms and provisions of this agreement. Artal Luxembourg and the Company had a preemptive right to acquire the preferred stock from Heinz if Heinz received an offer to purchase any or all of its preferred stock from a third party and it wished to accept the offer. Heinz had the right to require the Company to redeem any or all of its shares of the Company's preferred stock. This right, however, was limited by the provisions contained in the Company's credit agreement and the indentures pursuant to which the Company's senior subordinated notes were issued. On March 1, 2002, the Company redeemed all of the Company's Series A Preferred Stock held by Heinz for a redemption price of $25 million plus accrued and unpaid dividends.

PUT/CALL AGREEMENT

On April 18, 2001, the Company entered into a Put/Call Agreement with Heinz. Under this agreement, Heinz had an option to sell and the Company had an option to purchase all of the Company's common stock currently owned by Heinz. Under this agreement, Heinz has sold to the Company 6,719,254 shares of the Company's common stock held by it for an aggregate purchase price of $27.1 million. Heinz no longer holds any common stock of the Company.

LIMITED LIABILITY COMPANY AGREEMENT

Simultaneously with the closing of the Company's acquisition by Artal Luxembourg, the Company contributed $2,500 in exchange for a 50% membership interest in WW Foods, LLC, a Delaware limited liability company. Heinz owns the remaining 50% interest. The purpose of WW Foods is to own, maintain and preserve WEIGHT WATCHERS food and beverage trademarks that were contributed to it by Heinz. WW Foods serves as the vehicle for licensing rights in those food and beverage trademarks to the Company and to Heinz, and for the licensing of program information by the Company to Heinz.

LICENSING AGREEMENTS

The licensing agreements govern the ownership and rights to use the WEIGHT WATCHERS and other trademarks, service marks and related rights among the Company, Heinz and WW Foods. As described below, the licensing agreements address the parties' respective ownership and rights to use food and beverage trademarks, service marks, program standards, program information, program information trademarks and third party licenses. Heinz is also a party to an operating agreement, which helps preserve and enhance these trademarks, service marks and related rights and facilitates their orderly use by each party.

FOOD AND BEVERAGE TRADEMARKS

Under the licensing agreements, the Company distributed to Heinz and Heinz contributed to WW Foods all WEIGHT WATCHERS trademarks and other trademarks the Company owned relating to food and beverage products. However, Heinz retained certain trademarks previously used by Heinz in connection with those food and beverage trademarks that do not include the WEIGHT WATCHERS name (including, for example, SMART ONES), which the Company distributed to Heinz. At the closing of the Company's acquisition by Artal Luxembourg, WW Foods granted an exclusive, worldwide, royalty-free, perpetual license to use the food and beverage trademarks:

- to Heinz, for worldwide use on food products in specified product categories (including frozen dinners, frozen breakfasts, frozen desserts (excluding ice cream), frozen pizza and pizza snacks, frozen potatoes, frozen rice products, ketchup, tomato sauce, gravy, canned tuna or salmon products, soup, noodles (excluding pasta), and canned beans and pasta products), and for use only in Australia and New Zealand in specified additional food product categories (including mayonnaise, frozen vegetables, canned fruits and canned vegetables); and

- to the Company, for use on all other food and beverage products.

The Company may promote, endorse and sell any of these licensed products through the Company's classroom business and related activities, subject to non-competition provisions with Heinz. Additionally, the Company may continue to sell any food and beverage product (or comparable product) sold by the Company in a particular country within the year preceding the closing of the Company's acquisition by Artal Luxembourg, even if that product has been exclusively licensed to Heinz. However, the Company may do so only within that country and by using the same channels of distribution through which the product was sold during that one-year period.

Some of the food and beverage trademarks and trademark applications were not distributed to Heinz for contribution to WW Foods. These trademarks and trademark applications include:

- trademarks consisting of registrations in multiple trademark classes, where the classes include both food and beverage product classes and classes relating to other types of products or services;

- pending applications that could not be transferred until a registration is granted;

- trademark registrations and applications in countries that do not recognize ownership of trademarks by an entity such as WW Foods;

- trademark registrations and applications in countries where the local law imposes restrictions or limitations on the ownership or registration of similar trademarks by unrelated parties; and

- program information trademarks (as defined below).

The Company retained legal ownership of these types of food and beverage trademarks, which the Company holds in custody for the benefit of WW Foods.

At the closing of the Company's acquisition by Artal Luxembourg, the Company granted to Heinz an exclusive, worldwide, royalty-free license to use those food and beverage trademarks (or any portion covering food and beverage products) that the Company holds in custody for the benefit of WW Foods in connection with the other products licensed to Heinz by WW Foods. The Company has undertaken to contribute any of these custodial trademarks (or any portion covering food and beverage products) to WW Foods if WW Foods determines that the transfer may be achieved under local law. If local law does not permit an existing registration in multiple trademark classes to be severed so as to reflect separate ownership of registrations in food and beverage product classes from registrations in classes covering other types of products or services, (1) WW Foods will apply for new registrations to cover the food and beverage products, (2) the Company will cancel the portion of the multi-class registration

covering food and beverage products upon issuance of the new registrations and
(3) the Company will retain ownership of all remaining portions of the multi-class registration. Heinz will pay the Company an annual fee of $1.2 million until September 2004 in exchange for the Company's serving as the custodian of the food and beverage trademarks held for the benefit of WW Foods.

OTHER MARKS

The Company retains exclusive ownership of all service marks and trademarks other than food and beverage trademarks and, except for the rights granted to WW Foods and to Heinz, the Company has the exclusive right to use all these marks for any purpose, including their use as trademarks for all products other than food and beverage products.

PROGRAM STANDARDS

The Company has exclusive control of the dietary principles to be followed in any eating or lifestyle regimen to facilitate weight loss or weight control employed by the classroom business such as WINNING POINTS. Except for specified limitations concerning products currently sold and extensions of existing product lines, Heinz may use the food and beverage related trademarks only on Heinz licensed products that have been specially formulated to be compatible with the Company's dietary principles. The Company has exclusive responsibility for enforcing compliance with its dietary principles.

PROGRAM INFORMATION AND PROGRAM INFORMATION TRADEMARKS

The Company retains exclusive ownership of all program information, consisting of:

- all information and know-how relating to any weight-loss program;

- all terminology; and

- all trademarks or service marks used to identify the programs or terminology.

The Company granted an exclusive, worldwide, royalty-free license to WW Foods (for sublicense to Heinz) to use the terminology and the related trademarks and service marks, and the Company provided WW Foods (and through it, Heinz) with access to and a right to use this information as may be reasonably necessary to develop, manufacture or market food and beverage products in accordance with the Company's dietary principles. Heinz granted a worldwide, royalty-free license to WW Foods to use improvements that Heinz may develop in the course of its use of the Company's dietary principles or weight-loss program, which WW Foods sublicensed in turn to the Company.

THIRD PARTY LICENSES

Under the licensing agreements, the Company assigned to Heinz all licenses that the Company previously granted to third parties, and Heinz retained all existing sublicenses granted by it to third parties under a license previously granted to Heinz that relate to the manufacture, distribution or sale of food and beverage products. Heinz assumed the Company's obligations under these third party licenses, and has the right to collect and keep all proceeds from them until September 2004. Ownership of these licenses, to the extent they pertain to products licensed to the Company by WW Foods, will be transitioned to the Company over the five-year period following the Company's acquisition by Artal Luxembourg. All proceeds from any of these licenses that cannot be transitioned to the Company by September 2004 will be collected by Heinz and paid over to the Company. Any sublicense that the Company or Heinz grants after the closing of the Company's acquisition by Artal Luxembourg relating to use of the Company's food and beverage related trademarks must conform to the terms of the WW Foods licenses granted to Heinz and the Company.

Effective May 3, 2001, the Company agreed to manage these third party licenses under an agreement with Heinz dated April 30, 2001 for a fee equal to 5% of the royalties from these licenses. This agreement also grants the Company an option, exercisible in the Company's sole discretion, to buy the royalty stream from these licenses prior to September 29, 2004 at a price computed using a formula which adjusts for the then current royalty base, an assumed growth rate over the balance of the period, the 5% management fee, the custodial fee, an agreed discount rate and a tax rate.

HEINZ LICENSES

Subsequent to its acquisition by Artal Luxembourg, the Company entered into three short-term licenses with Heinz and its affiliates regarding the manufacture and marketing of certain food products (not licensed to Heinz by WW Foods) under the Company's brand in the United Kingdom, Australia and in New Zealand through WW Foods as described above. These products were ones that were manufactured and marketed by Heinz prior to the Company's acquisition by Artal Luxembourg.

MANAGEMENT AGREEMENT

Simultaneously with the closing of the Company's acquisition by Artal Luxembourg, the Company entered into a management agreement with The Invus Group, Ltd., the independent investment advisor to Artal Luxembourg. Under this agreement, The Invus Group provides the Company with management, consulting and other services in exchange for an annual fee equal to the greater of one million dollars or one percent of the Company's EBITDA (as defined in the indentures relating to the Company's senior subordinated notes). This agreement is terminable at the option of The Invus Group at any time or by the Company at any time after Artal Luxembourg owns less than a majority of the Company's voting stock.

CORPORATE AGREEMENT

The Company has entered into a corporate agreement with Artal Luxembourg. The Company has agreed that, so long as Artal Luxembourg beneficially owns 10% or more, but less than a majority of the Company's then outstanding voting stock, Artal Luxembourg will have the right to nominate a number of directors approximately equal to that percentage multiplied by the number of directors on the Company's board. This right to nominate directors will not restrict Artal Luxembourg from nominating a greater number of directors.

The Company has agreed with Artal Luxembourg that both Weight Watchers and Artal Luxembourg have the right to:

- engage in the same or similar business activities as the other party;

- do business with any customer or client of the other party; and

- employ or engage any officer or employee of the other party.

Neither Artal Luxembourg nor the Company, nor the Company's respective related parties, will be liable to each other as a result of engaging in any of these activities.

Under the corporate agreement, if one of the Company's officers or directors who also serves as an officer, director or advisor of Artal Luxembourg becomes aware of a potential transaction related primarily to the group education-based weight-loss business that may represent a corporate opportunity for both Artal Luxembourg and the Company, the officer, director or advisor has no duty to present that opportunity to Artal Luxembourg, and the Company will have the sole right to pursue the transaction if the Company's board so determines. If one of the Company's officers or directors who also serves as an officer, director or advisor of Artal Luxembourg becomes aware of any other potential transaction that may represent a corporate opportunity for both Artal Luxembourg and the Company,

the officer or director will have a duty to present that opportunity to Artal Luxembourg, and Artal Luxembourg will have the sole right to pursue the transaction if Artal Luxembourg's board so determines. If one of the Company's officers or directors who does not serve as an officer, director or advisor of Artal Luxembourg becomes aware of a potential transaction that may represent a corporate opportunity for both Artal Luxembourg and the Company, neither the officer nor the director nor the Company have a duty to present that opportunity to Artal Luxembourg, and the Company may pursue the transaction if its board so determines.

If Artal Luxembourg transfers, sells or otherwise disposes of the Company's then outstanding voting stock, the transferee will generally succeed to the same rights that Artal Luxembourg has under this agreement by virtue of its ownership of the Company's voting stock, subject to Artal Luxembourg's option not to transfer those rights.

WEIGHTWATCHERS.COM NOTE

On September 10, 2001, the Company amended and restated its loan agreement with WeightWatchers.com, increasing the aggregate commitment thereunder to $34.5 million. The principal amount may be advanced at any time or from time to time prior to July 31, 2003. The note bears interest at 13% per year, beginning on January 1, 2002, which interest, except as set forth below, shall be paid semi-annually starting on March 31, 2002. All principal outstanding under this note will be payable in six semi-annual installments, starting on March 31, 2004. The note may be prepaid at any time in whole or in part, without penalty. Any borrowings over $26.2 million outstanding principal amount will begin bearing interest immediately. As of December 29, 2001, $34.5 million of principal was outstanding under this note.

WEIGHTWATCHERS.COM WARRANT AGREEMENTS

Under the warrant agreements that the Company entered with WeightWatchers.com, the Company has received warrants to purchase an additional 6,394,997 shares of WeightWatchers.com's common stock in connection with the loans that the Company made to WeightWatchers.com under the note described above. These warrants will expire from November 24, 2009 to September 10, 2011 and may be exercised at a price of $7.14 per share of WeightWatchers.com's common stock until their expiration. The Company owns 19.8% of the outstanding common stock of WeightWatchers.com, or 38.7% on a fully diluted basis (including the exercise of all options and all the warrants the Company owns in WeightWatchers.com).

COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

In connection with the WeightWatchers.com note, the Company entered into a collateral assignment and security agreement whereby the Company obtained a security interest in the assets of WeightWatchers.com. The Company's security interest in those assets will terminate when the note has been paid in full.

WEIGHTWATCHERS.COM INTELLECTUAL PROPERTY LICENSE

The Company has entered into an amended and restated intellectual property license agreement with WeightWatchers.com that governs WeightWatchers.com's right to use the Company's trademarks and materials related to the Weight Watchers program.

The amended and restated license agreement grants WeightWatchers.com the exclusive right to (1) use any of the Company's trademarks, service marks, logos, brand names and other business identifiers as part of a domain name for a website on the Internet; (2) use any of the domain names the Company owns;
(3) use any of the Company's trademarks on the Internet and any other similar or related forms of interactive digital transmission that now exists or may be developed later (provided

that the Company and the Company's affiliates, franchisees, and licensees other than WeightWatchers.com can continue using the trademarks in connection with online advertising and promotion of activities conducted offline); and (4) use any materials related to the Weight Watchers program, including any text, artwork and photographs, and advertising, marketing and promotional materials on the Internet. The license agreement also grants WeightWatchers.com a non-exclusive right to (1) use any of the Company's trademarks to advertise any approved activities that relate to its online weight-loss business; and
(2) create derivative works. All rights granted to WeightWatchers.com must be used solely in connection with the conduct of its online weight-loss business.

Beginning in January 2002, WeightWatchers.com will pay the Company a royalty of 10% of the net revenues it earns through its online activities.

The Company retains exclusive ownership of all of the trademarks and materials that the Company licenses to WeightWatchers.com and of the derivative works created by WeightWatchers.com.

All of the rights granted to WeightWatchers.com in the license agreement are subject to the Company's pre-existing agreements with third parties, including franchisees.

The license agreement provides the Company with control over the use of its intellectual property. The Company has the right to approve any e-commerce activities, any materials, sublicenses, communication to consumers, products, privacy policy, strategies, marketing and operational plans WeightWatchers.com intends to use or implement in connection with its online weight-loss business. WeightWatchers.com is obligated to adhere to strict quality standards, usage guidelines and business criteria provided to WeightWatchers.com by the Company.

WeightWatchers.com and the Company will jointly own user data collected through the website and both parties are required to adhere to the site's privacy policy.

WEIGHTWATCHERS.COM SERVICE AGREEMENT

Simultaneously with the signing of the amended and restated intellectual property license, the Company entered into a service agreement with WeightWatchers.com, under which WeightWatchers.com provides the following types of services:

- information distribution services, which include the hosting, displaying and distributing on the Internet of information relating to the Company and the Company's affiliates and franchisees;

- marketing services, which include the hosting, displaying and distributing on the Internet of information relating to the Company's products and services such as the Company's classroom meetings, the WEIGHT WATCHERS MAGAZINE and AT HOME and similar products and services from the Company's affiliates and franchisees; and

- customer communication services, which include establishing a means by which customers can communicate with the Company on the Internet to ask questions related to the Company's products and services and the products and services of the Company's affiliates and franchisees.

The Company is required to pay for all expenses incurred by WeightWatchers.com directly attributable to the services it performs under this agreement, plus a fee of 10% of those expenses.

WEIGHTWATCHERS.COM SHAREHOLDERS' AGREEMENT

The Company entered into a shareholders' agreement with WeightWatchers.com, Inc., Artal Luxembourg and Heinz that governs the Company's and Artal Luxembourg's relationship with WeightWatchers.com as holders of its common stock. Heinz has sold all of its shares in WeightWatchers.com back to WeightWatchers.com and thus no longer has any rights under this

agreement. Subsequent transferees of the Company and of Artal Luxembourg must, except for some limited exceptions, agree to be bound by the terms and provisions of the agreement.

The shareholders' agreement imposes on the Company restrictions on the transfer of common stock of WeightWatchers.com until the earlier to occur of
(1) September 29, 2004 and (2) WeightWatchers.com's initial public offering of common stock under the Securities Act, except for certain exceptions. The Company has the right to participate pro rata in certain transfers of common stock of WeightWatchers.com by Artal Luxembourg, and Artal Luxembourg has the right to require the Company to participate on a pro rata basis in certain transfers of WeightWatchers.com's common stock by it.

WEIGHTWATCHERS.COM REGISTRATION RIGHTS AGREEMENT

The Company entered into a registration rights agreement with WeightWatchers.com, Artal Luxembourg and Heinz with respect to the Company's shares in WeightWatchers.com. Heinz has resold all of its shares in WeightWatchers.com back to WeightWatchers.com and thus no longer has any rights under this agreement. The registration rights agreement grants Artal Luxembourg the right to require WeightWatchers.com to register its shares of WeightWatchers.com common stock upon demand and also grants the Company and Artal Luxembourg rights to register and sell shares of WeightWatchers.com's common stock in the event WeightWatchers.com conducts certain types of registered offerings.

WEIGHTWATCHERS.COM LEASE GUARANTEE

The Company has guaranteed the performance of WeightWatchers.com's lease of its office space at 888 Seventh Avenue, New York, New York. The annual rental rate is $.5 million plus increases for operating expenses and real estate taxes. The lease expires in September 2003.

NELLSON CO-PACK AGREEMENT

The Company entered into an agreement with Nellson Nutraceutical, a subsidiary of Artal Luxembourg, to purchase snack bar and powder products manufactured by Nellson Nutraceutical for sale at the Company's meetings. Under the agreement, Nellson Nutraceutical agreed to produce sufficient snack bar products to fill the Company's purchase orders within 30 days of Nellson Nutraceutical's receipt of these purchase orders, and the Company is not bound to purchase a minimum quantity of snack bar products. The Company purchased $18.7 million, $4.9 million and $4.3 million, respectively, of products from Nellson Nutraceutical during the fiscal year ended December 29, 2001, the eight months ended December 30, 2000 and the fiscal year ended April 29, 2000. The term of the agreement runs through December 31, 2004, and the Company has the option to renew the agreement for successive one-year periods by providing written notice to Nellson Nutraceutical.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORT ON FORM 8-K.

(a) 1. FINANCIAL STATEMENTS

The financial statements listed in the Index to Financial Statements and Financial Statement Schedule on page F-1 are filed as part of this Form 10-K.

2. FINANCIAL STATEMENT SCHEDULE

The financial statement schedule listed in the Index to Financial Statements and Financial Statement Schedule on page F-1 is filed as part of this Form 10-K.

3. EXHIBITS

The exhibits listed in the Exhibit Index are filed as part of this Form 10-K.

(b). REPORTS ON FORM 8-K

None.

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

COVERED BY REPORT OF INDEPENDENT ACCOUNTANTS
ITEMS 14(A) 1&2

All other schedules are omitted for the reason that they are either not required, not applicable, not material or the information is included in the consolidated financial statements or notes thereto.

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 29, 2001, DECEMBER 30, 2000 AND APRIL 29, 2000
(IN THOUSANDS)

	DECEMBER 29, 2001	DECEMBER 30, 2000	APRIL 29, 2000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 23,338	$ 44,501	$ 44,043
Receivables (net of allowances: December 29, 2001 -- $726; December 30, 2000 -- $797; April 29, 2000 -- $609)	13,619	14,678	12,877
Notes receivable, current	--	2,106	2,791
Foreign currency contract receivable	--	5,364	--
Inventories, net	26,205	15,044	9,328
Prepaid expenses	15,944	11,099	8,360
Deferred income taxes	4,773	648	94
TOTAL CURRENT ASSETS	83,879	93,440	77,493
Property and equipment, net	10,725	8,145	7,001
Notes and other receivables, noncurrent	325	5,601	7,045
Goodwill (net of accumulated amortization: December 29, 2001 -- $68,783; December 30, 2000 -- $59,216; April 29, 2000 -- $55,430)	234,302	150,901	152,565
Trademarks and other intangible assets (net of accumulated amortization: December 29, 2001 -- $20,608; December 30, 2000 -- $19,871; April 29, 2000 -- $19,423)	6,863	6,648	7,163
Deferred income taxes	136,281	67,207	67,574
Deferred financing costs, net	9,164	13,513	14,666
Other noncurrent assets	1,309	762	700
TOTAL ASSETS	$482,848	$346,217	$334,207
LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' DEFICIT			
CURRENT LIABILITIES			
Short-term borrowings due to related party	$ 2,888	$ 1,730	$ 1,489
Portion of long-term debt due within one year	15,699	14,120	14,120
Accounts payable	17,698	11,989	12,362
Salaries and wages	15,133	10,544	10,125
Accrued interest	7,810	9,662	4,082
Accrued restructuring costs	283	2,485	4,786
Foreign currency contract payable	2,811	--	486
Other accrued liabilities	23,529	23,215	19,583
Income taxes	9,139	3,660	6,786
Deferred revenue	13,020	5,836	4,632
TOTAL CURRENT LIABILITIES	108,010	83,241	78,451
Long-term debt	458,320	456,530	460,510
Deferred income taxes	3,169	3,107	2,941
Other	870	121	546
TOTAL LONG-TERM DEBT AND OTHER LIABILITIES	462,359	459,758	463,997
Commitments and contingencies			
Redeemable preferred stock	25,996	25,996	25,875
SHAREHOLDERS' DEFICIT			
Common stock, $0 par 1,000,000 shares authorized; 111,988 shares issued; outstanding 105,500 shares at December 29, 2001 and 111,988 at December 30, 2000 and April 29, 2000	--	--	--
Treasury stock, at cost, 6,488 shares at December 29, 2001	(26,196)	--	--
Accumulated deficit	(73,998)	(216,507)	(231,663)
Accumulated other comprehensive loss	(13,323)	(6,271)	(2,453)
TOTAL SHAREHOLDERS' DEFICIT	(113,517)	(222,778)	(234,116)
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' DEFICIT	$482,848	$346,217	$334,207

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

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001, THE EIGHT MONTHS ENDED DECEMBER 30, 2000, AND THE FISCAL YEARS ENDED APRIL 29, 2000 AND APRIL 24, 1999

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	DECEMBER 29, 2001	DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
	(52 WEEKS)	(35 WEEKS)	(52 WEEKS)	(53 WEEKS)
Meeting fees, net	$415,680	$184,102	$276,103	$266,140
Product sales and other, net	208,190	89,073	123,471	98,468
Revenues, net	623,870	273,175	399,574	364,608
Cost of revenues	286,436	139,283	201,389	178,925
Gross profit	337,434	133,892	198,185	185,683
Marketing expenses	69,716	26,986	51,453	52,856
Selling, general and administrative expenses	73,029	34,424	53,759	51,501
Transaction costs	--	--	8,345	--
Operating income	194,689	72,482	84,628	81,326
Interest expense (income)	54,537	37,125	31,079	(7,168)
Other expense (income), net	13,181	14,334	(13,367)	2,659
Income before income taxes, minority interest and extraordinary item	126,971	21,023	66,916	85,835
(Benefit from) provision for income taxes	(23,198)	5,857	28,323	36,360
Income before minority interest and extraordinary item	150,169	15,166	38,593	49,475
Minority interest	107	147	834	1,493
Income before extraordinary item	150,062	15,019	37,759	47,982
Extraordinary charge on early extinguishment of debt, net of taxes of $1,784	2,875	--	--	--
Net income	$147,187	$ 15,019	$ 37,759	$ 47,982
Preferred stock dividends	1,500	1,000	875	--
Net income available to common shareholders	$145,687	$ 14,019	$ 36,884	$ 47,982
Basic net income per share:				
Income before extraordinary item	$ 1.37	$ 0.13	$ 0.20	$ 0.17
Extraordinary item, net of taxes	(0.03)	--	--	--
Net income	$ 1.34	$ 0.13	$ 0.20	$ 0.17
Diluted net income per share:				
Income before extraordinary item	$ 1.34	$ 0.13	$ 0.20	$ 0.17
Extraordinary item, net of taxes	(0.03)	--	--	--
Net income	$ 1.31	$ 0.13	$ 0.20	$ 0.17
Weighted average common shares outstanding:				
Basic	108,676	111,988	182,206	276,430
Diluted	110,975	112,171	182,206	276,430

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

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT, PARENT COMPANY INVESTMENT AND COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001,
THE EIGHT MONTHS ENDED DECEMBER 30, 2000, AND
THE FISCAL YEARS ENDED APRIL 29, 2000 AND APRIL 24, 1999
(IN THOUSANDS)

	COMMON STOCK		TREASURY STOCK		ADDITIONAL PAID IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE LOSS	ACCUMULATED DEFICIT
	SHARES	AMOUNT	SHARES	AMOUNT			
Balance at April 25, 1998	276,430						
Comprehensive Income:							
Net income							
Translation adjustment							
Total Comprehensive Income							
Net Parent settlements							
Dividend							
Balance at April 24, 1999	27248,948	248,948					
Net Parent settlements							
Recapitalization and settlement of Parent company investment	(164,442)	--	--	--	$(72,100)	$(12,764)	$(268,547)
Deferred tax asset					72,100		
Comprehensive Income:							
Net income							37,759
Translation adjustment						10,311	
Total Comprehensive Income							
Preferred stock dividend							(875)
Balance at April 29, 2000	111,988	--	--	--	--	(2,453)	(231,663)
Elimination of foreign subsidiaries one month reporting lag effective April 30, 2000							1,137
Comprehensive Income:							
Net income							15,019
Translation adjustment						(3,818)	
Total Comprehensive Income							
Preferred stock dividend							(1,000)
Balance at December 30, 2000	111,988	--	--	--	--	(6,271)	(216,507)
Comprehensive Income:							
Net income							147,187
Translation adjustment						(3,132)	
Changes in fair value of derivatives accounted for as hedges						(3,920)	
Total Comprehensive Income							
Preferred stock dividend							(1,500)
Purchase of treasury stock			6,719	$(27,132)			
Stock options exercised			(93)	375			(177)
Sale of common stock			(138)	561			(36)
Cost of public equity offering							(2,965)
Balance at December 29, 2001	111,988	--	6,488	$(26,196)	$ --	$(13,323)	$ (73,998)

Balance at April 25, 1998	$229,089	$ 229,089
Comprehensive Income:		
Net income	47,982	47,982
Translation adjustment	19,660	19,660
Total Comprehensive Income		67,642
Net Parent settlements	(42,851)	(42,851)
Dividend	(4,932)	(4,932)
Net Parent settlements	(252,883)	(252,883)
Recapitalization and settlement of Parent company investment	3,935	(349,476)
Deferred tax asset		72,100
Comprehensive Income:		
Net income		37,759
Translation adjustment		10,311
Total Comprehensive Income		48,070
Preferred stock dividend		(875)
Balance at April 29, 2000	--	(234,116)
Elimination of foreign subsidiaries one month reporting lag effective April 30, 2000		1,137
Comprehensive Income:		
Net income		15,019
Translation adjustment		(3,818)
Total Comprehensive Income		11,201
Preferred stock dividend		(1,000)

Balance at December 30, 2000.....	--	(222,778)
Comprehensive Income:		
Net income.....		147,187
Translation adjustment.....		(3,132)
Changes in fair value of derivatives accounted for as hedges.....		(3,920)
Total Comprehensive Income.....		140,135
Preferred stock dividend.....		(1,500)
Purchase of treasury stock.....		(27,132)
Stock options exercised.....		198
Sale of common stock.....		525
Cost of public equity offering.....		(2,965)
Balance at December 29, 2001.....	$ --	$(113,517)

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

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001,
THE EIGHT MONTHS ENDED DECEMBER 30, 2000, AND
THE FISCAL YEARS ENDED APRIL 29, 2000 AND APRIL 24, 1999
(IN THOUSANDS)

	DECEMBER 29, 2001	DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
	(52 WEEKS)	(35 WEEKS)	(53 WEEKS)	(52 WEEKS)
Operating activities:				
Net income	$147,187	$ 15,019	$ 37,759	$ 47,982
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	13,243	6,607	9,286	9,586
Amortization of deferred financing costs	2,097	1,282	1,112	--
Deferred tax (benefit) provision	(71,069)	104	8,541	9,279
Unrealized loss (gain) on derivative instruments	1,125	(5,815)	499	--
Accounting for equity investment	17,344	17,604	--	--
Elimination of foreign subsidiaries one month reporting lag	--	1,206	--	--
Allowance for doubtful accounts	6,330	198	(385)	118
Reserve for inventory obsolescence, other	2,718	3,993	3,360	1,923
Foreign currency exchange rate gain	(6,496)	--	--	--
Extraordinary charges from early extinguishment of debt	2,875	--	--	--
Other items, net	191	(954)	(2,492)	38
Changes in cash due to:				
Receivables	231	(2,746)	13,424	(7,277)
Inventories	(11,895)	(8,902)	(5,177)	(1,849)
Prepaid expenses	(5,605)	(3,592)	(801)	(1,454)
Due from related parties	1,158	241	(14,765)	3,693
Accounts payable	5,201	(303)	(1,512)	3,083
Accrued liabilities	1,985	6,862	5,281	(10,076)
Deferred revenue	7,290	1,043	(1,753)	(716)
Income taxes	7,654	(2,975)	(2,492)	3,571
Cash provided by operating activities	121,564	28,872	49,885	57,901
Investing activities:				
Capital expenditures	(3,834)	(3,626)	(1,874)	(2,474)
Advances and interest in equity investment	(17,344)	(15,604)	--	--
Acquisitions	(97,877)	--	--	--
Acquisitions of minority interest	--	(2,400)	(15,900)	--
Other items, net	(1,063)	3	(1,867)	(565)
Cash used for investing activities	(120,118)	(21,627)	(19,641)	(3,039)
Financing activities:				
Net increase (decrease) in short-term borrowings	748	(34)	(5,455)	856
Proceeds from borrowings	60,042	--	491,260	--
Repurchase of common stock	--	--	(324,476)	--
Payment of dividends	(1,500)	(879)	(2,796)	(10,368)
Payments on long-term debt	(50,813)	(7,060)	(3,530)	(1,081)
Deferred financing cost	(2,406)	--	(15,861)	--
Net Parent settlements	--	--	(131,030)	(37,076)
Purchase of treasury stock	(27,132)	--	--	--
Cost of public equity offering	(1,017)	--	--	--
Proceeds from sale of common stock	525			
Proceeds from stock options exercised	198	--	--	--
Cash (used for) provided by financing activities	(21,355)	(7,973)	8,112	(47,669)
Effect of exchange rate changes on cash and cash equivalents	(1,254)	1,186	(13,828)	493
Net (decrease) increase in cash and cash equivalents	(21,163)	458	24,528	7,686
Cash and cash equivalents, beginning of fiscal year/period	44,501	44,043	19,515	11,829
Cash and cash equivalents, end of fiscal year/period	$ 23,338	$ 44,501	$ 44,043	$ 19,515

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

1. BASIS OF PRESENTATION

Weight Watchers International, Inc. (the "Company") operates and franchises territories offering weight loss and control programs through the operation of classroom type meetings to the general public in the United States, Canada, Mexico, the United Kingdom, Continental Europe, Australia, New Zealand, South Africa, and Brazil.

RECAPITALIZATION:

On September 29, 1999, the Company entered into a recapitalization and stock purchase agreement (the "Transaction") with its former parent, H.J. Heinz Company ("Heinz"). In connection with the Transaction, the Company effectuated a stock split of 58,747.6 shares for each share outstanding. The Company then redeemed 164,442 shares of common stock from Heinz for $349,500. The number of shares of the Company's common stock that was authorized and outstanding prior to the Transaction has been adjusted to reflect the stock split. The $349,500 consisted of $324,500 of cash and $25,000 of the Company's redeemable Series A Preferred Stock. After the redemption, Artal Luxembourg S.A. ("Artal") purchased 94% of the Company's remaining common stock from Heinz for $223,700. The recapitalization and stock purchase was financed through borrowings under credit facilities amounting to approximately $237,000 and the issuance of Senior Subordinated Notes amounting to $255,000, due 2009. The balance of the borrowings was utilized to refinance debt incurred prior to the Transaction relating to the transfer of ownership and acquisition of the minority interest in the Weight Watchers businesses that operate in Australia and New Zealand. The acquisition of the minority interest resulted in approximately $15,900 of goodwill. In connection with the Transaction, the Company incurred approximately $8,300 in transaction costs and $15,900 in deferred financing costs. For U.S. Federal and State tax purposes, the Transaction was treated as a taxable sale under Section 338(h)(10) of the Internal Revenue Code of 1986, as amended. As a result, for tax purposes, the Company recorded a step-up in the tax basis of net assets. For financial reporting purposes, a valuation allowance of approximately $72,100 was established against the corresponding deferred tax asset of $144,200.

WEIGHCO ACQUISITION:

On January 16, 2001, the Company acquired certain business assets of Weighco Enterprises, Inc., Weighco of Northwest, Inc. and Weighco of Southwest, Inc. ("Weighco"), for an aggregate purchase price of $83,800. See Note 3.

STOCK SPLIT:

On October 29, 2001, the Company's board of directors declared a 4.70536-for-one stock split, which became effective concurrent with the effective date, November 15, 2001, of the registration statement filed by the Company in connection with its initial public offering ("IPO"). All common shares and per share amounts have been retroactively restated for the stock split. In addition, stock options and the respective exercise prices have been amended to reflect this split.

COMMON STOCK OFFERING:

On November 15, 2001, the Company traded 17,400 shares of its common stock on the New York Stock Exchange at an initial price to the public of $24.00 per share. The Company did not receive any

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. BASIS OF PRESENTATION (CONTINUED) of the proceeds from the sale of shares of the Company's common stock pursuant to this initial public offering.

Simultaneous with the Transaction, the Company entered into a Registration Rights Agreement with Artal, under which the Company is obligated at the request of Artal, to register its common stock with the Securities and Exchange Commission and pay all costs associated with such registration. As a result, all costs incurred in connection with the Company's common stock offering have been recorded in shareholders' deficit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CHANGE IN FISCAL YEAR:

The Company changed its fiscal year from the last Saturday of April to the Saturday closest to December 31st effective with the eight months commencing April 30, 2000.

The following table presents certain financial information for the eight months ended December 30, 2000 and December 18, 1999.

	EIGHT MONTHS ENDED	
	DECEMBER 2000 (35 WEEKS)	DECEMBER 1999 (34 WEEKS)
	(UNAUDITED)	
Revenues, net	$273,175	$236,974
Gross profit	$133,892	$114,592
Income before income taxes and minority interest	$ 21,023	$ 39,020
Provision for income taxes	$ 5,857	$ 15,150
Income before minority interest	$ 15,166	$ 23,870
Minority interest	$ 147	$ 694
Net Income	$ 15,019	$ 23,176

CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation. In order to facilitate timely reporting in prior periods, certain foreign subsidiaries ended their fiscal years one month prior to the Company's fiscal year end with no material impact on the consolidated financial statements. The one-month lag was eliminated effective April 30, 2000. The effect on net income of these subsidiaries for the period March 31, 2000 through April 29, 2000 was $1,137 and was adjusted to opening accumulated deficit at April 30, 2000.

USE OF ESTIMATES:

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TRANSLATION OF FOREIGN CURRENCIES:

For all foreign operations, the functional currency is the local currency. Assets and liabilities of these operations are translated at the exchange rate in effect at each year-end. Income statement accounts are translated at the average rate of exchange prevailing during the year. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive income (loss).

CASH EQUIVALENTS:

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less.

INVENTORIES:

Inventories, which consist of finished goods, are stated at the lower of cost or market on a first-in, first-out basis, net of reserves for obsolescence and shrinkage.

PROPERTY AND EQUIPMENT:

Property and equipment are recorded at cost. For financial reporting purposes, equipment is depreciated on the straight-line method over the estimated useful lives of the assets (5 to 10 years). Leasehold improvements are amortized on the straight-line method over the shorter of the term of the lease or the useful life of the related assets (5 to 10 years). Expenditures for new facilities and improvements that substantially extend the useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the accounts and any related gains or losses are included in income.

IMPAIRMENT OF LONG LIVED ASSETS:

The Company follows the provisions of Statement of Financial Accounting Standard ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of." This statement requires that certain assets be reviewed for impairment and, if impaired, remeasured at fair value whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

In October 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supercedes SFAS No. 121. SFAS No. 144 provides updated guidance concerning the recognition and measurement of an impairment loss for certain types of long-lived assets. SFAS No. 144 is effective for the Company beginning December 30, 2001. The Company does not expect the adoption of SFAS No. 144 to have a material impact on the Company's fiscal 2002 financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) INTANGIBLES:

Goodwill, trademarks and other intangibles arising from acquisitions, including the acquisition of previously franchised areas, are being amortized on a straight-line basis over periods ranging from 3 to 40 years. Amortization of goodwill, trademarks and other intangibles for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal years ended April 29, 2000 and April 24, 1999 was $10,511, $4,515, $6,304 and $4,228, respectively.

During 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." Effective December 30, 2001, the Company will no longer be required to amortize indefinite life goodwill and intangible assets as a charge to earnings for acquisitions completed prior to June 30, 2001. For acquisitions completed after June 30, 2001, the provisions of SFAS No. 141 and 142 were effective immediately.

In addition, the Company will be required to conduct an annual review of goodwill and other intangible assets for potential impairment. The Company estimates that the adoption of these standards will reduce amortization expense for fiscal 2002 by approximately $6,400, net of taxes.

The Company accounts for software costs under the AICPA Statement of Position ("SOP") No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". SOP No. 98-1 requires capitalization of certain costs incurred in connection with developing or obtaining internally used software. Software costs are amortized over 3 to 5 years.

REVENUE RECOGNITION:

The Company earns revenue by conducting meetings, selling products and aids in its own facilities, by collecting commissions from franchisees operating under the Weight Watchers name and by collecting royalties related to licensing agreements. Revenue is recognized when registration fees are paid, services are rendered, products are sold and commissions and royalties are earned. Deferred revenue, consisting of prepaid lecture income, is amortized into income over the period earned.

ADVERTISING COSTS:

Advertising costs consist primarily of national and local direct mail, television, and spokesperson's fees. All costs related to advertising are expensed in the period incurred. Total advertising expenses for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal years ended April 29, 2000 and April 24, 1999 were $66,749, $25,792, $48,027 and $48,800, respectively.

INCOME TAXES:

The Company provides for taxes based on current taxable income and the future tax consequences of temporary differences between the financial reporting and income tax carrying values of its assets and liabilities. Under SFAS No. 109, "Accounting for Income Taxes", assets and liabilities acquired in purchase business combinations are assigned their fair values and deferred taxes are provided for lower or higher tax bases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) DERIVATIVE INSTRUMENTS AND HEDGING:

The Company enters into forward and swap contracts to hedge transactions denominated in foreign currencies to reduce the currency risk associated with fluctuating exchange rates. These contracts are used primarily to hedge certain intercompany cash flows and for payments arising from some of the Company's foreign currency denominated obligations. In addition, the Company enters into interest rate swaps to hedge a substantial portion of its variable rate debt.

Effective December 31, 2000, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and its related amendment, SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". These standards require that all derivative financial instruments be recorded on the consolidated balance sheets at their fair value as either assets or liabilities. Changes in the fair value of derivatives will be recorded each period in earnings or accumulated other comprehensive income (loss), depending on whether a derivative is designated and effective as part of a hedge transaction and, if it is, the type of hedge transaction. Gains and losses on derivative instruments reported in accumulated other comprehensive income (loss) will be included in earnings in the periods in which earnings are affected by the hedged item. As of December 31, 2000, the adoption of these new standards resulted in an adjustment of $5,086 ($3,204 net of taxes) to accumulated other comprehensive loss.

INVESTMENTS:

The Company uses the cost method to account for investments in which the Company holds 20% or less of the investee's voting stock and the Company does not have significant influence. Where the Company holds 50% or less of the investee's voting stock or where the Company has the ability to exercise significant influence over operating and financial policies of the investee, the investment is accounted for under the equity method.

DEFERRED FINANCING COSTS:

Deferred financing costs consist of costs associated with the establishment of the Company's credit facilities resulting from the Transaction. During the fiscal year ended December 29, 2001, the Company incurred additional deferred financing costs of $2,406 associated with the Weighco acquisition and refinancing of its credit facilities. Such costs are being amortized using the interest rate method over the term of the related debt. Amortization expense for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000 and the fiscal year ended April 29, 2000 was $2,097, $1,282 and $1,112, respectively. In connection with the refinancing, the Company recognized an extraordinary charge on the early extinguishment of debt of $2,875, net of taxes. See Note 5.

COMPREHENSIVE INCOME:

Other comprehensive income represents the change in shareholders' deficit resulting from transactions other than shareholder investments and distributions. The Company's comprehensive income includes net income, changes in the fair value of derivative instruments and the effects of foreign currency translations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) RECENTLY ISSUED ACCOUNTING STANDARDS:

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 is effective for the Company beginning December 29, 2002. The Company does not expect the adoption of SFAS No. 143 to have a material impact on its consolidated financial position or results of operations.

In June 2001, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 00-14, "Accounting for Certain Sales Incentives," which is effective no later than periods beginning after December 15, 2001. EITF Issue No 00-14 addresses the recognition, measurement and statement of earnings classification for certain sales incentive. EITF Issue No. 00-14 is effective for the Company beginning December 30, 2001. The Company has determined that the impact of adoption or subsequent application of EITF Issue No. 00-14 will not have a material effect on its consolidated results of operations.

RECLASSIFICATION:

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. ACQUISITIONS

On September 4, 2001, the Company completed the acquisition of Weight Watchers of Oregon, Inc., for an aggregate purchase price of $13,500. Substantially all of the purchase price in excess of the net assets acquired was recorded as goodwill. The acquisition has been accounted for under the provisions of SFAS No. 141, "Business Combinations". SFAS No. 141 requires that all business combinations initiated after June 30, 2001 be accounted for by the purchase method of accounting, thereby eliminating the pooling-of-interests methods of accounting.

On January 16, 2001, the Company completed the acquisition of Weighco, for an aggregate purchase price of $83,800 plus acquisition costs of $577. Assets acquired include inventory ($1,884) and property and equipment ($1,801). The excess of investment over the net book value of assets acquired at the date of acquisition resulted in goodwill of $80,692. The acquisition was financed through additional borrowings of $60,000 obtained pursuant to the Company's Amended and Restated Credit Agreement, dated January 16, 2001, and cash from operations.

These acquisitions have been accounted for under the purchase method of accounting and accordingly, earnings have been included in the consolidated operating results of the Company since the date of acquisition.

The following table presents unaudited pro forma financial information that reflects the consolidated results of operations of the Company, including Weighco, as if the acquisition had occurred as of the beginning of the period. This pro forma information does not necessarily reflect the

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

3. ACQUISITIONS (CONTINUED) actual results that would have occurred, nor is it necessarily indicative of future results of operations of the consolidated companies.

	PRO FORMA EIGHT MONTHS ENDED DECEMBER 30, 2000
Revenue	$306,509
Net income	$ 17,257
Per share information:	
Basic and diluted earnings per share	$ 0.15

4. PROPERTY AND EQUIPMENT

The components of property and equipment were:

	DECEMBER 29, 2001	DECEMBER 30, 2000	APRIL 29, 2000
Leasehold improvements	$18,059	$19,218	$17,954
Equipment	36,071	31,921	30,900
	54,130	51,139	48,854
Less: Accumulated depreciation and amortization	43,494	43,006	41,911
	10,636	8,133	6,943
Construction in progress	89	12	58
	$10,725	$ 8,145	$ 7,001

Depreciation and amortization expense of property and equipment for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal years ended April 29, 2000 and April 24, 1999 was $2,732, $2,162, $2,982 and $3,487, respectively.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

5. LONG-TERM DEBT

	DECEMBER 29, 2001		DECEMBER 30, 2000		APRIL 29, 2000	
	BALANCE	EFFECTIVE RATE	BALANCE	EFFECTIVE RATE	BALANCE	EFFECTIVE RATE
EURO 100.0 million 13% Senior Subordinated Notes due 2009	$ 88,380	13.00%	$ 94,240	13.00%	$ 91,160	13.00%
US $150.0 million 13% Senior Subordinated Notes due 2009	150,000	13.00%	150,000	13.00%	150,000	13.00%
Term A Loan due 2005	63,639	6.95%	65,625	9.81%	71,875	9.22%
Term B Loan due 2007	108,000	8.25%	74,438	10.95%	74,813	10.04%
Transferable Loan Certificate due 2007	64,000	8.25%	86,347	10.95%	86,782	10.04%
	474,019		470,650		474,630	
Less Current Portion	15,699		14,120		14,120	
	$458,320		$456,530		$460,510	

In connection with the Transaction, the Company entered into a credit facility ("Credit Facility") with The Bank of Nova Scotia, Credit Suisse First Boston and certain other lenders providing (i) a $75,000 term loan A facility ("Term Loan A"), (ii) a $75,000 term loan B facility ("Term Loan B"), (iii) an $87,000 transferable loan certificate ("TLC") and (iv) a revolving credit facility with borrowings up to $30,000 ("Revolving Credit Facility"). The Credit Facility was amended and restated on January 16, 2001 to provide for an additional $50,000 in borrowings in connection with the acquisition of Weighco (see Note 3) as follows: (i) Term Loan A was increased by $15,000, (ii) the Revolving Credit Facility was increased by $15,000 to $45,000 and (iii) a new $20,000 term loan D facility ("Term Loan D"). On December 21, 2001, the Amended and Restated Credit Facility dated January 16, 2001 was refinanced as follows:
(i) Term Loan B, Term Loan D and the TLC in the amount of $71,000, $19,000 and $82,000, respectively were repaid and replaced with a new Term Loan B of $108,000 and a new TLC of $64,000. No additional borrowings were incurred. Borrowings under the Credit Facility are paid quarterly and bear interest at a rate equal to LIBOR plus (a) in the case of Term Loan A and the Revolving Credit Facility, 1.75% or, at the Company's option, the alternate base rate, as defined, plus 0.75% and, (b) in the case of Term Loan B and the TLC, 2.50% or, at the Company's option, the alternate base rate plus 1.50%. At December 29, 2001, the interest rates were 3.73% for Term Loan A, 4.40% for Term Loan B, and 4.43% for the TLC. All assets of the Company collateralize the Credit Facility.

In addition, as part of the Transaction, the Company issued $150,000 USD denominated and 100,000 EUR denominated principal amount of 13% Senior Subordinated Notes due 2009 (the "Notes") to qualified institutional buyers. At December 29, 2001, the 100,000 EUR notes translated into 88,380 USD denominated equivalent. The impact of the change in foreign exchange rates related to euro denominated debt is reflected in the income statement. Interest is payable on the Notes semi-annually on April 1 and October 1 of each year. The Company uses interest rate swaps and foreign currency forward contracts in association with its debt. The Notes are uncollateralized senior subordinated obligations of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company, including the Credit Facility. The notes are guaranteed by certain subsidiaries of the Company.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

5. LONG-TERM DEBT (CONTINUED) The Credit Facility contains a number of covenants that, among other things, restrict the Company's ability to dispose of assets, incur additional indebtedness, or engage in certain transactions with affiliates and otherwise restrict the Company's corporate activities. In addition, under the Credit Facility, the Company is required to comply with specified financial ratios and tests, including minimum fixed charge coverage and interest coverage ratios and maximum leverage ratios.

The aggregate amounts of existing long-term debt maturing in each of the next five years and thereafter are as follows:

2002.	$ 15,699
2003.	20,161
2004.	17,630
2005.	17,029
2006.	1,720
2007 and thereafter.	401,780
	$474,019

6. REDEEMABLE PREFERRED STOCK

The Company issued one million shares of Series A Preferred Stock in conjunction with the Transaction. Holders of the Series A Preferred Stock are entitled to receive dividends at an annual rate of 6% payable annually in arrears. The liquidation preference of the Series A Preferred Stock is $25 per share. If there is a liquidation, dissolution or winding up, the holders of shares of Series A Preferred Stock are entitled to be paid out of the Company assets available for distribution to shareholders an amount in cash equal to the $25 liquidation preference per share plus all accrued and unpaid dividends prior to the distribution of any assets to holders of shares of common stock.

Except as required by law, the holders of the preferred stock have no voting rights with respect to their shares of preferred stock, except that (1) the approval of holders of a majority of the outstanding shares of preferred stock, voting as a class, is required to amend, repeal or change any of the provisions of the Company's certificate of incorporation in any manner that would alter or change the powers, preferences or special rights of the shares of preferred stock in a way that would affect them adversely and (2) the consent of each holder of Series A Preferred Stock is required for any amendment that reduces the dividend payable on or the liquidation value of the Series A Preferred Stock.

On March 1, 2002, the Company redeemed all of the Company's Series A Preferred Stock held by Heinz for a redemption price of $25,000 plus accrued and unpaid dividends.

7. TREASURY STOCK

On April 18, 2001, the Company entered into a Put/Call Agreement with Heinz, pursuant to which Heinz acquired the right and option to sell during the period ending on or before May 15, 2002, and the Company acquired the right and option to purchase after that date and on or before August 15, 2002, 6,719 shares of the common stock of the Company owned by Heinz. Under this agreement, during the fiscal year ended December 29, 2001, Heinz has sold all of its shares to the Company at fair value for an aggregate purchase price of $27,132, which was funded with cash from operations. Heinz no longer holds any common stock of the Company.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

8. EARNINGS PER SHARE

Basic earnings per share ("EPS") computations are calculated utilizing the weighed average number of common shares outstanding during the periods presented. Diluted EPS includes the weighted average number of common shares outstanding and the effect of common stock equivalents. The following table sets forth the computation of basic and diluted EPS.

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
Numerator:				
Net income	$147,187	$ 15,019	$ 37,759	$ 47,982
Preferred stock dividends	1,500	1,000	875	--
Numerator for basic and diluted EPS-income available to common shareholders	$145,687	$ 14,019	$ 36,884	$ 47,982
Numerator for basic and diluted EPS-extraordinary item, net of taxes	$ 2,875	$ --	$ --	$ --
Numerator for basic and diluted EPS-income before extraordinary item	$148,562	$ 14,019	$ 36,884	$ 47,982
Denominator:				
Denominator for basic EPS-weighted-average shares	108,676	111,988	182,206	276,430
Effect of dilutive securities:				
Stock options	2,299	183	--	--
Denominator for diluted EPS-weighted-average shares	110,975	112,171	182,206	276,430
EPS:				
Basic EPS:				
Income before extraordinary item	$ 1.37	$ 0.13	$ 0.20	$ 0.17
Extraordinary item, net of taxes	(0.03)	--	--	--
Net income	$ 1.34	$ 0.13	$ 0.20	$ 0.17
Diluted EPS:				
Income before extraordinary item	$ 1.34	$ 0.13	$ 0.20	$ 0.17
Extraordinary item, net of taxes	(0.03)	--	--	--
Net income	$ 1.31	$ 0.13	$ 0.20	$ 0.17

9. STOCK PLANS

WEIGHT WATCHERS INCENTIVE COMPENSATION PLANS:

On December 16, 1999, the board of directors adopted the 1999 Stock Purchase and Option Plan of Weight Watchers International, Inc. and Subsidiaries (the "Plan"). The Plan is designed to promote the long-term financial interests and growth of the Company and its subsidiaries by attracting and

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

9. STOCK PLANS (CONTINUED) retaining management with the ability to contribute to the success of the business. The Plan is to be administered by the board of directors or a committee thereof.

Under the stock purchase component of the plan discussed above, 1,639 shares of common stock were sold to 45 members of the Company's management group at a price of $2.13 to $4.04 per share.

Under the option component of the Plan, grants may take the following forms in the committee's sole discretion: Incentive Stock Options, Other Stock Options (other than incentive options), Stock Appreciation Rights, Restricted Stock, Purchase Stock, Dividend Equivalent Rights, Performance Units, Performance Shares and Other Stock--Based Grants. The maximum number of shares available for grant under this plan was 5,647 shares of authorized common stock as of the effective date of the Plan. In 2001, the number of shares available for grant was increased to 7,058 shares.

Pursuant to the option component of the Plan, the board of directors authorized the Company to enter into agreements under which certain members of management received Non-Qualified Time and Performance Stock Options providing them the opportunity to purchase shares of the Company's common stock at an exercise price of $2.13 to $4.04. The options are exercisable based on the terms outlined in the agreement. The exercise price was equivalent to the fair market value at the date of grant.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000
Dividened yield	0%	0%	0%
Volatility	34.6%	0%	0%
Risk-free interest rate	5.1%-5.4%	5.9%-6.3%	6.5%-6.7%
Expected term (years)	7.5	10	10

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

9. STOCK PLANS (CONTINUED) A summary of the Company's stock option activity is as follows:

	DECEMBER 29, 2001		EIGHT MONTHS ENDED DECEMBER 30, 2000		APRIL 29, 2000	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, Beginning of year	5,301	$ 2.13	4,934	$2.13	--	$ --
Granted	731	$ 3.89	494	$2.13	4,934	$2.13
Exercised	(93)	$ 2.13	--	$ --	--	$ --
Cancelled	(268)	$ 2.13	(127)	$2.13	--	$ --
Options outstanding, end of year	5,671	$ 2.35	5,301	$2.13	4,934	$2.13
Options exercisable, end of year	2,479	$ 2.19	1,325	$2.13	164	$2.13
Options available for grant, end of year	1,387		346		713	
Weighted-average fair value of options granted during the year		$ 1.89		$0.98		$1.03

The weighted average remaining contractual life of options outstanding at December 29, 2001, December 30, 2000 and April 29, 2000 was 8.3, 8.9 and 9.5 years, respectively.

WEIGHTWATCHERS.COM STOCK INCENTIVE PLAN OF WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES:

In April 2000, the board of directors adopted the WeightWatchers.com Stock Incentive Plan of Weight Watchers International, Inc. and Subsidiaries, pursuant to which selected employees were granted options to purchase shares of common stock of WeightWatchers.com, Inc. that are owned by the Company. The number of shares available for grant under this plan is 400 shares of authorized common stock of WeightWatchers.com, Inc. All options vest over a period of time, however, vesting of certain options may be accelerated if the Company achieves specified performance levels.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000
Dividend yield	0%	0%	0%
Volatility	0%	0%	0%
Risk-free interest rate	5.1%-5.4%	5.9%-6.3%	6.5%
Expected term (years)	10	10	10

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

9. STOCK PLANS (CONTINUED) A summary of the Company's stock option activity is as follows:

	DECEMBER 29, 2001		EIGHT MONTHS ENDED DECEMBER 30, 2000		APRIL 29, 2000	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Options outstanding, Beginning of year	173	$0.50	159	$0.50	--	$ --
Granted	--	$ --	14	$0.50	159	$0.50
Exercised	--	$ --	--	$ --	--	$ --
Cancelled	(9)	$0.50	--	$ --	--	$ --
Options outstanding, end of year	164	$0.50	173	$0.50	159	$0.50
Options exercisable, end of year	84	$0.50	43	$0.50	--	$0.50
Options available for grant, end of year	236		227		241	
Weighted-average fair value of options granted during the year		$ --		$0.23		$0.16

The weighted average remaining contractual life of options outstanding at December 29, 2001, December 30, 2000 and April 29, 2000 was 8.3, 9.3 and 10 years, respectively.

The pro forma effect of SFAS No. 123 on the Company's financial statements would have been as follows under the 1999 Stock Purchase and Option Plan of Weight Watchers International, Inc. and Subsidiaries and the WeightWatchers.com Stock Incentive Plan of Weight Watchers International, Inc. and Subsidiaries:

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000
Net Income:			
As reported	$ 147,187	$15,019	$37,759
Pro forma	$ 146,629	$14,984	$37,170
EPS:			
As reported	$ 1.34	$ 0.13	$ 0.20
Pro forma	$ 1.34	$ 0.12	$ 0.20

HEINZ INCENTIVE COMPENSATION PLANS--PRIOR TO THE TRANSACTION:

Certain qualifying employees of the Company were granted options to purchase Heinz common stock under Heinz's stock option plans. These options under the Plan have been granted at not less than market prices on the date of grant. Stock options granted have a maximum term of ten years. Vesting occurs from one to three years after the date of grant. Beginning in fiscal 1998, in order to place greater emphasis on creation of shareholder value, performance-accelerated stock options were

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

9. STOCK PLANS (CONTINUED) granted to certain key executives. These options vest eight years after the grant date, subject to acceleration if predetermined share price goals are achieved.

The pro forma effect of SFAS No. 123 on the Company's financial statements would have been as follows:

	APRIL 24, 1999
Net Income:	
As reported	$47,982
Pro forma	47,621
EPS:	
As reported	$ 0.17
Pro forma	$ 0.17

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	APRIL 24, 1999
Dividend yield	2.5%
Volatility	22.0%
Risk-free interest rate	5.1%
Expected term (years)	5

10. INCOME TAXES

The following tables summarizes the (benefit) provision for U.S. federal, state and foreign taxes on income:

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
Current:				
U.S federal	$ 27,550	$ 234	$ 5,727	$11,997
State	7,203	200	2,464	3,247
Foreign	11,394	5,319	11,591	11,837
	$ 46,147	$5,753	$19,782	$27,081
Deferred:				
U.S federal	$(59,665)	$ --	$ 7,800	$ 6,368
State	(5,494)	--	368	312
Foreign	(4,186)	104	373	2,599
	$(69,345)	$ 104	$ 8,541	$ 9,279
Total tax (benefit) provision	$(23,198)	$5,857	$28,323	$36,360

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

10. INCOME TAXES (CONTINUED) The components of income before income taxes, minority interest and extraordinary item consist of the following:

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
Domestic	$ 92,903	$ 9,399	$33,538	$48,199
Foreign	34,068	11,624	33,378	37,636
	$126,971	$21,023	$66,916	$85,835

The difference between the U.S. federal statutory tax rate and the Company's consolidated effective tax rate are as follows:

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
U.S. federal statutory rate	35.0%	35.0%	35.0%	35.0%
Foreign income taxes	0.8	4.0	1.7	3.5
States' income taxes (net of federal benefit)	0.9	0.6	2.6	2.7
Goodwill amortization	0.2	1.0	0.4	0.8
Other	(1.6)	1.3	2.6	0.4
Valuation allowance	(53.6)	(14.0)	--	--
Effective tax rate	(18.3%)	27.9%	42.3%	42.4%

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

10. INCOME TAXES (CONTINUED) The deferred tax assets and deferred tax (liabilities) recorded on the balance sheet are as follows:

	DECEMBER 29, 2001	DECEMBER 30, 2000	APRIL 29, 2000
Depreciation/amortization	$ 509	$ 333	$ 304
Provision for estimated expenses	1,756	2,702	1,771
Operating loss carryforwards	4,186	953	4,369
Transaction expenses	--	--	2,933
WW.com loan	12,765	6,513	--
Other	411	143	216
Amortization	129,837	139,642	135,329
Less: Valuation allowance	--	(71,903)	(71,979)
Total deferred tax assets	$149,464	$ 78,383	$72,943
Transaction expenses	$ (2,266)	$ (4,374)	$ --
Deferred income	(5,799)	(5,764)	(4,985)
Other	(3,514)	(3,497)	(3,231)
Total deferred tax liabilities	$(11,579)	$(13,635)	$(8,216)
Net deferred tax assets	$137,885	$ 64,748	$64,727

On September 29, 1999 the Company effected a recapitalization and stock purchase agreement with its former parent, Heinz. For U.S. tax purposes, the Transaction was treated as a taxable sale under IRC section 338(h)(10), resulting in a step-up in the tax basis of net assets and, recognition of a deferred tax asset in the amount of $144,200. At the time of the Transaction, the Company determined that it was more likely than not that a portion of the deferred tax asset would not be utilized. Therefore, a valuation allowance of $72,100 was established against the corresponding deferred tax asset. Based on the Company's performance since the Transaction, the Company determined that the valuation allowance is no longer required. Accordingly, the provision for taxes for the fiscal year ended December 29, 2001 includes a one-time reversal (credit) of the remaining balance of the valuation allowance of $71,903 related to the Transaction.

As of December 29, 2001, various foreign subsidiaries of the Company had net operating loss carry forwards of approximately $13,953, which can be carried forward indefinitely.

As of December 29, 2001, the Company's undistributed earnings of foreign subsidiaries are no longer considered to be reinvested permanently. The Company will record a deferred tax liability or asset, if any, based on the expected type of taxable or deductible amounts in future years, taking into account any related foreign tax credits and withholding taxes. No deferred tax liability or asset was required to be recorded for undistributed earnings of foreign subsidiaries as of December 29, 2001.

11. RELATED PARTY TRANSACTIONS

WEIGHTWATCHERS.COM:

On September 29, 1999, the Company entered into a subscription agreement with WeightWatchers.com, Artal and Heinz under which Artal, Heinz and the Company purchased common stock of WeightWatchers.com for a nominal amount. The Company owns approximately 19.8% of WeightWatchers.com's common stock while Artal owns approximately 72.2% of WeightWatchers.com's common stock. The Company accounts for its investment in Weighwatchers.com under the equity method of accounting.

Under warrant agreements dated November 24, 1999, October 1, 2000, May 3, 2001, and September 10, 2001, the Company has received warrants to purchase an additional 6,395 shares of WeightWatchers.com's common stock in connection with the loans that the Company has made to WeightWatchers.com under the note described below. These warrants will expire from November 24, 2009 to September 10, 2011 and may be exercised at a price of $7.14 per share of WeightWatchers.com's common stock until their expiration. The exercise price and the number of shares of WeightWatchers.com's common stock available for purchase upon exercise of the warrants may be adjusted from time to time upon the occurrence of certain events.

On October 1, 2000, the Company amended its loan agreement with WeightWatchers.com, increasing the aggregate principal amount from $10,000 to $23,500. On that date, the unpaid principal and accumulated interest was rolled over into the new loan. The Company further amended the agreement on May 3, 2001 and on September 10, 2001, increasing the aggregate amount to $28,500 and $34,500, respectively. The principal amount may be advanced at any time or from time to time prior to July 31, 2003. The note bears interest at 13% per year, beginning on January 1, 2002, which interest shall be paid semi-annually starting on March 31, 2002. All principal outstanding under this note will be payable in six semi-annual installments, starting on March 31, 2004. The note may be prepaid at any time in whole or in part, without penalty. During the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal year ended April 29, 2000, the Company advanced WeightWatchers.com $17,400, $14,800 and $2,000, respectively. The Company's investment in WeightWatchers.com has been reduced by the equity losses apportioned to the Company based upon its ownership interest, which are classified in other expenses, net. The remaining loan balances have been reviewed for impairment. As a result of such review, the Company has recorded a full valuation allowance against the remaining loan balances.

The Company has guaranteed the performance of WeightWatchers.com's lease of its office space at 888 Seventh Avenue, New York, New York. The annual rent is $459,000 plus increases for operating expenses and real estate taxes. The lease expires in September 2003.

NELLSON AGREEMENT:

On November 30, 1999, the Company entered into an agreement with Nellson Neutraceutical, Inc. ("Nellson"), a wholly-owned subsidiary of Artal, to purchase nutrition bar products manufactured by Nellson for sale at the Company's meetings. Under the agreement, Nellson agrees to produce sufficient nutrition bar products to fill the Company's purchase orders within 30 days of receipt. The Company is not bound to purchase a minimum quantity of nutrition bar products. The term of the agreement runs through December 31, 2004, and the Company has the option to renew the agreement for successive

11. RELATED PARTY TRANSACTIONS (CONTINUED) one-year periods by providing written notice to Nellson. Management believes the provisions of the agreement are comparable to those the Company would receive from a third party. Total purchases from Nellson for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal year ended April 29, 2000 were $18,706, $4,936 and $4,301, respectively.

MANAGEMENT AGREEMENT:

Simultaneously with the closing of the Company's acquisition by Artal, the Company entered into a management agreement with The Invus Group, Ltd. ("Invus"), the independent investment advisor to Artal. Under this agreement, Invus provides the Company with management, consulting and other services in exchange for an annual fee equal to the greater of $1,000 or one percent of the Company's EBITDA (as defined in the indentures relating to the Company's senior subordinated notes), plus any related out-of-pocket expenses. This agreement is terminable at the option of Invus at any time or by the Company at any time after Artal owns less than a majority of the Company's voting stock. Administrative expenses for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000 and the fiscal year ended April 29, 2000 were $1,926, $683 and $583, respectively.

HEINZ LICENSING AGREEMENT:

At the closing of the Transaction, the Company granted to Heinz an exclusive worldwide, royalty-free license to use the Custodial Trademarks (or any portion covering food and beverage products) in connection with Heinz licensed products. Heinz will pay the Company an annual fee of $1,200 for five years in exchange for the Company serving as the custodian of the Custodial Trademarks.

PRIOR TO THE TRANSACTION:

Certain of Heinz' general and administrative expenses were allocated to the Company. Total costs allocated include charges for salaries of corporate officers and staff and other Heinz corporate overhead. Total costs charged to the Company for these services were $1,000 and $2,156 for the fiscal years ended April 29, 2000 and April 24, 1999, respectively.

In addition, Heinz charged the Company for its share of group health insurance costs for eligible Company employees based upon location specific costs, overall insurance costs and loss experience incurred during a calendar year. In addition, various other insurance coverages were also provided to the Company through Heinz' consolidated programs. Workers compensation, auto, property, product liability and other insurance coverages are charged directly based on the Company's loss experience. Amounts charged to the Company for insurance costs were $3,800 and $4,339 for the fiscal years ended April 29, 2000 and April 24, 1999, respectively, and are recorded in selling, general and administrative expenses in the accompanying statements of operations.

Total costs charged to the Company by Heinz for other miscellaneous services were $93 and $520 for the fiscal years ended April 29, 2000 and April 24, 1999, respectively, and were recorded in selling, general and administrative expenses in the accompanying statement of operations.

The Company maintained a cash management arrangement with Heinz. On a daily basis, all available domestic cash was deposited and disbursements were withdrawn. Heinz charged the Company

11. RELATED PARTY TRANSACTIONS (CONTINUED) interest on the average daily balance maintained in an intercompany account. Net interest expense related to this arrangement included in the statements of operations was $1,700 and $3,081 for the fiscal years ended April 29, 2000 and April 24, 1999, respectively. The interest rate charged to or received by the Company was 5.5% in the fiscal year ended April 29, 2000 and 6.25% in the fiscal year ended April 24, 1999.

Substantially all of the due from related parties of $133,783 at April 24, 1999 represents a note receivable from an affiliate of Heinz which was repaid in June 1999. Interest income reflected in the statements of operations related to this note receivable was $10,000 for the fiscal year ended April 24, 1999. The interest rate charged by the Company was LIBOR plus 25 basis points.

Short-term borrowings due to an affiliate of Heinz of $16,250 at April 24, 1999 represented a note payable due April 28, 1999. Interest expense related to the note payable was $35 for the fiscal year ended April 29, 2000 and $1,000 for the fiscal year ended April 24, 1999.

Pension costs and postretirement costs were also charged to the Company based upon eligible employees participating in the Plans.

12. EMPLOYEE BENEFIT PLANS

WEIGHT WATCHERS SPONSORED PLANS:

Effective September 29, 1999, the net assets of the Heinz sponsored employee savings plan were transferred to the Weight Watchers sponsored plan upon execution of the Transaction. The Company sponsors the Weight Watchers Savings Plan (the "Savings Plan") for salaried and hourly employees. The Savings Plan is a defined contribution plan which provides for employer matching contributions up to 100% of the first 3% of an employee's eligible compensation. The Savings Plan also permits employees to contribute between 1% and 13% of eligible compensation on a pre-tax basis. Company contributions for the fiscal year end December 29, 2001, the eight months ended December 30, 2000 and the fiscal year ended April 29, 2000 were $823, $433 and $316, respectively.

The Company sponsors the Weight Watchers Profit Sharing Plan (the "Profit Sharing Plan") for all full-time salaried employees who are eligible to participate in the Savings Plan (except for certain senior management personnel). The Profit Sharing Plan provides for a guaranteed monthly employer contribution on behalf of each participant based on the participant's age and a percentage of the participant's eligible compensation. The Profit Sharing Plan has a supplemental employer contribution component, based on the Company's achievement of certain annual performance targets, which are determined annually by the Company's board of directors. The Company also reserves the right to make additional discretionary contributions to the Profit Sharing Plan.

For certain senior management personnel, the Company sponsors the Weight Watchers Executive Profit Sharing Plan. Under the Internal Revenue Service ("IRS") definition, this plan is considered a Nonqualified Deferred Compensation Plan. There is a promise of payment by the Company made on the employees' behalf instead of an individual account with a cash balance. The account is valued at the end of each fiscal month, based on an annualized interest rate of prime plus 2%, with an annualized cap of 15%.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

12. EMPLOYEE BENEFIT PLANS (CONTINUED) The Company is currently applying for a determination letter to qualify the Savings Plan under Section 401(a) of the IRS Code. It is the Company's opinion that the IRS will issue a favorable determination letter as to the qualified status of the Savings Plan.

HEINZ SPONSORED PLANS--PRIOR TO THE TRANSACTION:

Domestic employees participated in certain defined pension plans, a defined contribution 401(k) savings plan and, for employees affected by certain IRS limits, a section 415 Excess Plan, all of which are sponsored by Heinz. The Company also provided post-retirement health care and life insurance benefits for employees who meet the eligibility requirements of the Heinz plans. Retirees share in the cost of these benefits based on age and years of service.

Company contributions to the Heinz Savings Plan include a qualified age-related contribution and a matching of the employee's contribution, up to a specified amount.

The following amounts were included in the Company's results of operations:

	APRIL 29, 2000	APRIL 24, 1999
Defined Benefit Pension Plans	$421	$1,456
Defined Benefit Postretirement Medical	$253	$ 577
Savings Plan	$994	$2,170

In addition, foreign employees participated in certain Company sponsored pension plans and such charges, which are included in the results of operations, were not material.

13. RESTRUCTURING CHARGES

During the fourth quarter of fiscal 1997, the Company announced a reorganization and restructuring program. The reorganization plan was designed to strengthen the Company's classroom business and improve profitability and global growth.

Charges related to the restructuring were recognized to reflect the exit from the Personal Cuisine Food Option in United States company-owned locations, the relocation of classes from certain fixed retail outlets to traveling locations, and other initiatives involving the exit of certain under-performing business and product lines.

Restructuring and related costs recorded in fiscal 1997 totaled $51,694 pretax. Pretax charges of $49,700 were classified as classroom operating expenses and $1,994 as selling, general and

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

13. RESTRUCTURING CHARGES (CONTINUED) administrative expenses. The major components of the fiscal 1997 charges and the remaining accrual balances were as follows:

	NON-CASH ASSET WRITE-DOWNS	EMPLOYEE TERMINATION AND SEVERANCE COSTS	EXIT COSTS		TOTAL
			ACCRUED EXIT COSTS	IMPLEMENTATION COSTS	
Initial charge--1997	$ 27,402	$ 4,723	$19,569	--	$ 51,694
Amounts utilized--1997	(27,402)	(339)	(46)	--	(27,787)
Accrued restructuring costs--April 26, 1997	--	4,384	19,523	--	23,907
Implementation costs--1998	--	--	--	$ 999	999
Amounts utilized--1998	--	(3,709)	(8,553)	(999)	(13,261)
Accrued restructuring costs--April 25, 1998	--	675	10,970	--	11,645
Implementation costs--1999	--	--	--	32	32
Amounts utilized--1999	--	(186)	(3,769)	(32)	(3,987)
Accrued restructuring costs--April 24, 1999	--	489	7,201	--	7,690
Amounts utilized--2000	--	--	(2,904)	--	(2,904)
Accrued restructuring costs--April 29, 2000	--	489	4,297	--	4,786
Amounts utilized--April 30 - December 30, 2000	--	(489)	(1,812)	--	(2,301)
Accrued restructuring costs-- December 30, 2000	--	--	2,485	--	2,485
Amounts utilized--2001	--	--	(2,202)	--	(2,202)
Accrued restructuring costs-- December 29, 2001	$ --	$ --	$ 283	$ --	$ 283

Asset write-downs of $16,900 consisted primarily of fixed assets and other long-term asset impairments that were recorded as a direct result of the Company's decision to exit businesses or facilities. Such assets were written down based on management's estimate of fair value. Write-downs of $10,502 were also recognized for estimated losses from disposals of classroom inventories, packaging materials and other assets related to product line rationalizations and process changes as a direct result of the Company's decision to exit businesses or facilities.

Employee severance costs include charges related to both voluntary terminations and involuntary terminations. As part of the voluntary termination agreements, enhanced retirement benefits were offered to the affected employees. These amounts were included in the Employee Termination and Severance costs component of the restructuring charge.

Exit costs consist primarily of contract and lease termination costs associated with the Company's decision to exit the activities described above. The remaining accrued exit costs will be utilized in 2002.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

14. CASH FLOW INFORMATION

	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
Net cash paid during the year for:				
Interest expense	$54,556	$31,639	$31,402	$2,748
Income taxes	$39,474	$ 8,405	$13,601	$5,380
Noncash investing and financing activities were as follows:				
Deferred tax asset recorded as a component of shareholders' deficit in conjunction with the recapitalization of the Company	--	--	$72,100	--
Redeemable preferred stock issued to Heinz	--	--	$25,875	--
Reduction of existing receivable in connection with the acquisition of minority interest	--	$ 1,124	--	--
Fair value of assets acquired in connection with the acquisitions of Weighco and Weight Watchers of Oregon	$ 3,709	--	--	--
Liabilities incurred in connection with the public equity offering	$ 1,950	--	--	--
Liability incurred in connection with a noncompete agreement	$ 1,200	--	--	--

15. COMMITMENTS AND CONTINGENCIES

LEGAL:

Due to the nature of its activities, the Company is, at times, subject to pending and threatened legal actions which arise during the normal course of business. In the opinion of management, based in part upon advice of legal counsel, the disposition of such matters is not expected to have a material effect on the Company's results of operations and consolidated financial condition.

LEASE COMMITMENTS:

Minimum rental commitments under non-cancelable operating leases, primarily for office and rental facilities at December 29, 2001, consist of the following:

2002	$13,000
2003	9,056
2004	5,913
2005	3,891
2006	2,424
2007 and thereafter	15,882
Total	$50,166

15. COMMITMENTS AND CONTINGENCIES (CONTINUED) Total rent expense charged to operations under these leases for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and the fiscal years ended April 29, 2000 and April 24, 1999 was $14,818, $8,155, $12,300 and $11,000, respectively.

REPURCHASE AGREEMENTS:

The Company is a party to a repurchase agreement related to the 10% minority interest in the classroom operation of Finland. Pursuant to this agreement, the Company may elect or be required to repurchase the minority shareholders' interest in this operation. If the Company repurchases the minority interest within five years of the original sale, the repurchase price is based on the original sales price times the increase in the consumer price index since the date of the sale. If the Company repurchases the minority interest after five years from the original sale, the repurchase price is based on a multiple of the average operating income during the last three years.

FRANCHISE PROFIT SHARING FUND:

In October 2000, the Company reached an agreement with certain franchisees regarding the sharing of profits of prior and future product sales. The settlement provided for a payment of approximately $3,836, to be paid out through 2001, and releases the Company from any future obligations to the franchisees under profit sharing arrangements dating back to 1969.

The Company's franchise agreement with certain North American franchisees provides for an annual franchise profit sharing distribution based upon specified formulas. Profit sharing expense under this arrangement for the fiscal years ended December 29, 2001, April 29, 2000 and April 24, 1999 was $40, $400 and $750, respectively.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

16. SEGMENT AND GEOGRAPHIC DATA

The Company is engaged principally in one line of business, weight control. The following table presents information about the Company by geographic area. There were no material amounts of sales or transfers among geographic areas and no material amounts of United States export sales.

	EXTERNAL SALES			
	DECEMBER 29, 2001	EIGHT MONTHS ENDED DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
United States	$397,434	$150,199	$207,256	$189,366
United Kingdom	97,594	55,945	90,778	76,143
Continental Europe	97,421	48,306	66,524	65,119
Australia and New Zealand	31,421	18,725	35,016	33,980
	$623,870	$273,175	$399,574	$364,608

	LONG-LIVED ASSETS			
	DECEMBER 29, 2001	DECEMBER 30, 2000	APRIL 29, 2000	APRIL 24, 1999
United States	$230,696	$142,641	$142,675	$149,054
United Kingdom	2,909	2,737	949	1,198
Continental Europe	2,025	1,914	1,973	2,422
Australia and New Zealand	16,260	18,402	21,132	7,878
	$251,890	$165,694	$166,729	$160,552

17. FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Company's significant financial instruments include cash and cash equivalents, short and long-term debt, current and noncurrent notes receivable, currency exchange agreements and guarantees.

In evaluating the fair value of significant financial instruments, the Company generally uses quoted market prices of the same or similar instruments or calculates an estimated fair value on a discounted cash flow basis using the rates available for instruments with the same remaining maturities. As of December 29, 2001, the fair value of financial instruments held by the Company approximated the recorded value. Based on the current interest rates, management believes that the carrying amount of the Company's debt approximates fair market value.

DERIVATIVE INSTRUMENTS AND HEDGING:

The Company enters into forward and swap contracts to hedge transactions denominated in foreign currencies to reduce currency risk associated with fluctuating exchange rates. These contracts are used primarily to hedge certain intercompany cash flows and for payments arising from some of the Company's foreign currency denominated obligations. In addition, the Company enters into interest rate swaps to hedge a substantial portion of its variable rate debt. As of December 29, 2001,

17. FINANCIAL INSTRUMENTS (CONTINUED) December 30, 2000 and April 29, 2000, the Company held currency and interest rate swap contracts to purchase certain foreign currencies totaling $204,276, $158,090 and $139,428, respectively. The Company also held separate currency and interest rate swap contracts to sell foreign currencies of $207,730, $163,454 and $138,942, respectively.

As of December 29, 2001, losses of $1,137 ($716 net of taxes) for qualifying hedges, were reported as a component of accumulated other comprehensive loss. For the fiscal year ended December 29, 2001, the ineffective portion of changes in fair values of cash flow hedges was not material. In addition, fair value adjustments for non-qualifying hedges resulted in a reduction of net income of $697 ($1,125 before taxes) for the fiscal year ended December 29, 2001. The Company does not anticipate any reclassification to earnings from accumulated other comprehensive loss within the next twelve months.

18. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The change in the Company's fiscal year end resulted in the elimination of the one month lag for certain foreign subsidiaries and is effective retroactive to April 30, 2000 which results in the quarterly data presented herein to differ from that previously reported on the July 29, 2000 and October 28, 2000 Form 10-Q's. The change from the previous Form 10-Q's for revenue is an increase of $469 and a decrease of $6,469 for the quarters ended July 29, 2000 and October 28, 2000, respectively. The change for operating income is an increase of $2,374 and an increase of $2,443 for the quarters ended July 29, 2000 and October 28, 2000, respectively. The change for net income is an increase of $1,736 and an increase of $1,816 for the quarters ended July 29, 2000 and October 28, 2000, respectively.

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

18. QUARTERLY FINANCIAL INFORMATION (UNAUDITED) (CONTINUED) In addition, the Company reclassified certain expenses from other expense, net to selling, general and administrative expenses in the fourth quarter of the fiscal year ended December 29, 2001 which resulted in the quarterly data presented herein to differ from that reported previously on Form 10-Q's.

	FOR THE FISCAL QUARTERS ENDED			
	MARCH 31, 2001	JUNE 30, 2001	SEPTEMBER 29, 2001	DECEMBER 29, 2001
FISCAL YEAR ENDED DECEMBER 29, 2001				
Revenues	$171,951	$162,325	$144,064	$145,530
Operating income	$ 48,245	$ 57,496	$ 49,148	$ 39,800
Net income	$ 23,238	$ 26,078	$ 16,118	$ 81,753
Basic EPS:				
Income before extraordinary item	$ 0.20	$ 0.23	$ 0.15	$ 0.80
Extraordinary item, net of taxes	$ --	$ --	$ --	$ (0.03)
Net income	$ 0.20	$ 0.23	$ 0.15	$ 0.77
Diluted EPS:				
Income before extraordinary item	$ 0.20	$ 0.23	$ 0.14	$ 0.78
Extraordinary item, net of taxes	$ --	$ --	$ --	$ (0.03)
Net income	$ 0.20	$ 0.23	$ 0.14	$ 0.75

	FOR THE FISCAL QUARTERS ENDED		TWO MONTHS ENDED
	JULY 29, 2000	OCTOBER 28, 2000	DECEMBER 30, 2000
EIGHT MONTHS ENDED DECEMBER 30, 2000			
Revenues	$103,073	$107,582	$62,520
Operating income	$ 35,803	$ 26,830	$ 9,849
Net income (loss)	$ 13,705	$ 10,908	$(9,594)
Basic EPS	$ 0.12	$ 0.09	$ (0.09)
Diluted EPS	$ 0.12	$ 0.09	$ (0.09)

	FOR THE FISCAL QUARTERS ENDED			
	JULY 24, 1999	OCTOBER 23, 1999	JANUARY 22, 2000	APRIL 29, 2000
FISCAL YEAR ENDED APRIL 29, 2000				
Revenues	$92,174	$84,031	$90,507	$132,862
Operating income	$27,669	$ 9,775	$13,922	$ 33,262
Net income	$17,095	$ 2,239	$ 912	$ 17,513
Basic EPS	$ 0.06	$ 0.01	$ 0.00	$ 0.15
Diluted EPS	$ 0.06	$ 0.01	$ 0.00	$ 0.15

Basic and diluted EPS are computed independently for each of the periods presented. Accordingly, the sum of the quarterly EPS amounts may not agree to the total for the year.

19. SUBSEQUENT EVENTS

ACQUISITION:

On January 18, 2002, the Company completed the acquisition of one of its franchisees, Weight Watchers of North Jersey, Inc. pursuant to the terms of the Asset Purchase Agreement executed on December 31, 2001 among Weight Watchers of North Jersey, Inc., the Company and Weight Watchers North America, Inc. a wholly-owned subsidiary of the Company. The Transaction will be accounted for by the purchase method of accounting. Substantially all of the purchase price in excess of the net assets acquired will be recorded as goodwill. The purchase price for the acquisition was $46,500. The acquisition was financed through additional borrowings pursuant to the Company's Amended and Restated Credit Agreement, dated December 21, 2001.

REDEMPTION OF PREFERRED STOCK:

On March 1, 2002, the Company redeemed all of the Company's Series A Preferred Stock for $25,000, plus accrued and unpaid dividends. The redemption was financed through additional borrowings of $12,000 obtained from the Company's Amended and Restated Credit Agreement, and cash from operations.

20. GUARANTOR SUBSIDIARIES

The Company's payment obligations under the Senior Subordinated Notes are fully and unconditionally guaranteed on a joint and several basis by the following wholly-owned subsidiaries: 58 WW Food Corp.; Waist Watchers, Inc.; Weight Watchers Camps, Inc.; W.W. Camps and Spas, Inc.; Weight Watchers Direct, Inc.; W/W Twentyfirst Corporation; W.W. Weight Reduction Services, Inc.; W.W.I. European Services Ltd.; W.W. Inventory Service Corp.; Weight Watchers North America, Inc.; Weight Watchers UK Holdings Ltd.; Weight Watchers International Holdings Ltd.; Weight Watchers (U.K.) Limited; Weight Watchers (Exercise) Ltd.; Weight Watchers (Accessories & Publications) Ltd.; Weight Watchers (Food Products) Limited; Weight Watchers New Zealand Limited; BLTC Pty Ltd.; LLTC Pty Ltd.; Weight Watchers Asia Pacific Finance Limited Partnership (APF); Weight Watchers International Pty Limited; Fortuity Pty Ltd; and Gutbusters Pty Ltd. (collectively, the "Guarantor Subsidiaries"). The obligations of each Guarantor Subsidiary under its guarantee of the Notes are subordinated to such subsidiary's obligations under its guarantee of the new senior credit facility.

Presented below is condensed consolidating financial information for Weight Watchers International, Inc. ("Parent Company"), the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries (primarily companies incorporated in European countries other than the United Kingdom). In the Company's opinion, separate financial statements and other disclosures concerning each of the Guarantor Subsidiaries would not provide additional information that is material to investors. Therefore, the Guarantor Subsidiaries are combined in the presentation below.

Investments in subsidiaries are accounted for by the Parent Company on the equity method of accounting. Earnings of subsidiaries are, therefore, reflected in the Parent Company's investments in subsidiaries' accounts. The elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

AS OF DECEMBER 29, 2001
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 6,230	$ 8,804	$ 8,304	$ --	$ 23,338
Receivables, net	2,638	9,229	1,752	--	13,619
Inventories	--	21,902	4,303	--	26,205
Prepaid expenses	1,263	11,970	2,711	--	15,944
Deferred income taxes	--	4,773	--	--	4,773
Intercompany (payables) receivables	(157,902)	147,317	10,585	--	--
TOTAL CURRENT ASSETS	(147,771)	203,995	27,655	--	83,879
Investment in consolidated subsidiaries	416,812	--	--	(416,812)	--
Property and equipment, net	1,221	8,132	1,372	--	10,725
Notes and other receivables, noncurrent	325	--	--	--	325
Goodwill, net	26,769	206,881	652	--	234,302
Trademarks and other intangible assets, net	874	5,962	27	--	6,863
Deferred income taxes	35,253	101,028	--	--	136,281
Deferred financing costs	9,164	--	--	--	9,164
Other noncurrent assets	462	(537)	1,384	--	1,309
TOTAL ASSETS	$ 343,109	$525,461	$31,090	$(416,812)	$ 482,848
LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' (DEFICIT) EQUITY					
CURRENT LIABILITIES					
Short-term borrowings due to related party	$ 2,924	$ (36)	$ --	$ --	$ 2,888
Portion of long-term debt due within one year	15,219	480	--	--	15,699
Accounts payable	1,287	14,077	2,334	--	17,698
Salaries and wages	6,951	4,611	3,571	--	15,133
Accrued interest	7,739	71	--	--	7,810
Accrued restructuring costs	--	283	--	--	283
Foreign currency contract payable	2,811	--	--	--	2,811
Other accrued liabilities	8,112	11,561	3,856	--	23,529
Income taxes	(11,694)	18,544	2,289	--	9,139
Deferred revenue	--	11,121	1,899	--	13,020
TOTAL CURRENT LIABILITIES	33,349	60,712	13,949	--	108,010
Long-term debt	394,800	63,520	--	--	458,320
Deferred income taxes	2,481	109	579	--	3,169
Other	--	624	246	--	870
TOTAL LONG-TERM DEBT AND OTHER LIABILITIES	397,281	64,253	825	--	462,359
Redeemable preferred stock	25,996	--	--	--	25,996
Shareholders' (deficit) equity	(113,517)	400,496	16,316	(416,812)	(113,517)
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' (DEFICIT) EQUITY	$ 343,109	$525,461	$31,090	$(416,812)	$ 482,848

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

AS OF DECEMBER 30, 2000
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 26,699	$ 11,191	$ 6,611	$ --	$ 44,501
Receivables, net	7,390	5,941	1,347	--	14,678
Notes receivable, current	2,104	--	2	--	2,106
Foreign currency contract receivable	5,364	--	--	--	5,364
Inventories	--	11,867	3,177	--	15,044
Prepaid expenses	961	7,809	2,329	--	11,099
Deferred income taxes	2,846	(2,198)	--	--	648
Intercompany (payables) receivables	(10,921)	3,147	7,774	--	--
TOTAL CURRENT ASSETS	34,443	37,757	21,240	--	93,440
Investment in consolidated subsidiaries	175,876	--	--	(175,876)	--
Property and equipment, net	1,272	5,679	1,194	--	8,145
Notes and other receivables, noncurrent	5,601	--	--	--	5,601
Goodwill, net	28,367	121,814	720	--	150,901
Trademarks and other intangible assets, net	1,876	4,761	11	--	6,648
Deferred income taxes	(44,713)	111,920	--	--	67,207
Deferred financing costs	13,513	--	--	--	13,513
Other noncurrent assets	163	271	328	--	762
TOTAL ASSETS	$216,398	$282,202	$23,493	$(175,876)	$ 346,217
LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' (DEFICIT) EQUITY					
CURRENT LIABILITIES					
Short-term borrowings due to related party	$ 1,730	$ --	$ --	$ --	$ 1,730
Portion of long-term debt due within one year	13,250	870	--	--	14,120
Accounts payable	932	8,379	2,678	--	11,989
Salaries and wages	3,568	3,533	3,443	--	10,544
Accrued interest	9,069	593	--	--	9,662
Accrued restructuring costs	--	2,485	--	--	2,485
Other accrued liabilities	9,420	10,540	3,255	--	23,215
Income taxes	1,677	(414)	2,397	--	3,660
Deferred revenue	--	4,843	993	--	5,836
TOTAL CURRENT LIABILITIES	39,646	30,829	12,766	--	83,241
Long-term debt	371,053	85,477	--	--	456,530
Deferred income taxes	2,481	--	626	--	3,107
Other	--	--	121	--	121
TOTAL LONG-TERM DEBT AND OTHER LIABILITIES	373,534	85,477	747	--	459,758
Redeemable preferred stock	25,996	--	--	--	25,996
Shareholders' (deficit) equity	(222,778)	165,896	9,980	(175,876)	(222,778)
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' (DEFICIT) EQUITY	$216,398	$282,202	$23,493	$(175,876)	$ 346,217

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING BALANCE SHEET

AS OF APRIL 29, 2000
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 10,984	$ 22,465	$10,594	$ --	$ 44,043
Receivables, net	6,006	5,606	1,265	--	12,877
Notes receivable, current	2,791	--	--	--	2,791
Inventories	--	7,827	1,501	--	9,328
Prepaid expenses	748	6,240	1,372	--	8,360
Deferred income taxes	2,846	(2,752)	--	--	94
Intercompany (payables) receivables	(32,114)	27,742	4,372	--	--
TOTAL CURRENT ASSETS	(8,739)	67,128	19,104	--	77,493
Investment in consolidated subsidiaries	162,320	--	--	(162,320)	--
Property and equipment, net	1,809	3,974	1,218	--	7,001
Notes and other receivables, noncurrent	7,045	--	--	--	7,045
Goodwill, net	25,833	125,977	755	--	152,565
Trademarks and other intangible assets, net	1,960	5,193	10	--	7,163
Deferred income taxes	(9,854)	77,428	--	--	67,574
Deferred financing costs	14,749	(83)	--	--	14,666
Other noncurrent assets	163	365	172	--	700
TOTAL ASSETS	$ 195,286	$279,982	$21,259	$(162,320)	$ 334,207
LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' (DEFICIT) EQUITY					
CURRENT LIABILITIES					
Short-term borrowings due to related party	$ 1,489	$ --	$ --	$ --	$ 1,489
Portion of long-term debt due within one year	13,250	870	--	--	14,120
Accounts payable	1,438	9,084	1,840	--	12,362
Salaries and wages	2,301	4,256	3,568	--	10,125
Accrued interest	3,521	561	--	--	4,082
Accrued restructuring costs	--	4,786	--	--	4,786
Foreign currency contract payable	486	--	--	--	486
Other accrued liabilities	6,387	9,049	4,147	--	19,583
Income taxes	(1,846)	5,965	2,667	--	6,786
Deferred revenue	--	3,824	808	--	4,632
TOTAL CURRENT LIABILITIES	27,026	38,395	13,030	--	78,451
Long-term debt	374,598	85,912	--	--	460,510
Deferred income taxes	1,903	390	648	--	2,941
Other	--	--	546	--	546
TOTAL LONG-TERM DEBT AND OTHER LIABILITIES	376,501	86,302	1,194	--	463,997
Redeemable preferred stock	25,875	2,507	254	(2,761)	25,875
Shareholders' (deficit) equity	(234,116)	152,778	6,781	(159,559)	(234,116)
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' (DEFICIT) EQUITY	$ 195,286	$279,982	$21,259	$(162,320)	$ 334,207

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE EIGHT MONTHS ENDED DECEMBER 29, 2001
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Revenues, net	$ 4,194	$522,255	$97,421	$ --	$623,870
Cost of revenues	821	231,402	54,213	--	286,436
Gross profit	3,373	290,853	43,208	--	337,434
Marketing expenses	--	57,117	12,599	--	69,716
Selling, general and administrative expenses	17,780	39,735	15,514	--	73,029
Operating (loss) income	(14,407)	194,001	15,095	--	194,689
Interest expense (income)	40,714	14,692	(869)	--	54,537
Other expense (income), net	14,983	3,592	(5,394)	--	13,181
Equity in income of consolidated subsidiaries	109,285	--	--	(109,285)	--
Franchise commission income (loss)	47,823	(42,084)	(5,739)	--	--
Income before income taxes and minority interest and extraordinary item	87,004	133,633	15,619	(109,285)	126,971
(Benefit from) provision for income taxes	(63,058)	34,431	5,429	--	(23,198)
Income before minority interest	150,062	99,202	10,190	(109,285)	150,169
Minority interest	--	--	107	--	107
Income before extraordinary item	150,062	99,202	10,083	(109,285)	150,062
Extraordinary charge on early extinguishment of debt, net of taxes	2,875	--	--	--	2,875
Net income	$147,187	$ 99,202	$10,083	$(109,285)	$147,187

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE EIGHT MONTHS ENDED DECEMBER 30, 2000
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Revenues, net	$ 20,794	$204,074	$48,307	$ --	$273,175
Cost of revenues	4,571	105,444	29,268	--	139,283
Gross profit	16,223	98,630	19,039	--	133,892
Marketing expenses	2,784	18,994	5,208	--	26,986
Selling, general and administrative expenses	15,844	12,877	5,703	--	34,424
Operating (loss) income	(2,405)	66,759	8,128	--	72,482
Interest expense (income)	24,696	12,640	(211)	--	37,125
Other expense (income), net	15,527	(1,171)	(22)	--	14,334
Equity in income of consolidated subsidiaries	26,621	--	--	(26,621)	--
Franchise commission income (loss)	20,144	(17,647)	(2,497)	--	--
Income before income taxes and minority interest	4,137	37,643	5,864	(26,621)	21,023
(Benefit from) provision for income taxes	(10,882)	14,558	2,181	--	5,857
Income before minority interest	15,019	23,085	3,683	(26,621)	15,166
Minority interest	--	--	147	--	147
Net income	$ 15,019	$ 23,085	$ 3,536	$(26,621)	$ 15,019

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED APRIL 29, 2000
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Revenues, net	$ 32,836	$300,215	$66,523	$ --	$399,574
Cost of revenues	4,911	155,251	41,227	--	201,389
Gross profit	27,925	144,964	25,296	--	198,185
Marketing expenses	7,417	35,707	8,329	--	51,453
Selling, general and administrative expenses	24,487	21,926	7,346	--	53,759
Transaction costs	8,247	98	--	--	8,345
Operating (loss) income	(12,226)	87,233	9,621	--	84,628
Interest expense (income)	27,642	4,607	(1,170)	--	31,079
Other (income) expense, net	(12,418)	(1,418)	469	--	(13,367)
Equity in income of consolidated subsidiaries	44,441	--	--	(44,441)	--
Franchise commission income (loss)	21,686	(18,500)	(3,186)	--	--
Income before income taxes and minority interest	38,677	65,544	7,136	(44,441)	66,916
Provision for income taxes	918	24,090	3,315	--	28,323
Income before minority interest	37,759	41,454	3,821	(44,441)	38,593
Minority interest	--	834	--	--	834
Net income	$ 37,759	$ 40,620	$ 3,821	$(44,441)	$ 37,759

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED APRIL 24, 1999
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Revenues, net	$42,288	$257,202	$65,118	$ --	$364,608
Cost of revenues	3,685	135,095	40,145	--	178,925
Gross profit	38,603	122,107	24,973	--	185,683
Marketing expenses	8,815	35,381	8,660	--	52,856
Selling, general and administrative expenses	23,720	20,353	7,428	--	51,501
Operating income	6,068	66,373	8,885	--	81,326
Interest expense (income)	2,922	(4,739)	(5,351)	--	(7,168)
Other expense, (income) net	1,925	802	(68)	--	2,659
Equity in income of consolidated subsidiaries	37,310	--	--	(37,310)	--
Franchise commission income (loss)	8,697	(6,072)	(2,625)	--	--
Income before income taxes and minority interest	47,228	64,238	11,679	(37,310)	85,835
Provision for income taxes	7,944	22,860	5,556	--	36,360
Income before minority interest	39,284	41,378	6,123	(37,310)	49,475
Minority interest	--	1,108	385	--	1,493
Net income	$39,284	$ 40,270	$ 5,738	$(37,310)	$ 47,982

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF CASH FLOW

FOR THE FISCAL YEAR ENDED DECEMBER 29, 2001
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Operating activities:					
Net income	$ 147,187	$ 99,202	$10,083	$(109,285)	$ 147,187
Adjustments to reconcile net income to cash provided by (used for) operating activities:					
Depreciation and amortization	2,311	10,346	586	--	13,243
Amortization of deferred financing costs	2,097	--	--	--	2,097
Deferred tax (benefit) provision	(77,663)	6,594	--	--	(71,069)
Unrealized loss on derivative instruments	1,125	--	--	--	1,125
Accounting for equity investment	17,344	--	--	--	17,344
Allowance for doubtful accounts	6,123	207	--	--	6,330
Reserve for inventory obsolescence, other	--	2,718	--	--	2,718
Foreign currency exchange rate (gain) loss	(6,501)	29	(24)	--	(6,496)
Extraordinary charges from early extinguisment of debt	2,875	--	--	--	2,875
Other items, net	--	46	145	--	191
Changes in cash due to:					
Receivables	4,279	(3,539)	(509)	--	231
Inventories	--	(10,531)	(1,364)	--	(11,895)
Prepaid expense	(301)	(4,740)	(564)	--	(5,605)
Intercompany receivables/payables	151,062	(146,455)	(4,607)	--	--
Due from related parties	1,194	(36)	--	--	1,158
Accounts payable	180	5,173	(152)	--	5,201
Accrued liabilities	1,352	(609)	1,242	--	1,985
Deferred revenue	--	6,295	995	--	7,290
Income taxes	(11,493)	19,057	90	--	7,654
Cash provided by (used for) operating activities	241,171	(16,243)	5,921	(109,285)	121,564
Investing activities:					
Capital expenditures	(269)	(2,724)	(841)	--	(3,834)
Advances and interest to equity investment	(17,344)	--	--	--	(17,344)
Acquisitions	--	(97,877)	--	--	(97,877)
Other items, net	310	(1,276)	(97)	--	(1,063)
Cash used for investing activities	(17,303)	(101,877)	(938)	--	(120,118)
Financing activities:					
Net increase in short-term borrowings	$ 175	$ 573	$ --	$ --	$ 748
Proceeds from borrowings	60,042	--	--	--	60,042
Parent company investment in subsidiaries	(240,936)	--	--	240,936	--
Payment of dividends	(1,500)	(4,893)	(3,732)	8,625	(1,500)
Payments on long-term debt	(28,466)	(22,347)	--	--	(50,813)
Deferred financing costs	(2,406)	--	--	--	(2,406)
Net Parent (settlements) advances	--	142,449	995	(143,444)	--
Purchase of treasury stock	(27,132)	--	--	--	(27,132)
Cost of public equity offering	(1,017)	--	--	--	(1,017)
Proceeds from sale of common stock	525	--	--	--	525
Proceeds from stock options exercised	198	--	--	--	198
Cash (used for) provided by financing activities	(240,517)	115,782	(2,737)	106,117	(21,355)
Effect of exchange rate changes on cash and cash equivalents	(3,820)	(49)	(553)	(3,168)	(1,254)
Net (decrease) increase in cash and cash equivalents	(20,469)	(2,387)	1,693	--	(21,163)
Cash and cash equivalents, beginning of fiscal year	26,699	11,191	6,611	--	44,501
Cash and cash equivalents, end of fiscal year	$ 6,230	$ 8,804	$ 8,304	$ --	$ 23,338

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF CASH FLOW

FOR THE EIGHT MONTHS ENDED DECEMBER 30, 2000
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Operating activities:					
Net income	$ 15,019	$ 23,085	$ 3,536	$(26,621)	$ 15,019
Adjustments to reconcile net income to cash provided by (used for) operating activities:					
Depreciation and amortization	1,930	4,266	411	--	6,607
Bond issuance costs	1,282	--	--	--	1,282
Deferred tax provision	--	104	--	--	104
Unrealized gain on derivative instruments	(5,815)	--	--	--	(5,815)
Accounting for equity investment	17,604	--	--	--	17,604
Elimination of foreign subsidiaries one month reporting lag	1,137	86	1,120	(1,137)	1,206
Allowance for doubtful accounts	--	198	--	--	198
Reserve for inventory obsolescence, other	--	3,981	12	--	3,993
Other items, net		(532)	(422)	--	(954)
Changes in cash due to:					--
Receivables	(2,096)	(566)	(84)	--	(2,746)
Inventories	--	(7,214)	(1,688)	--	(8,902)
Prepaid expense	(213)	(2,422)	(957)	--	(3,592)
Intercompany receivables/payables	(21,193)	24,595	(3,402)	--	--
Due from related parties	241	--	--	--	241
Accounts payable	(1,072)	(69)	838	--	(303)
Accrued liabilities	9,327	(1,450)	(1,015)	--	6,862
Deferred revenue	--	858	185	--	1,043
Income taxes	38,960	(41,643)	(292)	--	(2,975)
Cash provided by (used for) operating activities	55,111	3,277	(1,758)	(27,758)	28,872
Investing activities:					
Capital expenditures	(100)	(3,017)	(509)	--	(3,626)
Advances and interest to equity investment	(15,604)	--	--	--	(15,604)
Acquisitions of minority interest	(2,400)	--	--	--	(2,400)
Other items, net	(148)	147	4	--	3
Cash used for investing activities	(18,252)	(2,870)	(505)	--	(21,627)
Financing activities:					
Net increase (decrease) in short-term borrowings	566	(600)	--	--	(34)
Parent company investment in subsidiaries	(13,556)	--	--	13,556	--
Payment of dividends	(879)	(8,834)	(1,968)	10,802	(879)
Payments on long-term debt	(6,625)	(435)	--	--	(7,060)
Net Parent advances	--	--	421	(421)	--
Cash used for financing activities	(20,494)	(9,869)	(1,547)	23,937	(7,973)
Effect of exchange rate changes on cash and cash equivalents	(650)	(1,812)	(173)	3,821	1,186
Net increase (decrease) in cash and cash equivalents	15,715	(11,274)	(3,983)	--	458
Cash and cash equivalents, beginning of period	10,984	22,465	10,594	--	44,043
Cash and cash equivalents, end of period	$ 26,699	$ 11,191	$ 6,611	$ --	$ 44,501

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF CASH FLOW

FOR THE FISCAL YEAR ENDED APRIL 29, 2000
(IN THOUSANDS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Operating activities:					
Net income	$ 37,759	$ 40,620	$ 3,821	$(44,441)	$ 37,759
Adjustments to reconcile net income to cash provided by (used for) operating activities:					
Depreciation and amortization	2,326	6,028	932	--	9,286
Bond issuance costs	1,112	--	--	--	1,112
Deferred tax provision	3,785	4,685	71	--	8,541
Unrealized loss on derivative instruments	499	--	--	--	499
Allowance for doubtful accounts	(352)	(29)	(4)	--	(385)
Reserve for inventory obsolescence, other	--	3,332	28	--	3,360
Other items, net	--	(2,492)	--	--	(2,492)
Changes in cash due to:					
Receivables	5,205	(1,295)	9,514	--	13,424
Inventories	--	(5,453)	276	--	(5,177)
Prepaid expense	108	(1,691)	782	--	(801)
Due from related parties	(15,149)	384	--	--	(14,765)
Accounts payable	807	(1,272)	(1,047)	--	(1,512)
Accrued liabilities	4,039	(1,845)	3,087	--	5,281
Deferred revenue		(1,827)	74	--	(1,753)
Income taxes	90,650	(97,918)	4,776	--	(2,492)
Cash provided by (used for) operating activities	130,789	(58,773)	22,310	(44,441)	49,885
Investing activities:					
Capital expenditures	(299)	(1,004)	(571)	--	(1,874)
Acquisitions of minority interest	--	(15,900)	--	--	(15,900)
Other items, net	(2,067)	116	84	--	(1,867)
Cash used for investing activities	(2,366)	(16,788)	(487)	--	(19,641)
Financing activities:					
Net increase (decrease) in short-term borrowings	--	1,235	(6,690)	--	(5,455)
Parent company investment in subsidiaries	(34,693)	--	--	34,693	--
Proceeds from borrowings	404,260	87,000	--	--	491,260
Repurchase of common stock	(324,476)	--	--	--	(324,476)
Payment of dividends	(2,797)	(3,120)	(4,494)	7,615	(2,796)
Payments on long-term debt	(3,312)	(218)	--	--	(3,530)
Deferred financing costs	(15,861)	--	--	--	(15,861)
Net Parent (settlements) advances	(138,998)	14,552	(7,175)	591	(131,030)
Cash (used for) provided by financing activities	(115,877)	99,449	(18,359)	42,899	8,112
Effect of exchange rate changes on cash and cash equivalents	(1,488)	(13,799)	(83)	1,542	(13,828)
Net increase in cash and cash equivalents	11,058	10,089	3,381	--	24,528
Cash and cash equivalents, beginning of fiscal year	(74)	12,376	7,213	--	19,515
Cash and cash equivalents, end of fiscal year	$ 10,984	$ 22,465	$ 10,594	$ --	$ 44,043

WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

SUPPLEMENTAL CONSOLIDATING STATEMENT OF CASH FLOW

FOR THE FISCAL YEAR ENDED APRIL 24, 1999
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	ELIMINATIONS	CONSOLIDATED
Operating activities:					
Net income	$39,284	$ 40,270	$ 5,738	$(37,310)	$ 47,982
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation and amortization	2,378	6,609	599	--	9,586
Deferred tax provision	1,735	4,345	3,199	--	9,279
Allowance for doubtful accounts	84	30	4	--	118
Reserve for inventory obsolescence, other	--	1,824	99		1,923
Other items, net	--	153	(115)	--	38
Changes in cash due to:					
Receivables	(7,387)	1,318	(1,208)	--	(7,277)
Inventories	--	(1,772)	(77)	--	(1,849)
Prepaid expense	(20)	(1,141)	(293)	--	(1,454)
Intercompany receivables/payables	38,494	(35,474)	(3,020)	--	--
Due from related parties	(177)	80	3,790	--	3,693
Accounts payable	(288)	3,698	(327)	--	3,083
Accrued liabilities	1,003	(2,572)	(8,507)	--	(10,076)
Deferred revenue	--	(1,450)	734	--	(716)
Income taxes	(36,393)	38,362	1,602	--	3,571
Cash provided by operating activities	38,713	54,280	2,218	(37,310)	57,901
Investing activities:					
Capital expenditures	(271)	(1,612)	(591)	--	(2,474)
Other items, net	(278)	(286)	(1)	--	(565)
Cash used for investing activities	(549)	(1,898)	(592)	--	(3,039)
Financing activities:					
Net increase (decrease) in short-term borrowings	--	1,262	(406)	--	856
Payment of dividends	(5,435)	(14,446)	(3,670)	13,183	(10,368)
Payments on long-term debt	(1,081)	--	--	--	(1,081)
Net Parent (settlements) advances	(31,483)	(32,903)	3,316	23,994	(37,076)
Cash used for financing activities	(37,999)	(46,087)	(760)	37,177	(47,669)
Effect of exchange rate changes on cash and cash equivalents	(135)	281	214	133	493
Net increase in cash and cash equivalents	30	6,576	1,080	--	7,686
Cash and cash equivalents, beginning of fiscal year	(104)	5,800	6,133	--	11,829
Cash and cash equivalents, end of fiscal year	$ (74)	$ 12,376	$ 7,213	$ --	$ 19,515

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Weight Watchers International, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a) (1) on page F-1 present fairly, in all material respects, the consolidated financial position of Weight Watchers International, Inc. and its subsidiaries at December 29, 2001, December 30, 2000 and April 29, 2000, and the results of their operations and their cash flows for the fiscal year ended December 29, 2001, the eight months ended December 30, 2000, and for each of the two years in the period ended April 29, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 14(a)(2) on page F-1, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
February 19, 2002, except as to the last paragraph of Note 19, which is as of March 1, 2002

WEIGHT WATCHERS INTERNATIONAL, INC.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS(1)	BALANCE AT END OF PERIOD
FISCAL YEAR ENDED DECEMBER 29, 2001				
Allowance for doubtful accounts	$ 797	$6,330	$(6,401)	$ 726
Inventory reserves, other	2,532	2,718	(2,541)	2,709
EIGHT MONTHS ENDED DECEMBER 30, 2000				
Allowance for doubtful accounts	$ 609	$ 198	$ (10)	$ 797
Inventory reserves, other	1,557	3,993	(3,018)	2,532
FISCAL YEAR ENDED APRIL 29, 2000				
Allowance for doubtful accounts	$ 994	$ (385)	$ --	$ 609
Inventory reserves, other	1,436	3,360	(3,239)	1,557
FISCAL YEAR ENDED APRIL 24, 1999				
Allowance for doubtful accounts	$ 876	$ 118	$ --	$ 994
Inventory reserves, other	3,961	1,923	(4,448)	1,436

(1) Primarily represents the utilization of established reserves, net of recoveries.

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 his behalf by the undersigned, thereunto duly authorized.

WEIGHT WATCHERS INTERNATIONAL, INC.

Date: March 27, 2002

By: /s/ LINDA HUETT

Linda Huett
President and Director

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 and on the dates indicated.

By: /s/ LINDA HUETT

Linda Huett
President and Director
Date: March 27, 2002 (Principal Executive Officer)

By: /s/ THOMAS S. KIRITSIS

Thomas S. Kiritsis
Vice President and Chief Financial Officer
(Principal Financial and Accounting
Date: March 27, 2002 Officer)

By: /s/ RAYMOND DEBBANE

Raymond Debbane
Date: March 27, 2002 Director

By: /s/ JONAS M. FAJGENBAUM

Jonas M. Fajgenbaum
Date: March 27, 2002 Director

By: /s/ SACHA LAINOVIC

Sacha Lainovic
Director

Date: March 27, 2002

By: /s/ CHRISTOPHER J. SOBECKI

Christopher J. Sobecki
Director

Date: March 27, 2002

By: /s/ SAM K. REED

Sam K. Reed
Director

Date: March 27, 2002

By: /s/ MARSHA JOHNSON EVANS

Marsha Johnson Evans
Director

Date: March 27, 2002

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION
**2.	--	Recapitalization and Stock Purchase Agreement, dated July 22, 1999, among Weight Watchers International, Inc., H.J. Heinz Company and Artal International S.A. is incorporated herein by reference to Exhibit 2 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
*3.1	--	Amended and Restated Articles of Incorporation of Weight Watchers International, Inc.
*3.2	--	Amended and Restated By-laws of Weight Watchers International, Inc.
*3.3	--	Articles of Amendment to the Articles of Incorporation, as Amended and Restated, of Weight Watchers International, Inc., to Create a New Series of Preferred Stock Designated as Series B Junior Participating Preferred Stock, adopted as of November 14, 2001.
**4.1	--	Senior Subordinated Dollar Notes Indenture, dated as of September 29, 1999, between Weight Watchers International, Inc. and Norwest Bank Minnesota, National Association is incorporated herein by reference to Exhibit 4.1 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**4.2	--	Guarantee Agreement, dated as of March 3, 2000, given by 58 WW Food Corp., Waist Watchers, Inc., Weight Watchers Camps and Spas, Inc., Weight Watchers Direct, Inc., W/ W Twentyfirst Corporation, W.W. Weight Reductions Services, Inc., W.W.I. European Services, Ltd., W.W. Inventory Service Corp., Weight Watchers North America, Inc., Weight Watchers UK Holdings Ltd., Weight Watchers International Holdings, Ltd., Weight Watchers U.K. Limited, Weight Watchers (Accessories & Publications) Ltd., Weight Watchers (Food Products) Limited, Weight Watchers New Zealand Limited, Weight Watchers International Pty Limited, Fortuity Pty Ltd. and Gutbusters Ltd. is incorporated herein by reference to Exhibit 4.2 with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**4.3	--	Senior Subordinated Euro Notes Indenture, dated as of September 29, 1999, between Weight Watchers International Inc. and Norwest Bank Minnesota, National Association is incorporated herein by reference to Exhibit 4.3 with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**4.4	--	Guarantee Agreement, dated as of March 3, 2000, given by 58 WW Food Corp., Waist Watchers, Inc., Weight Watchers Camps and Spas, Inc., Weight Watchers Direct, Inc., W/ W Twentyfirst Corporation, W.W. Weight Reductions Services, Inc., W.W.I. European Services, Ltd., W.W. Inventory Service Corp., Weight Watchers North America, Inc., Weight Watchers UK Holdings Ltd., Weight Watchers International Holdings, Ltd., Weight Watchers U.K. Limited, Weight Watchers (Accessories & Publications) Ltd., Weight Watchers (Food Products) Limited, Weight Watchers New Zealand Limited, Weight Watchers International Pty Limited, Fortuity Pty Ltd. and Gutbusters Ltd. is incorporated herein by reference to Exhibit 4.4 with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**4.5	--	Form of Rights Agreement between Weight Watchers International Inc. and Equiserve Trust Company, N.A. is incorporated herein by reference to Exhibit 4.5 with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.

EXHIBIT NUMBER		DESCRIPTION
**4.6	--	Specimen of stock certificate representing Weight Watchers International Inc.'s common stock, no par value is incorporated herein by reference to Exhibit 4.6 with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.
*10.1	--	Second Amended and Restated Credit Agreement, dated as of December 21, 2001, among Weight Watchers International, Inc., WW Funding Corp., Credit Suisse First Boston, BHF (USA) Capital Corporation and Fortis (USA) Finance LLC, The Bank of Nova Scotia and various financial institutions.
**10.2	--	Preferred Stock Stockholders's Agreement, dated as of September 29, 1999, among Weight Watchers International, Inc., Artal Luxembourg S.A. and H.J. Heinz Company is incorporated herein by reference to Exhibit 10.2 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.3	--	Stockholders' Agreement, dated as of September 29, 1999, among Weight Watchers International, Inc., Artal Luxembourg S.A. and H.J. Heinz Company is incorporated herein by reference to Exhibit 10.3 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.4	--	License Agreement, dated as of September 29, 1999, between WW Foods, LLC and Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.4 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.5	--	License Agreement, dated as of September 29, 1999, between Weight Watchers International, Inc. and H.J. Heinz Company is incorporated herein by reference to Exhibit 10.5 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.6	--	License Agreement, dated as of September 29, 1999, between WW Foods, LLC and H.J. Heinz Company is incorporated herein by reference to Exhibit 10.6 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.7	--	LLC Agreement, dated as of September 29, 1999, between H.J. Heinz Company and Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.7 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.8	--	Operating Agreement, dated as of September 29, 1999, between Weight Watchers International, Inc. and H.J. Heinz Company is incorporated herein by reference to Exhibit 10.8 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.9	--	Subscription Agreement, dated as of September 29, 1999, among WeightWatchers.com, Inc., Weight Watchers International, Inc., Artal Luxembourg S.A. and H.J. Heinz Company is incorporated herein by reference to Exhibit 10.9 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.10	--	Registration Rights Agreement, dated September 29, 1999, among WeightWatchers.com, Weight Watchers International, Inc., H.J. Heinz Company and Artal Luxembourg S.A. is incorporated herein by reference to Exhibit 10.10 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.

EXHIBIT NUMBER		DESCRIPTION
**10.11	--	Stockholders' Agreement, dated September 29, 1999, among WeightWatchers.com, Weight Watchers International, Inc., Artal Luxembourg S.A., H.J. Heinz Company is incorporated herein by reference to Exhibit 10.11 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.12	--	Letter Agreement, dated as of September 29, 1999, between Weight Watchers International, Inc. and The Invus Group, Ltd. is incorporated herein by reference to Exhibit 10.12 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
*10.13	--	Amendment to Letter Agreement, dated as of October 19, 2001, between Weight Watchers International, Inc. and The Invus Group, Ltd.
**10.14	--	Agreement of Lease, dated as of August 1, 1995, between Industrial & Research Associates Co. and Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.13 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.15	--	Lease Agreement, dated as of April 1, 1997, between Junto Investments and Weight Watchers North America, Inc. is incorporated herein by reference to Exhibit 10.14 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
**10.16	--	Lease Agreement, dated as of August 31, 1995, between 89 State Line Limited Partnership and Weight Watchers North America, Inc. is incorporated herein by reference to Exhibit 10.15 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-4 (File No. 333-92005) as filed on March 2, 2000.
*10.17	--	Weight Watchers Savings Plan, dated as of October 3, 1999, as amended.
**10.18	--	Weight Watchers Executive Profit Sharing Plan, dated as of October 4, 1999 is incorporated herein by reference to Exhibit 10.18 filed with Registrant's Annual Report on Form 10-K for the fiscal year ended April 29, 2000.
**10.19	--	1999 Stock Purchase and Option Plan of Weight Watchers International, Inc. and Subsidiaries is incorporated herein by reference to Exhibit 10.19 filed with Registrant's Annual Report on Form 10-K for the fiscal year ended April 29, 2000.
**10.20	--	Weight Watchers.com Stock Incentive Plan of Weight Watchers International, Inc. and Subsidiaries is incorporated herein by reference to Exhibit 10.20 filed with Registrant's Annual Report on Form 10-K for the fiscal year ended April 29, 2000.
**10.21	--	Warrant Agreement, dated as of November 24, 1999, between WeightWatchers.com, Inc. and Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.20 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on October 29, 2001.
**10.22	--	Warrant Certificate of WeightWatchers.com No. 1, dated as of November 24, 1999 is incorporated herein by reference to Exhibit 10.22 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on October 29, 2001.
**10.23	--	Warrant Agreement, dated as of October 1, 2000, between WeightWatchers.com, Inc. and Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.2 filed with Weight Watchers International, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended October 28, 2000.

EXHIBIT NUMBER		DESCRIPTION
**10.24	--	Warrant Certificate of WeightWatchers.com, Inc. No. 2, dated as of October 1, 2000 is incorporated herein by reference to Exhibit 10.2 filed with Weight Watchers International, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended October 28, 2000.
**10.25	--	Warrant Agreement, dated as of May 3, 2001, between WeightWatchers.com, Inc. and Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.2 filed with Weight Watchers International, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001.
**10.26	--	Warrant Certificate of WeightWatchers.com, Inc., No. 3, dated as of May 3, 2001 is incorporated herein by reference to Exhibit 10.3 filed with Weight Watchers International, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001.
**10.27	--	Warrant Agreement, dated as of September 10, 2001 between WeightWatchers.com, Inc. and Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.29 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on October 29, 2001.
**10.28	--	Warrant Certificate Weightwatchers.com, Inc. No. 4, dated as of September 10, 2001 is incorporated herein by reference to Exhibit 10.30 filed with Amendment No. 1 to the Registrant's Registration Statement of Form S-1 (File No. 333-69362) as filed on October 29, 2001.
**10.29	--	Second and Amended Restated Note, dated as of September 10, 2001, by WeightWatchers.com, Inc. to Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 10.24 filed with Amendment No. 1 to Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on October 29, 2001.
**10.30	--	Put/Call Agreement, dated April 18, 2001, between Weight Watchers International, Inc. and H.J. Heinz Company is incorporated herein by reference to Exhibit 10.4 filed with Weight Watchers International, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2001.
**10.31	--	Second Amended and Restated Collateral Assignment and Security Agreement, dated as of September 10, 2001, by WeightWatchers.com, Inc. in favor of Weight Watchers International, Inc. is incorporated herein by reference to Exhibit No. 10.31 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on October 29, 2001.
**10.32	--	Termination Agreement, dated as of November 5, 2001, between Weight Watchers International, Inc. and Artal Luxembourg S.A. is incorporated herein by reference to Exhibit No. 10.32 filed with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.
**10.33	--	Amended and Restated Co-Pack Agreement, dated as of September 13, 2001, between Weight Watchers International, Inc. and Nellson Nutraceutical, Inc. is incorporated herein by reference to Exhibit No. 10.33 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on October 29, 2001.
**10.34	--	Amended and Restated Intellectual Property License Agreement, dated as of September 10, 2001, between Weight Watchers International, Inc. and WeightWatchers.com, Inc. is incorporated herein by reference to Exhibit No. 10.34 filed with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.

EXHIBIT NUMBER		DESCRIPTION
**10.35	--	Service Agreement, dated as of September 10, 2001, between Weight Watchers International, Inc. and WeightWatchers.com, Inc. is incorporated herein by reference to Exhibit No. 10.35 filed with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.
**10.36	--	Corporate Agreement, dated as of September 10, 2001, between Weight Watchers International, Inc. and WeightWatchers.com, Inc. and Artal Luxembourg S.A. is incorporated herein by reference to Exhibit No. 10.36 filed with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.
**10.37	--	Guaranty of Sublease, dated as of September 12, 2000, by Weight Watchers International, Inc. of the Agreement of Sublease between RDR Associates, Inc. and WeightWatchers.com, Inc. is incorporated herein by reference to Exhibit No. 10.37 filed with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.
**10.38	--	Registration Rights Agreement, dated as of September 29, 1999, among Weight Watchers International, Inc., H.J. Heinz Company and Artal Luxembourg S.A. is incorporated herein by reference to Exhibit No. 10.38 filed with Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on November 9, 2001.
**21	--	Subsidiaries of Weight Watchers International, Inc. is incorporated herein by reference to Exhibit 21 filed with Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (File No. 333-69362) as filed on October 29, 2001.

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* Filed herewith.

** Previously filed.

Exhibit 3.1

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

WEIGHT WATCHERS INTERNATIONAL, INC.

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

WEIGHT WATCHERS INTERNATIONAL, INC.

ARTICLE I

The name of the Corporation shall be Weight Watchers International, Inc.

ARTICLE II

The purpose for which the Corporation is formed is to transact any or all lawful business, not required to be specifically stated in these Articles of Incorporation, for which corporations may be incorporated under the Virginia Stock Corporation Act, as amended from time to time, and any legislation succeeding thereto (the "VSCA").

All references herein to "Articles of Incorporation" shall mean these Amended and Restated Articles of Incorporation, as subsequently amended or restated in accordance herewith and with the VSCA.

ARTICLE III

The aggregate number of shares that the Corporation shall have authority to issue shall be 250,000,000 shares of Preferred Stock, no par value per share (hereinafter called "Preferred Stock"), and 1,000,000,000 shares of Common Stock, no par value per share (hereinafter called "Common Stock").

The following is a description of each of such classes of stock, and a statement of the preferences, limitations, voting rights and relative rights in respect of the shares of each such class:

A. PREFERRED STOCK

1. AUTHORITY TO FIX RIGHTS OF PREFERRED STOCK. The Board of Directors shall have authority, by resolution or resolutions, at any time and from time to time to divide and establish any or all of the unissued shares of Preferred Stock not then allocated to any series of Preferred Stock into one or more series, and, without limiting the generality of the foregoing, to fix and determine the designation of each such series, the number of shares that shall constitute such series and the following relative rights and preferences of the shares of each series so established:

(a) the annual or other periodic dividend, if any, payable on shares of such series, the time of payment thereof, whether any such dividends shall be cumulative or non-cumulative, the relative rights of priority, if any, of payment of dividends on the shares of that series and the date or dates from which any cumulative dividends shall commence to accrue;

(b) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series;

(c) whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption prices;

(d) whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and if so, the amount of such sinking fund;

(e) whether that series shall have voting rights (including multiple or fractional votes per share) in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(f) the terms and conditions, if any, on which shares of such series may be converted into shares of stock of the Corporation of any other class or classes or into shares of any other series of the same or any other class or classes, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(g) whether, and if so the extent to which, shares of such series may participate with the Common Stock in any dividends in excess of the preferential dividend fixed for shares of such series or in any distribution of the assets of the Corporation, upon a liquidation, dissolution or winding-up thereof, in excess of the preferential amount fixed for shares of such series; and

(h) any other preferences and relative, optional or other special rights, and qualifications, limitations or restrictions of such preferences or rights, of shares of such series not fixed and determined by law or in this Article III.

2. DISTINCTIVE DESIGNATIONS OF SERIES. Each series of Preferred Stock shall be so designated as to distinguish the shares thereof from the shares of all other series. Different series of Preferred Stock shall not be considered to constitute different voting groups of shares for the purpose of voting by voting groups except as required by the VSCA or as otherwise specified by the Board of Directors, as reflected in articles of

amendment to the Articles of Incorporation, with respect to any series at the time of the creation thereof.

3. RESTRICTIONS ON CERTAIN DISTRIBUTIONS. So long as any shares of Preferred Stock are outstanding, the Corporation shall not declare and pay or set apart for payment any dividends (other than dividends payable in Common Stock or other stock of the Corporation ranking junior to the Preferred Stock as to dividends) or make any other distribution on such junior stock if, at the time of making such declaration, payment or distribution, the Corporation shall be in default with respect to any dividend payable on, or any obligation to redeem, any shares of Preferred Stock.

B. COMMON STOCK

1. VOTING RIGHTS. Subject to the provisions of the VSCA or of the Bylaws of the Corporation as from time to time in effect with respect to the closing of the transfer books or the fixing of a record date for the determination of shareholders entitled to vote, and except as otherwise provided by the VSCA or in articles of amendment to the Articles of Incorporation establishing any series of Preferred Stock pursuant to the provisions of Section 1 of Part A of this Article III, the holders of outstanding shares of Common Stock of the Corporation shall possess exclusive voting power for the election of directors and for all other purposes, with each holder of record of shares of Common Stock of the Corporation being entitled to one vote for each share of such stock standing in his name on the books of the Corporation.

2. DIVIDENDS. Subject to the rights of the holders of Preferred Stock, holders of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock of any corporation or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in all such dividends and other distributions.

3. RIGHTS UPON DISSOLUTION. Except as required by the VSCA or the Articles of Incorporation with respect to any rights upon dissolution of the Preferred Stock or any one or more series thereof, the holders of the Common Stock shall have the exclusive right to receive, pro rata according to the number of shares of Common Stock owned of record by each of them, the net assets of the Corporation upon dissolution and the full amount of any dividends or other distributions paid by the Corporation.

C. GENERAL PROVISIONS

1. REDEEMED OR REACQUIRED SHARES. Shares of any series of Preferred Stock that have been redeemed or otherwise reacquired by the Corporation (whether through the operation of a sinking fund, upon conversion or otherwise) shall have the status of authorized and unissued shares of Preferred Stock and may be redesignated and reissued as a part of such series (except as otherwise provided in Part D of this Article III with respect to the Series A Preferred Stock or unless prohibited by the articles of amendment

creating any other series) or of any other series of Preferred Stock. Shares of Common Stock that have been reacquired by the Corporation shall have the status of authorized and unissued shares of Common Stock and may be reissued.

2. NO PREEMPTIVE RIGHTS. No holder of shares of stock of any class of the Corporation shall, as such holder, have any right to subscribe for or purchase (a) any shares of stock of any class of the Corporation, or any warrants, options or other instruments that shall confer upon the holder thereof the right to subscribe for or purchase or receive from the Corporation any shares of stock of any class, whether or not such shares of stock, warrants, options or other instruments are issued for cash or services or property or by way of dividend or otherwise, or (b) any other security of the Corporation that shall be convertible into, or exchangeable for, any shares of stock of the Corporation of any class or classes, or to which shall be attached or appurtenant any warrant, option or other instrument that shall confer upon the holder of such security the right to subscribe for or purchase or receive from the Corporation any shares of its stock of any class or classes, whether or not such securities are issued for cash or services or property or by way of dividend or otherwise, other than such right, if any, as the Board of Directors, in its sole discretion, may from time to time determine. If the Board of Directors shall offer to the holders of shares of stock of any class of the Corporation, or any of them, any such shares of stock, options, warrants, instruments or other securities of the Corporation, such offer shall not, in any way, constitute a waiver or release of the right of the Board of Directors subsequently to dispose of other securities of the Corporation without offering the same to such holders.

3. AFFILIATED TRANSACTIONS STATUTE. Effective May 8, 2003, the Corporation shall not be governed by Article 14 of the VSCA.

4. CONTROL SHARE ACQUISITION STATUTE. The provisions of Article 14.1 of the VSCA shall not apply to acquisitions of shares of any class of capital stock of the Corporation.

D. SERIES A PREFERRED STOCK. There is hereby established a series of the Corporation's authorized Preferred Stock, to be designated as the "Series A Preferred Stock, no par value per share." The designation and number, and relative rights, preferences and limitations of the Series A Preferred Stock, insofar as not already fixed by any other provision of these Articles of Incorporation, shall be as follows:

1. DESIGNATION AND AMOUNT. The number of shares constituting the Series A Preferred Stock shall be 1,000,000, and the liquidation preference of the Series A Preferred Stock shall be $25.00 per share (the "Liquidation Value").

2. RANK. The Series A Preferred Stock shall, with respect to dividend rights and rights on liquidation, winding up and dissolution, rank (a) senior to the Corporation's Common Stock and to all other classes and series of stock of the Corporation now or hereafter authorized, issued or outstanding which by their terms expressly provide that

they are junior to the Series A Preferred Stock with respect to such matters (collectively with the Common Stock, the "Junior Securities"); (b) on a parity with each other class of capital stock or series of preferred stock issued by the Corporation after the date hereof, the terms of which specifically provide that such class or series will rank on a parity with the Series A Preferred Stock with respect to such matters or which do not specify their rank (collectively referred to as "Parity Securities"); and (c) junior to each other class of capital stock or other series of Preferred Stock issued by the Corporation after the date hereof, the terms of which specifically provide that such class or series will rank senior to the Series A Preferred Stock with respect to such matters (collectively referred to as "Senior Securities").

3. DIVIDENDS.

(a) The holders of shares of the Series A Preferred Stock shall be entitled to receive, as and when declared and out of funds legally available therefor, dividends in cash on each share of Series A Preferred Stock at an annual rate equal to 6% of the Liquidation Value. Such dividends shall be cumulative and shall accrue and be payable annually on July 31 of each year (each such date being a "Dividend Payment Date"), to holders of record at the close of business on the date specified by the Board of Directors of the Corporation at the time such dividend is declared (the "Record Date"), in preference to dividends on the Junior Securities, commencing on the Dividend Payment Date next succeeding the Issue Date. Any such Record Date shall be 15 days prior to the relevant Dividend Payment Date. With respect to any dividend that has been declared, if on the applicable Dividend Payment Date the Corporation is in default under its Senior Credit Agreement or any of its other Debt Agreements or if the payment of such dividend in cash would result in such a default, the payment of such declared dividend with respect to shares of Series A Preferred Stock on such date shall be deferred to the next Dividend Payment Date or other payment date provided pursuant to Section 3(d) below on which no default exists or would occur. Such unpaid dividends shall accrue interest at a rate of 6% per annum until paid in full. All dividends paid with respect to shares of Series A Preferred Stock pursuant to this Section 3 shall be paid pro rata to the holders entitled thereto.

(b) In the case of dividend payments made on the first Dividend Payment Date with respect to shares of Series A Preferred Stock issued on the Issue Date, dividends shall accrue and be cumulative from the Issue Date.

(c) Each fractional share of Series A Preferred Stock outstanding shall be entitled to a ratably proportionate amount of all dividends accruing with respect to each outstanding share of Series A Preferred Stock pursuant to Section 3(a) of this Part D, and all such dividends with respect to such outstanding fractional shares shall be cumulative and shall accrue (whether or not declared), and shall be payable in the same manner and at such times as provided for in Section 3(a) of this Part D with respect to dividends on each outstanding share of Series A Preferred Stock. Each fractional share of Series A Preferred Stock outstanding shall also be entitled to a ratably proportionate

amount of any other distributions made with respect to each outstanding share of Series A Preferred Stock, and all such distributions shall be payable in the same manner and at the same time as distributions on each outstanding share of Series A Preferred Stock.

(d) Accrued but unpaid dividends for any past dividend periods may be declared by the Board of Directors and paid on any date fixed by the Board of Directors, whether or not a regular Dividend Payment Date, to holders of record on the books of the Corporation on such record date as may be fixed by the Board of Directors, which record date shall be not less than 10 days and not more than 30 days prior to the payment date thereof. Holders of Series A Preferred Stock will not be entitled to any dividends, whether payable in cash, property or stock, in excess of the full cumulative dividends provided for herein.

(e)(i) So long as any shares of the Series A Preferred Stock are outstanding, the Corporation shall not make any payment on account of, or set apart for payment money for a sinking or other similar fund for, the purchase, redemption or retirement of, any Junior Securities or any warrants, rights, calls or options exercisable for or convertible into any Junior Securities, whether directly or indirectly, and whether in cash, obligations or shares of the Corporation or other property (other than dividends or distributions payable in additional shares of Junior Securities to holders of Junior Securities), and shall not permit any Person directly or indirectly controlled by the Corporation to purchase or redeem any Junior Securities or any warrants, rights, calls or options exercisable for or convertible into any Junior Securities. Notwithstanding the foregoing, the Corporation may purchase, redeem or otherwise acquire, cancel or retire for value Junior Securities or options, warrants, equity appreciation rights or other rights to purchase or acquire Junior Securities (A) held by any existing or former employees or management of the Corporation or any Subsidiary of the Corporation or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees or (B) issued in connection with the incurrence of debt under a Debt Agreement or the issuance of Senior Securities (other than securities issued to any Permitted Holder).

(ii) No full dividends shall be declared by the Board of Directors of the Corporation or paid or set apart for payment by the Corporation on any Parity Securities for any period unless full cumulative dividends have been or contemporaneously are declared and paid (in cash) or declared and a sum set apart sufficient for such payment (in cash) on the Series A Preferred Stock for all dividend payment periods terminating on or prior to the date of payment of such full dividends on such Parity Securities. If any dividends are not paid in full, as aforesaid, upon the shares of Series A Preferred Stock and any other Parity Securities, all dividends declared upon shares of Series A Preferred Stock and any other Parity Securities shall be declared pro rata so that the amount of dividends declared per share of the Series A Preferred Stock and such Parity Securities shall in all cases bear to each other the same ratio that accrued dividends per share on the Series A Preferred Stock and such Parity Securities bear to each other.

4. LIQUIDATION PREFERENCE.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its shareholders an amount in cash equal to 100% of the Liquidation Value for each share outstanding, plus an amount in cash equal to all accrued but unpaid dividends thereon to the date of liquidation, dissolution or winding up, before any payment shall be made or any assets distributed to the holders of any of the Junior Securities. If the assets of the Corporation are not sufficient to pay in full the liquidation payments payable to the holders of outstanding shares of the Series A Preferred Stock and any Parity Securities, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be payable on such distribution if the amounts to which the holders of outstanding shares of Series A Preferred Stock and the holders of outstanding shares of such Parity Securities are entitled were paid in full.

(b) For the purposes of this Section 4, neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation nor the consolidation or merger of the Corporation with any one or more other Person shall be deemed to be a voluntary or involuntary liquidation, dissolution or winding up of the Corporation, unless such voluntary sale, conveyance, exchange or transfer shall be in connection with a plan of liquidation, dissolution or winding up of the Corporation.

5. REDEMPTION.

(a) OPTIONAL REDEMPTION. The Corporation may redeem, in whole or in part, the Series A Preferred Stock, at any time or from time to time, in the manner provided in Section 6(a) of this Part D (an "Optional Redemption"). Any Optional Redemption shall be at a price per share equal to 100% of the Liquidation Value thereof plus 100% of the sum of accrued and unpaid dividends thereon (including an amount equal to a prorated dividend from the last Dividend Payment Date immediately prior to the redemption date).

(b) REDEMPTION UPON CHANGE IN CONTROL OR A PERMITTED HOLDER PUBLIC SALE. Upon the occurrence of a Change in Control or a Permitted Holder Public Sale (each a "Trigger Event"), the Series A Preferred Stock shall be redeemable at the option of the holders thereof, in whole or in part and in the manner provided in Section 6(b) of this Part D, at a redemption price per share payable in cash equal to 100% of the Liquidation Value plus accrued and unpaid dividends to the date of redemption (including an amount equal to a prorated dividend from the last Dividend Payment Date immediately prior to the redemption date). After the occurrence of the Trigger Event, the Corporation shall redeem the number of shares specified in the holders' notices of election to redeem pursuant to Section 6(b) of this Part D on the date fixed for

redemption. The Corporation's obligations pursuant to Section 5(b) of this Part D shall be suspended during any period when such redemption would be prohibited by the Corporation's Senior Credit Agreement or any of its other Debt Agreements.

6. PROCEDURE FOR REDEMPTION.

(a) If the Corporation elects to redeem Series A Preferred Stock pursuant to Section 5(a) of this Part D, the Corporation shall give written notice (an "Optional Redemption Notice") thereof by overnight courier or by facsimile transmission to each holder of Series A Preferred Stock at its address or facsimile number, as the case may be, as it appears in the records of the Corporation. Such notice shall set forth: (i) the redemption price; (ii) the redemption date (which date shall be no earlier than five days and no later than 60 days from the date the Optional Redemption Notice is sent); (iii) the procedures to be followed by such holder, including the place or places where certificates for such shares are to be surrendered for payment of the redemption price and (iv) that dividends on the shares to be redeemed will cease to accrue on the redemption date. If less than all shares of Series A Preferred Stock are to be redeemed at any time, selection of such shares for redemption shall be made on a pro rata basis.

(b) At any time prior to and in any event no later than five days after the occurrence of a Change in Control and no later than 25 days prior to the occurrence of a Permitted Holder Public Sale, the Corporation shall give written notice of such Trigger Event by overnight courier or by facsimile transmission to each holder of Series A Preferred Stock at its address or facsimile number, as the case may be, as it appears in the records of the Corporation, which notice shall describe such Trigger Event. Such notice shall also set forth: (i) each holder's right to require the Corporation to redeem shares of Series A Preferred Stock held by such holder as a result of such Trigger Event;
(ii) the redemption price; (iii) the redemption date (which date shall be no later than 45 days from the date of the occurrence of such Trigger Event); (iv) the procedures to be followed by such holder in exercising its right of redemption, including the place or places where certificates for such shares are to be surrendered for payment of the redemption price and (v) that dividends on the shares to be redeemed will cease to accrue on the redemption date. In the event a holder of shares of Series A Preferred Stock shall elect to require the Corporation to redeem any or all of such shares of Series A Preferred Stock, such holder shall deliver, within 15 days of the sending to it of the Corporation's notice described in this Section 6(b), a written notice (the "Holder's Election Notice') stating such holder's election and specifying the number of shares to be redeemed pursuant to Section 5(b) of this Part D.

(c) If an Optional Redemption Notice has been sent by the Corporation as provided in Section 6(a) of this Part D, or notice of election has been delivered by the holders as provided in Section 6(b) of this Part D, and provided that on or before the applicable redemption date funds necessary for such redemption shall have been set aside by the Corporation, separate and apart from its other funds, in trust for the pro rata benefit of the holders of the shares entitled to redemption, so as to be and to

continue to be available therefor, then, from and after the redemption date (unless the Corporation defaults in the payment of the redemption price, in which case such rights shall continue until the redemption price is paid), dividends on the shares of Series A Preferred Stock so called for or entitled to redemption shall cease to accrue, and said shares shall no longer be deemed to be outstanding and shall not have the status of shares of Series A Preferred Stock, and all rights of the holders thereof as shareholders of the Corporation (except the right to receive the applicable redemption price and any accrued and unpaid dividends from the Corporation to the date of redemption) shall cease. Upon surrender of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and a notice by the Corporation shall so state), such shares shall be redeemed by the Corporation at the applicable redemption price as aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate or certificates shall be issued representing the unredeemed shares without cost to the holder thereof.

7. REACQUIRED SHARES. Shares of Series A Preferred Stock that have been issued and reacquired in any manner shall (upon compliance with any applicable provisions of the laws of the Commonwealth of Virginia) have the status of authorized and unissued shares of the class of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of Preferred Stock other than the Series A Preferred Stock.

8. VOTING RIGHTS. Except as required by law or set forth below, the holders of the Series A Preferred Stock will have no voting rights with respect to their shares of Series A Preferred Stock. The approval of holders of a majority of the outstanding shares of Series A Preferred Stock, voting as a class, shall be required to amend, repeal or change any of the provisions of the Articles of Incorporation of the Corporation in any manner that would alter or change the powers, preferences or special rights of the shares of Series A Preferred Stock so as to affect them adversely; provided that without the consent of each holder of Series A Preferred Stock, no amendment may reduce the dividend payable on or the Liquidation Value of the Series A Preferred Stock.

9. CERTAIN COVENANTS. Any holder of Series A Preferred Stock may proceed to protect and enforce its rights and the rights of such holders by any available remedy by proceeding at law or in equity to protect and enforce any such rights, whether for the specific enforcement of any provision in this Part D or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

10. DEFINITIONS. For the purposes of this Part D, the following terms shall have the meanings indicated:

"affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act or any successor provision. The terms "affiliated" and "non-affiliated" shall have meanings correlative to the foregoing.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Change in Control" shall mean

(a) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Corporation (unless the Permitted Holders shall hold a higher percentage thereof or have the ability to elect or designate for election a majority of the Board of Directors of the Corporation);

(b) the adoption by the shareholders of the Corporation of a plan or proposal for the liquidation or dissolution of the Corporation; or

(c) the merger or consolidation of the Corporation with another Person that is not an affiliate of the Corporation prior thereto or the sale or other disposition of all or substantially all the assets or property of the Corporation in one transaction or series of related transactions to a Person who is not an affiliate of the Corporation prior thereto.

"Debt Agreement" shall mean any instrument or agreement governing indebtedness (whether now outstanding or hereinafter incurred) of the Corporation.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Issue Date" shall mean the first date on which shares of Series A Preferred Stock are issued.

"Junior Securities" shall have the meaning set forth in Section 2 of this Part D.

"Parity Securities" shall have the meaning set forth in Section 2 of this Part D.

"Permitted Holder" shall mean Artal Luxembourg S.A. and any of its affiliates, but in the case of any affiliate, only for so long as it continues to be an affiliate of Artal Luxembourg S.A.

"Permitted Holder Public Sale" shall mean a sale for cash by a Permitted Holder of all or part of the Common Stock in a registered, secondary public offering.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, limited liability company or other entity.

"Senior Credit Agreement" shall mean the Amended and Restated Credit Agreement, dated as of January 16, 2001, among the Corporation, WW Funding Corp.,

various financial institutions, The Bank of Nova Scotia, as Administrative Agent, BHF (USA) Capital Corporation, as Documentation Agent, and Credit Suisse First Boston, as Syndication Agent, as amended by Amendment No. 1 to Credit Agreement, dated as of April 26, 2001, and the term "Senior Credit Agreement" shall also include any further amendments, extensions, renewals, restatements or refundings thereof and any credit facilities that replace, refund or refinance any part of the loans or commitments thereunder, including any such replacement, refunding or refinancing facility that increases the amount borrowable thereunder.

"Senior Securities" shall have the meaning set forth in Section 2 of this Part D.

"Subsidiary" of any Person shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

"Trigger Event" shall have the meaning set forth in Section 5(b) of this Part D.

"Voting Stock" of a corporation means all classes of capital stock of such corporation then outstanding and normally entitled to vote in the election of directors.

ARTICLE IV

1. The number of directors shall be as specified in the Bylaws of the Corporation but such number may be increased or decreased from time to time in such manner as may be prescribed in the Bylaws, provided that in no event shall the number of directors exceed 15. The directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. Class I directors shall be elected initially for a one-year term, Class II directors initially for a two-year term and Class III directors initially for a three-year term. At each annual meeting of shareholders, beginning in 2002, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors shorten the term of any incumbent director. The foregoing provisions of this Section 1 shall not apply to those directors who may be elected by the holders of any series of Preferred Stock.

2. Subject to the rights of the holders of any Preferred Stock then outstanding, at any time that Artal Luxembourg S.A. ("Artal") or a Majority Transferee owns a majority of the then outstanding shares of Common Stock, directors may be removed, with or without cause, by the affirmative vote of a majority of the votes entitled to be cast by the then outstanding shares of capital stock of the Corporation that are entitled to vote generally in the election of directors (the "Voting Shares"), voting together as a single voting group. At all other times, directors may be removed only for

cause and only by the affirmative vote of a majority of the votes entitled to be cast by the then outstanding Voting Shares, voting together as a single voting group. For purposes of the Articles of Incorporation, "Majority Transferee" shall mean a transferee from Artal or any other Majority Transferee of a majority of the then outstanding shares of Common Stock that pursuant to an instrument of transfer or related agreement has been granted rights under such provision of the Articles of Incorporation by Artal or such transferring Majority Transferee.

3. Subject to the rights of the holders of any Preferred Stock then outstanding and to any limitations set forth in the VSCA, newly-created directorships resulting from any increase in the number of directors and any vacancies in the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely (a) by the Board of Directors or (b) at a meeting of shareholders by the shareholders entitled to vote on the election of directors. If the directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of the directors remaining in office. Any director elected by the Board of Directors to fill any vacancy shall hold office until the next annual meeting of shareholders. In such event, the director elected by the shareholders at the annual meeting shall hold office for a term that shall coincide with the remaining term of the class of directors to which such person has been elected.

4. No provision of any agreement, plan or related document contemplated by Section 13.1-646 of the VSCA and approved by the Board of Directors shall be considered to be a limitation on the authority or power of the Board of Directors but, if so considered, is hereby authorized by these Articles of Incorporation.

ARTICLE V

1. Except as expressly otherwise required in the Articles of Incorporation, to be approved, action on a matter involving (a) an amendment or restatement of the Articles of Incorporation for which the VSCA requires shareholder approval, (b) a plan of merger or share exchange for which the VSCA requires shareholder approval, (c) a sale of assets other than in regular course of business or (d) the dissolution of the Corporation shall be approved by the affirmative vote of a majority of the votes entitled to be cast by the then outstanding Voting Shares, voting together as a single group, unless in submitting any such matter to the shareholders the Board of Directors shall require a greater vote; provided that directors shall be elected by a plurality of the votes cast by shares entitled to vote in the election at a meeting at which a quorum is present.

2. At any time that Artal or a Majority Transferee owns a majority of the then outstanding shares of Common Stock, the affirmative vote of a majority of the votes entitled to be cast by the then outstanding Voting Shares, voting together as a single voting group, shall be required to amend, alter, change or repeal any provision of Article IV, Section 2 or 3 of this Article V or Section 1 of Article VII. At all other times, the affirmative vote of at least 80 percent of the votes entitled to be cast by the then

outstanding Voting Shares, voting together as a single voting group, shall be required to amend, alter, change or repeal any provision of Article IV, Section 2 or 3 of this Article V or Section 1 of Article VII.

3. In furtherance of, and not in limitation of, the powers conferred by the VSCA, the Board of Directors is expressly authorized and empowered to adopt, amend or repeal the Bylaws of the Corporation; provided, however, that the Bylaws adopted by the Board of Directors under the powers hereby conferred may be altered, amended or repealed by the Board of Directors or by the shareholders having the requisite voting power with respect thereto, provided further that, in the case of any such action by shareholders, the affirmative vote of at least 80 percent of the votes entitled to be cast by the then outstanding Voting Shares, voting together as a single voting group, shall be required in order for the shareholders to amend, alter, change or repeal any provision of the Bylaws or to adopt any additional Bylaw.

ARTICLE VI

1. Every person who is or was a director, officer or employee of the Corporation, or who, at the request of the Corporation, serves or has served in any such capacity with another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise shall be indemnified by the Corporation against any and all liability and reasonable expense that may be incurred by him in connection with or resulting from any claim, action or proceeding (whether brought in the right of the Corporation or any such other corporation, entity, plan or otherwise), in which he may become involved, as a party or otherwise, by reason of his being or having been a director, officer or employee of the Corporation, or such other corporation, entity or plan while serving at the request of the Corporation, whether or not he continues to be such at the time such liability or expense is incurred, unless such person engaged in willful misconduct or a knowing violation of the criminal law.

As used in this Article VI: (a) the terms "liability" and "expense" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines or penalties against, and amounts paid in settlement by, a director, officer or employee; (b) the terms "director," "officer" and employee," unless the context otherwise requires, include the estate or personal representative of any such person; (c) a person is considered to be serving an employee benefit plan as a director, officer or employee of the plan at the Corporation's request if his duties to the Corporation also impose duties on, or otherwise involve services by, him to the plan or, in connection with the plan, to participants in or beneficiaries of the plan; (d) the term "occurrence" means any act or failure to act, actual or alleged, giving rise to a claim, action or proceeding; and (e) service as a trustee or as a member of a management or similar committee of a partnership, joint venture or limited liability company shall be considered service as a director, officer or employee of the trust, partnership, joint venture or limited liability company.

The termination of any claim, action or proceeding, civil or criminal, by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that a director, officer or employee did not meet the standards of conduct set forth in this Section 1. The burden of proof shall be on the Corporation to establish, by a preponderance of the evidence, that the relevant standards of conduct set forth in this Section 1 have not been met.

2. Any indemnification under Section 1 of this Article VI shall be made unless (a) the Board of Directors, acting by a majority vote of those directors who were directors at the time of the occurrence giving rise to the claim, action or proceeding involved and who are not at the time parties to such claim, action or proceeding (provided there are at least two such directors), finds that the director, officer or employee has not met the relevant standards of conduct set forth in such Section 1, or (b) if there are not at least two such directors, the Corporation's principal Virginia legal counsel, as last designated by the Board of Directors as such prior to the time of the occurrence giving rise to the claim, action or proceeding involved, or in the event for any reason such Virginia counsel is unwilling to so serve, then Virginia legal counsel mutually acceptable to the Corporation and the person seeking indemnification, deliver to the Corporation their written advice that, in their opinion, such standards have not been met.

3. Expenses incurred with respect to any claim, action or proceeding of the character described in Section 1 of this Article VI shall, except as otherwise set forth in this Section 3, be advanced by the Corporation prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Article VI. No security shall be required for such undertaking and such undertaking shall be accepted without reference to the recipient's final ability to make repayment. Notwithstanding the foregoing, the Corporation may refrain from, or suspend, payment of expenses in advance if at any time before delivery of the final finding described in Section 2 of this Article VI, the Board of Directors or Virginia legal counsel, as the case may be, acting in accordance with the procedures set forth in Section 2 of this Article VI, finds by a preponderance of the evidence then available that the officer, director or employee has not met the relevant standards of conduct set forth in
Section 1 of this Article VI.

4. No amendment or repeal of this Article VI shall adversely affect or deny to any director, officer or employee the rights of indemnification provided in this Article VI with respect to any liability or expense arising out of a claim, action or proceeding based in whole or substantial part on an occurrence the inception of which takes place before or while this Article VI, as set forth in these Articles of Incorporation, is in effect. The provisions of this Section 4 shall apply to any such claim, action or proceeding whenever commenced, including any such claim, action or proceeding commenced after any amendment or repeal of this Article VI.

5. The rights of indemnification provided in this Article VI shall be in addition to any rights to which any such director, officer or employee may otherwise be

entitled by contract or as a matter of law.

6. In any proceeding brought by or in the right of the Corporation or brought by or on behalf of shareholders of the Corporation, no director or officer of the Corporation shall be liable to the Corporation or its shareholders for monetary damages with respect to any transaction, occurrence or course of conduct, whether prior or subsequent to the effective date of this Article VI, except for liability resulting from such person's having engaged in willful misconduct or a knowing violation of the criminal law or any federal or state securities law.

ARTICLE VII

1. A special meeting of the shareholders for any purpose or purposes, unless otherwise provided by law, may be called by order of the Chairman of the Board, the President, the Board of Directors or, at any time that Artal or any Artal Transferee owns at least 20 percent of the then outstanding shares of Common Stock, by Artal or any such Artal Transferee. For purposes of this Section 1, "Artal Transferee" shall mean a transferee from Artal or any other Artal Transferee of at least 20 percent of the then outstanding shares of Common Stock that pursuant to an instrument of transfer or related agreement has been granted rights under this Section 1 by Artal or any Artal Transferee.

2. For such periods as the Corporation shall have fewer than 300 shareholders of record, any action required or permitted by the VSCA to be taken at a shareholders' meeting may be taken without a meeting and without prior notice, if the action is taken by the written consent of shareholders who would be entitled to vote at a meeting of holders of outstanding shares and who have voting power to cast not less than the minimum number (or the applicable minimum numbers, in the case of voting by groups) of votes that would be necessary to authorize or take the action at a meeting at which all shareholders entitled to vote thereon were present and voted.

3. As used in the Articles of Incorporation, the word "own" shall mean "beneficially own" as determined pursuant to Rule 13d-3 (or any successor provision thereto) under the Securities Exchange Act of 1934, as amended.

Exhibit 3.2

AMENDED AND RESTATED

BYLAWS

OF

WEIGHT WATCHERS INTERNATIONAL, INC.

AMENDED AND RESTATED

BYLAWS

OF

WEIGHT WATCHERS INTERNATIONAL, INC.

ARTICLE I
MEETINGS OF SHAREHOLDERS

Section 1.1. PLACE OF MEETINGS.

Except as otherwise provided in the Articles of Incorporation (hereinafter called the "Articles") of Weight Watchers International, Inc. (hereinafter called the "Corporation"), all meetings of the shareholders of the Corporation shall be held at such place, either within or without the Commonwealth of Virginia, as may from time to time be fixed by the Board of Directors of the Corporation (hereinafter called the "Board").

Section 1.2. ANNUAL MEETINGS.

The annual meeting of the shareholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held in each year on such day as may be fixed by the Board, at such hour as may be specified in the notice thereof.

Section 1.3. NOTICE OF MEETINGS.

Except as otherwise provided by law or the Articles, not less than 10 nor more than 60 days' notice in writing of the place, day, hour and purpose or purposes of each meeting of the shareholders, whether annual or special, shall be given to each shareholder of record of the Corporation entitled to vote at such meeting, either by the delivery thereof to such shareholder personally or by the mailing thereof to such shareholder in a postage prepaid envelope addressed to such shareholder at his address as it appears on the stock transfer books of the Corporation. Notice of a shareholders' meeting to act on an amendment of the Articles, a plan of merger or share exchange, a proposed sale of all, or substantially all of the Corporation's assets, otherwise than in the usual and regular course of business, or the dissolution of the Corporation shall be given not less than 25 nor more than 60 days before the date of the meeting and shall be accompanied, as appropriate, by a copy of the proposed amendment, plan of merger or share exchange or sale agreement. Notice of any meeting of shareholders shall not be required to be given to any shareholder who shall attend the meeting in person or by proxy, unless attendance is for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened, or who shall waive notice thereof in a writing signed by the

shareholder before, at or after such meeting. Notice of any adjourned meeting need not be given, except when expressly required by law.

Section 1.4. QUORUM.

Shares representing a majority of the votes entitled to be cast on a matter by all classes or series that are entitled to vote thereon and be counted together collectively, represented in person or by proxy at any meeting of the shareholders, shall constitute a quorum for the transaction of business thereat with respect to such matter, unless otherwise provided by law or the Articles. In the absence of a quorum at any such meeting or any adjournment or adjournments thereof, the chairman of such meeting or the holder of shares representing a majority of the votes cast on the matter of adjournment, either in person or by proxy, may adjourn such meeting from time to time until a quorum is obtained. At any such adjourned meeting at which a quorum has been obtained, any business may be transacted that might have been transacted at the meeting as originally called.

Section 1.5. ORGANIZATION AND ORDER OF BUSINESS.

At all meetings of the shareholders, the Chairman of the Board of Directors or, in the chairman's absence, such director of the Corporation as designated in writing by the Chairman of the Board of Directors shall act as chairman. In the absence of all of the foregoing persons, or, if present, with their consent, a majority of the shares entitled to vote at such meeting, may appoint any person to act as chairman. The Secretary of the Corporation shall act as secretary at all meetings of the shareholders. In the absence of the Secretary, the chairman may appoint any person to act as secretary of the meeting.

The chairman shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the dismissal of business not properly presented, the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

At each annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting (a) by or at the direction of the Board or (b) by any shareholder of the Corporation who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.5. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be given, either by personal delivery or by United States certified mail, postage prepaid, and received at the principal executive offices of the Corporation (i) with respect to the Corporation's first annual meeting following the initial public offering of shares of its common stock, not later than the close of business on the tenth business day following the date on which notice of such meeting is first given to shareholders, (ii) not less than 120 days nor more than 150 days before the first anniversary of the date of the Corporation's proxy statement in connection with the last annual meeting of shareholders or

if no annual meeting was held in the previous year or the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, not less than 60 days before the date of the applicable annual meeting. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting, including the complete text of any resolutions to be presented at the annual meeting, and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's stock transfer books, of such shareholder proposing such business, (c) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to bring the business before the meeting specified in the notice, (d) the class, series and number of shares of stock of the Corporation beneficially owned by the shareholder and (e) any material interest of the shareholder in such business. The Secretary of the Corporation shall deliver each such shareholder's notice that has been timely received to the Board or a committee designated by the Board for review. Notwithstanding the foregoing, at any time that Artal Luxembourg S.A. ("Artal") or a Majority Transferee owns a majority of the then outstanding shares of common stock, no par value (the "Common Stock"), of the Corporation, notice by Artal or a Majority Transferee shall be timely and complete if delivered in writing or orally at any time prior to the annual meeting. Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1.5. The chairman of an annual meeting shall, if the facts warrant, determine that the business was not brought before the meeting in accordance with the procedures prescribed by this Section 1.5. If the chairman should so determine, he shall so declare to the meeting and the business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.5, a shareholder seeking to have a proposal included in the Corporation's proxy statement shall comply with the requirements of Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including, but not limited to, Rule 14a-8 or its successor provision. For purposes of these Bylaws, "Majority Transferee" shall mean a transferee from Artal or any other Majority Transferee of a majority of the then outstanding shares of Common Stock that pursuant to an instrument of transfer or related agreement has been granted rights under such provision by Artal or such transferring Majority Transferee. For purposes of these Bylaws, the word "own" shall mean "beneficially own" as determined pursuant to Rule 13d-3 (or any successor provision thereto) under the Exchange Act.

Section 1.6. VOTING.

Unless otherwise provided by law or the Articles, at each meeting of the shareholders each shareholder entitled to vote at such meeting may vote either in person or by proxy in writing. Unless demanded by a shareholder present in person or represented by proxy at any meeting of the shareholders and entitled to vote thereon or so directed by the chairman of the meeting, the vote on any matter need not be by ballot. On a vote by ballot, each ballot shall be signed by the shareholder voting or his proxy, and it shall show the number of shares voted.

Section 1.7. WRITTEN AUTHORIZATION.

A shareholder or a shareholder's duly authorized attorney-in-fact may execute a writing authorizing another person or persons to act for him as proxy. Execution may be accomplished

by the shareholder or such shareholder's duly authorized attorney-in-fact or authorized officer, director, employee or agent signing such writing or causing such shareholder's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature.

Section 1.8. ELECTRONIC AUTHORIZATION.

The Secretary may approve procedures to enable a shareholder or a shareholder's duly authorized attorney-in-fact to authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of a telegram, cablegram, internet transmission, telephone transmission or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such transmission must either set forth or be submitted with information from which the judges or inspectors of election can determine that the transmission was authorized by the shareholder or the shareholder's duly authorized attorney-in-fact. If it is determined that such transmissions are valid, the judges or inspectors shall specify the information upon which they relied. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 1.8 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 1.9. JUDGES.

One or more judges or inspectors of election for any meeting of shareholders may be appointed by the chairman of such meeting, for the purpose of receiving and taking charge of proxies and ballots and deciding all questions as to the qualification of voters, the validity of proxies and ballots and the number of votes properly cast.

ARTICLE II
BOARD OF DIRECTORS

Section 2.1. GENERAL POWERS AND NUMBER.

The property, business and affairs of the Corporation shall be managed under the direction of the Board as from time to time constituted. The Board shall consist of seven directors, but the number of directors may be increased to any number, not more than 15 directors as set forth in the Articles, or decreased to any number, not fewer than three directors, by amendment of these Bylaws, provided that no decrease in the number of directors shall shorten or terminate the term of any incumbent director. No director need be a shareholder.

Section 2.2. NOMINATION AND ELECTION OF DIRECTORS.

At each annual meeting of shareholders, the shareholders entitled to vote shall elect the directors. No person shall be eligible for election as a director unless nominated in accordance with the procedures set forth in this
Section 2.2. Nominations of persons for election to the

Board may be made by the Board or any committee designated by the Board or by any shareholder entitled to vote for the election of directors at the applicable meeting of shareholders who complies with the notice procedures set forth in this Section 2.2. Such nominations, other than those made by the Board or any committee designated by the Board, may be made only if written notice of a shareholder's intent to nominate one or more persons for election as directors at the applicable meeting of shareholders has been given, either by personal delivery or by United States certified mail, postage prepaid, to the secretary of the Corporation and received (i) with respect to the Corporation's first annual meeting following the initial public offering of shares of its common stock, not later than the close of business on the tenth business day following the date on which notice of such meeting is first given to shareholders, (ii) not less than 120 days nor more than 150 days before the first anniversary of the date of the Corporation's proxy statement in connection with the last annual meeting of shareholders, (iii) if no annual meeting was held in the previous year or the date of the applicable annual meeting has been changed by more than 30 days from the date of the previous year's annual meeting, not less than 60 days before the date of the applicable annual meeting, or (iv) with respect to any special meeting of shareholders called for the election of directors, not later than the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such shareholder's notice shall set forth (a) as to the shareholder giving the notice, (i) the name and address, as they appear on the Corporation's stock transfer books, of such shareholder, (ii) a representation that such shareholder is a shareholder of record and intends to appear in person or by proxy at such meeting to nominate the person or persons specified in the notice, (iii) the class and number of shares of stock of the Corporation beneficially owned by such shareholder and
(iv) a description of all arrangements or understandings between such shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such shareholder; and (b) as to each person whom the shareholder proposes to nominate for election as a director, (i) the name, age, business address and, if known, residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the Corporation that are beneficially owned by such person, (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required by the rules and regulations of the Securities and Exchange Commission promulgated under the Exchange Act and (v) the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected. The Secretary of the Corporation shall deliver each such shareholder's notice that has been timely received to the Board or a committee designated by the Board for review. Notwithstanding the foregoing, at any time that Artal or any Artal Transferee owns a majority of the then outstanding Common Stock, notice by Artal or any Artal Transferee shall be timely and complete if delivered in writing or orally at least five business days prior to the date the Corporation mails its proxy statement in connection with such meeting of shareholders. Any person nominated for election as director by the Board or any committee designated by the Board shall, upon the request of the Board or such committee, furnish to the Secretary of the Corporation all such information pertaining to such person that is required to be set forth in a shareholder's notice of nomination. The chairman of the meeting of shareholders shall, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed by this Section 2.2. If the chairman should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. For purposes of these Bylaws, "Artal Transferee" shall mean a transferee from Artal or any other

Artal Transferee that pursuant to a negotiated instrument of transfer or related agreement has been granted rights by Artal or such transferring Artal Transferee under the provisions of Article II of the Corporate Agreement, dated as of November 5, 2001, between the Corporation and Artal.

Section 2.3. COMPENSATION.

Each director, in consideration of such director's serving as such, shall be entitled to receive from the Corporation such amount per annum or such fees for attendance at Board and Committee meetings, or both, in cash or other property, including securities of the Corporation, as the Board shall from time to time determine, together with reimbursements for the reasonable expenses incurred by such director in connection with the performance of such director's duties. Nothing contained herein shall preclude any director from serving the Corporation, or any subsidiary or affiliated corporation, in any other capacity and receiving proper compensation therefor. If the Board adopts a resolution to that effect, any director may elect to defer all or any part of the annual and other fees hereinabove referred to for such period and on such terms and conditions as shall be permitted by such resolution.

Section 2.4. PLACE OF MEETINGS.

The Board may hold its meetings at such place or places within or without the Commonwealth of Virginia as it may from time to time by resolution determine or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 2.5. ORGANIZATIONAL MEETING.

As soon as practicable after each annual election of directors, the newly constituted Board shall meet for the purposes of organization. At such organizational meeting, the newly constituted Board shall elect officers of the Corporation and transact such other business as shall come before the meeting. Any organizational meeting may be held at any time or place designated by the Board from time to time.

Section 2.6. REGULAR MEETINGS.

Regular meetings of the Board may be held at such time and place as may from time to time be specified in a resolution adopted by the Board then in effect, and, unless otherwise required by such resolution, or by law, notice of any such regular meeting need not be given.

Section 2.7. SPECIAL MEETINGS.

Special meetings of the Board shall be held whenever called by the Chairman of the Board of Directors or by the Secretary at the request of any two or more of the directors then in office. Notice of a special meeting shall be mailed to each director, addressed to him at his residence or usual place of business, not later than the third day before the day on which such meeting is to be held, or shall be sent addressed to him at such place by facsimile, telegraph, cable or wireless, or be delivered personally or by telephone, not later than the day before the day on which such meeting is to be held. Neither the business to be transacted at, nor the

purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting, unless required by the Articles.

Section 2.8. QUORUM.

At each meeting of the Board the presence of a majority of the number of directors fixed by these Bylaws shall be necessary to constitute a quorum. The act of a majority of the directors present at a meeting at which a quorum shall be present shall be the act of the Board, except as may be otherwise provided by law or by these Bylaws. Any meeting of the Board may be adjourned by a majority vote of the directors present at such meeting. Notice of any adjourned meeting need not be given.

Section 2.9. WAIVERS OF NOTICE OF MEETINGS.

Notwithstanding anything in these Bylaws or in any resolution adopted by the Board to the contrary, notice of any meeting of the Board need not be given to any director if such notice shall be waived in writing signed by such director before, at or after the meeting, or if such director shall be present at the meeting. Any meeting of the Board shall be a legal meeting without any notice having been given or regardless of the giving of any notice or the adoption of any resolution in reference thereto, if every member of the Board shall be present thereat. Except as otherwise provided by law or these Bylaws, waivers of notice of any meeting of the Board need not contain any statement of the purpose of the meeting.

Section 2.10. TELEPHONE MEETINGS.

Members of the Board or any committee may participate in a meeting of the Board or such committee by means of a conference telephone or other means of communication whereby all directors participating may simultaneously hear each other during the meeting, and participation by such means shall constitute presence in person at such meeting.

Section 2.11. ACTIONS WITHOUT MEETINGS.

Any action that may be taken at a meeting of the Board or of a committee may be taken without a meeting if a consent in writing, setting forth the action, shall be signed, either before or after such action, by all of the directors or all of the members of the committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote.

Section 2.12. CREATION OF COMMITTEES.

In addition to the executive committee authorized by Article III of these Bylaws, to the extent permitted by law, the Board may from time to time by resolution adopted by a majority of the number of directors then in office create such other committees of directors as the Board shall deem advisable and with such limited authority, functions and duties as the Board shall by resolution prescribe. The Board shall have the power to change the members of any such committee at any time, to fill vacancies, and to discharge any such committee, either with or without cause, at any time.

ARTICLE III
EXECUTIVE COMMITTEE

Section 3.1. HOW CONSTITUTED AND POWERS.

The Board, by resolution adopted pursuant to Article II, Section 2.12 hereof, may designate one or more directors to constitute an executive committee, who shall serve at the pleasure of the Board. The executive committee, to the extent provided in such resolution and permitted by law, shall have and may exercise all of the authority of the Board.

Section 3.2. ORGANIZATION, ETC.

The executive committee may choose a chairman and secretary. The executive committee shall keep a record of its acts and proceedings and report the same from time to time to the Board.

Section 3.3. MEETINGS.

Meetings of the executive committee may be called by any member of the committee. Notice of each such meeting, which need not specify the business to be transacted thereat, shall be mailed to each member of the committee, addressed to his or her residence or usual place of business, at least two days before the day on which the meeting is to be held or shall be sent to such place by telegraph, telex or telecopy or be delivered personally or by telephone, not later than the day before the day on which the meeting is to be held.

Section 3.4. QUORUM AND MANNER OF ACTING.

A majority of the executive committee shall constitute a quorum for transaction of business, and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the executive committee. The members of the executive committee shall act only as a committee, and the individual members shall have no powers as such.

Section 3.5. REMOVAL.

Any member of the executive committee may be removed, with or without cause, at any time, by the Board.

Section 3.6. VACANCIES.

Any vacancy in the executive committee shall be filled by the Board.

ARTICLE IV
OFFICERS

Section 4.1. NUMBER, TERM, ELECTION.

The officers of the Corporation shall be a Chairman of the Board of Directors, a President, a Secretary and a Treasurer. The Board may appoint such other officers and such

assistant officers and agents with such powers and duties as the Board may find necessary or convenient to carry on the business of the Corporation. Such officers and assistant officers shall serve until their successors shall be elected and qualify, or as otherwise provided in these Bylaws. Any two or more offices may be held by the same person.

Section 4.2. CHAIRMAN OF THE BOARD OF DIRECTORS.

The Chairman of the Board of Directors shall, subject to the control of the Board, have full authority and responsibility for directing the conduct of the business, affairs and operations of the Corporation and shall preside at all meetings of the Board and of the shareholders. The Chairman of the Board of Directors shall perform such other duties and exercise such other powers as may from time to time be prescribed by the Board.

Section 4.3. PRESIDENT.

The President shall be the chief operating officer of the Corporation and shall have such powers and perform such duties as may from time to time be prescribed by the Board or by the Chairman of the Board of Directors. The President may sign and execute in the name of the Corporation deeds, contracts and other instruments, except in cases where the signing and the execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed.

Section 4.4. VICE PRESIDENTS.

Each Vice President, if any, shall have such powers and perform such duties as may from time to time be prescribed by the Board, the Chairman of the Board of Directors, the President or any officer to whom the Chairman of the Board of Directors or the President may have delegated such authority. Any Vice President of the Corporation may sign and execute in the name of the Corporation deeds, contracts and other instruments, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Corporation or shall be required by law otherwise to be signed or executed.

Section 4.5. TREASURER.

The Treasurer shall have such powers and perform such duties as may from time to time be prescribed by the Board, the Chairman of the Board of Directors, the President or any officer to whom the Chairman of the Board of Directors or the President may have delegated such authority. If the Board shall so determine, the Treasurer shall give a bond for the faithful performance of the duties of the office of the Treasurer, in such sum as the Board may determine to be proper, the expense of which shall be borne by the Corporation. To such extent as the Board shall deem proper, the duties of the Treasurer may be performed by one or more assistants, to be appointed by the Board.

Section 4.6. SECRETARY.

The Secretary shall keep the minutes of meetings of shareholders, of the Board, and, when requested, of committees of the Board, and shall attend to the giving and serving of notices of all meetings thereof. The Secretary shall keep or cause to be kept such stock transfer and other books, showing the names of the shareholders of the Corporation, and all other particulars regarding them, as may be required by law. The Secretary shall also perform such other duties and exercise such other powers as may from time to time be prescribed by the Board, the Chairman of the Board of Directors, the President or any officer to whom the Chairman of the Board of Directors or the President may have delegated such authority. To such extent as the Board shall deem proper, the duties of the Secretary may be performed by one or more assistants, to be appointed by the Board.

ARTICLE V
REMOVALS AND RESIGNATIONS

Section 5.1. REMOVAL OF OFFICERS.

Any officer, assistant officer or agent of the Corporation may be removed at any time, either with or without cause, by the Board in its absolute discretion. Any officer or agent appointed otherwise than by the Board of Directors may be removed at any time, either with or without cause, by any officer having authority to appoint such an officer or agent, except as may be otherwise provided in these Bylaws. Any such removal shall be without prejudice to the recovery of damages for breach of the contract rights, if any, of the officer, assistant officer or agent removed. Election or appointment of an officer, assistant officer or agent shall not of itself create contract rights.

Section 5.2. RESIGNATION.

Any director, officer or assistant officer of the Corporation may resign as such at any time by giving written notice of his resignation to the Board, the Chairman of the Board of Directors or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein or, if no time is specified therein, at the time of delivery thereof, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.3. VACANCIES.

Any vacancy in the office of any officer or assistant officer caused by death, resignation, removal or any other cause, may be filled by the Board for the unexpired portion of the term.

ARTICLE VI
CONTRACTS, LOANS, CHECKS, DRAFTS, DEPOSITS, ETC.

Section 6.1. EXECUTION OF CONTRACTS.

Except as otherwise provided by law or by these Bylaws, the Board (i) may authorize any officer, employee or agent of the Corporation to execute and deliver any contract, agreement or

other instrument in writing in the name and on behalf of the Corporation, and
(ii) may authorize any officer, employee or agent of the Corporation so authorized by the Board to delegate such authority by written instrument to other officers, employees or agents of the Corporation. Any such authorization by the Board may be general or specific and shall be subject to such limitations and restrictions as may be imposed by the Board. Any such delegation of authority by an officer, employee or agent may be general or specific, may authorize re-delegation, and shall be subject to such limitations and restrictions as may be imposed in the written instrument of delegation by the person making such delegation.

Section 6.2. LOANS.

No loans shall be contracted on behalf of the Corporation and no negotiable paper shall be issued in its name unless authorized by the Board. When authorized by the Board, any officer, employee or agent of the Corporation may effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation and when so authorized may pledge, hypothecate or transfer any securities or other property of the Corporation as security for any such loans or advances. Such authority may be general or confined to specific instances.

Section 6.3. CHECKS, DRAFTS, ETC..

All checks, drafts and other orders for the payment of money out of the funds of the Corporation and all notes or other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by the Board.

Section 6.4. DEPOSITS.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select or as may be selected by the Treasurer or any other officer, employee or agent of the Corporation to whom such power may from time to time be delegated by the Board.

Section 6.5. VOTING OF SECURITIES.

Unless otherwise provided by the Board, the President may from time to time appoint an attorney or attorneys, or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes that the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation or other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as such officer may deem necessary or proper in the premises.

ARTICLE VII
CAPITAL STOCK

Section 7.1. SHARES.

Shares of the Corporation may but need not be represented by certificates.

When shares are represented by certificates, the Corporation shall issue such certificates in such form as shall be required by the Virginia Stock Corporation Act (the "VSCA") and as determined by the Board, to every shareholder for the fully paid shares owned by such shareholder. Each certificate shall be signed by, or shall bear the facsimile signature of, the Chairman of the Board of Directors or the President and the Secretary or an Assistant Secretary of the Corporation and may bear the corporate seal of the Corporation or its facsimile. All certificates for the Corporation's shares shall be consecutively numbered or otherwise identified.

The name and address of the person to whom shares (whether or not represented by a certificate) are issued, with the number of shares and date of issue, shall be entered on the share transfer books of the Corporation. Such information may be stored or retained on discs, tapes, cards or any other approved storage device relating to data processing equipment; provided that such device is capable of reproducing all information contained therein in legible and understandable form, for inspection by shareholders or for any other corporate purpose.

When shares are not represented by certificates, then within a reasonable time after the issuance or transfer of such shares, the Corporation shall send the shareholder to whom such shares have been issued or transferred a written statement of the information required by the VSCA to be included on certificates.

Section 7.2. STOCK TRANSFER BOOKS AND TRANSFER OF SHARES.

The Corporation, or its designated transfer agent or other agent, shall keep a book or set of books to be known as the stock transfer books of the Corporation, containing the name of each shareholder of record, together with such shareholder's address and the number and class or series of shares held by such shareholder. Shares of stock of the Corporation shall be transferable on the stock books of the Corporation by the holder in person or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary or the transfer agent, but, except as hereinafter provided in the case of loss, destruction or mutilation of certificates, no transfer of stock shall be entered until the previous certificate, if any, given for the same shall have been surrendered and canceled. Transfer of shares of the Corporation represented by certificates shall be made on the stock transfer books of the Corporation only upon surrender of the certificates for the shares sought to be transferred by the holder of record thereof or by such holder's duly authorized agent, transferee or legal representative, who shall furnish proper evidence of authority to transfer with the Secretary of the Corporation or its designated transfer agent or other agent. All certificates surrendered for transfer shall be canceled before new certificates for the transferred shares shall be issued. Except as otherwise provided by law, no transfer of shares shall be valid as against the Corporation, its shareholders or creditors, for any purpose, until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 7.3. HOLDER OF RECORD.

Except as otherwise required by the VSCA, the Corporation may treat the person in whose name shares of stock of the Corporation (whether or not represented by a certificate) stand of record on its books or the books of any transfer agent or other agent designated by the Board as the absolute owner of the shares and the person exclusively entitled to receive notification and distributions, to vote, and to otherwise exercise the rights, powers and privileges of ownership of such shares.

Section 7.4. RECORD DATE.

For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than 70 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof unless the Board fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 7.5. LOST, DESTROYED OR MUTILATED CERTIFICATES.

In case of loss, destruction or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, destruction or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sum as the Board may direct; provided that a new certificate may be issued without requiring any bond when, in the judgment of the Board, it is proper so to do.

Section 7.6. TRANSFER AGENT AND REGISTRAR; REGULATIONS.

The Corporation may, if and whenever the Board so determines, maintain in the Commonwealth of Virginia or any other state of the United States, one or more transfer offices or agencies and also one or more registry offices which offices and agencies may establish rules and regulations for the issue, transfer and registration of certificates. No certificates for shares of stock of the Corporation in respect of which a transfer agent and registrar shall have been designated shall be valid unless countersigned by such transfer agent and registered by such registrar. The Board may also make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of shares represented by certificates and shares without certificates.

ARTICLE VIII
SEAL

The seal of the Corporation shall be a flat-face circular die, of which there may be any number of counterparts of facsimiles, in such form as the Board of Directors shall from time to time adopt as the corporate seal of the Corporation.

EMERGENCY BYLAWS

Section 1. DEFINITIONS.

As used in these Emergency Bylaws, (a) the term "period of emergency" shall mean any period during which a quorum of the Board cannot readily be assembled because of some catastrophic event.

(b) the term "incapacitated" shall mean that the individual to whom such term is applied shall not have been determined to be dead but shall be missing or unable to discharge the responsibilities of his office; and

(c) the term "senior officer" shall mean the Chairman of the Board of Directors, the President, any Vice President, the Treasurer and the Secretary, and any other person who may have been so designated by the Board before the emergency.

Section 2. APPLICABILITY.

These Emergency Bylaws, as from time to time amended, shall be operative only during any period of emergency. To the extent not inconsistent with these Emergency Bylaws, all provisions of the regular Bylaws of the Corporation shall remain in effect during any period of emergency.

No officer, director or employee shall be liable for actions taken in good faith in accordance with these Emergency Bylaws.

Section 3. BOARD OF DIRECTORS.

(a) A meeting of the Board may be called by any director or senior officer of the Corporation. Notice of any meeting of the Board need be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio, and at a time less than twenty-four hours before the meeting if deemed necessary by the person giving notice.

(b) At any meeting of the Board, three directors in attendance shall constitute a quorum. Any act of a majority of the directors present at a meeting at which a quorum shall be present shall be the act of the Board. If less than three directors should be present at a meeting of the Board, any senior officer of the Corporation in attendance at such meeting shall serve as a director for such meeting, selected in order of rank and within the same rank in order of seniority.

(c) In addition to the Board's powers under the regular Bylaws of the Corporation to fill vacancies on the Board, the Board may elect any individual as a director to replace any director who may be incapacitated to serve until the latter ceases to be incapacitated or until the termination of the period of emergency, whichever first occurs. In considering officers of the Corporation for election to the Board, the rank and seniority of individual officers shall not be pertinent.

(d) The Board, during as well as before any such emergency, may change the principal office or designate several alternative offices or authorize the officers to do so.

Section 4. APPOINTMENT OF OFFICERS.

In addition to the Board's powers under the regular Bylaws of the Corporation with respect to the election of officers, the Board may elect any individual as an officer to replace any officer who may be incapacitated to serve until the latter ceases to be incapacitated.

Section 5. AMENDMENTS.

These Emergency Bylaws shall be subject to repeal or change by further action of the Board or by action of the shareholders, except that no such repeal or change shall modify the provisions of the second paragraph of Section 2 with regard to action or inaction prior to the time of such repeal or change. Any such amendment of these Emergency Bylaws may make any further or different provision that may be practical and necessary for the circumstances of the emergency.

Exhibit 3.3

ARTICLES OF AMENDMENT

TO THE

ARTICLES OF INCORPORATION, AS AMENDED AND RESTATED,

OF

WEIGHT WATCHERS INTERNATIONAL, INC.

TO CREATE A NEW SERIES OF PREFERRED STOCK

DESIGNATED AS

SERIES B JUNIOR PARTICIPATING PREFERRED STOCK

PURSUANT TO SECTION 13.1-639 OF THE VIRGINIA STOCK CORPORATION ACT

I.

The name of the corporation is Weight Watchers International, Inc. (the "Corporation").

II.

Pursuant to Section 13.1-639 of the Virginia Stock Corporation Act and the authority conferred upon the Board of Directors by the Articles of Incorporation of the Corporation, as amended and restated (the "Articles of Incorporation"), the Articles of Incorporation are hereby amended to create a new series of shares of Preferred Stock, no par value, designated as "Series B Junior Participating Preferred Stock," by adding the following additional Part E after the last paragraph of Article III:

E. SERIES B JUNIOR PARTICIPATING PREFERRED STOCK. There is hereby established a series of the Corporation's authorized Preferred Stock, to be designated and to have the relative rights, preferences and limitations, insofar as not already fixed by any other provision of the Articles of Incorporation, as follows:

1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Series B Junior Participating Preferred Stock" and the number of shares constituting such series shall be 10,000,000.

2. DIVIDENDS AND DISTRIBUTIONS.

(a) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series B Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series B Junior Participating Preferred Stock shall be entitled to receive, in preference to the holders of Common Stock and any other stock of the Company ranking junior to the Series B Junior Participating Preferred Stock, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $0.01 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash

dividends plus 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Junior Participating Preferred Stock. In the event the Corporation shall at any time after November 19, 2001 (the "Rights Declaration Date"), (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series B Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series B Junior Participating Preferred Stock immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $0.01 per share on the Series B Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series B Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events, such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

3. VOTING RIGHTS. The holders of shares of Series B Junior Participating Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series B Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (x) declare any dividend on Common Stock payable in shares of Common Stock, (y) subdivide the outstanding Common Stock or
(z) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series B Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein or by law, the holders of shares of Series B Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(i) If at any time dividends on any Series B Junior Participating Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "Default Period") that shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series B Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each Default Period, all holders of Preferred Stock (including holders of the Series B Junior Participating Preferred Stock) with dividends in arrears in an amount equal to six quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two directors.

(ii) During any Default Period, such voting right of the holders of Series B Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to Section 3(b)(iii) of this Part E or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of directors shall be exercised unless the holders of ten percent in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing Default Period, they shall have the right, voting as a class, to elect directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two directors or, if such right is exercised at an annual meeting, to elect two directors. If the number that may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect directors in any Default

Period and during the continuance of such period, the number of directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or PARI PASSU with the Series B Junior Participating Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing Default Period, have previously exercised their right to elect directors, the Board of Directors may order, or any shareholder or shareholders owning in the aggregate not less than ten percent of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this Section 3(b)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request. Such meeting may be called on similar notice by any shareholder or shareholders owning in the aggregate not less than ten percent of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this Section 3(b)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the shareholders.

(iv) In any Default Period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of directors until the holders of Preferred Stock shall have exercised their right to elect two directors voting as a class, after the exercise of which right (X) the directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the Default Period, and (Y) any vacancy in the Board of Directors may (except as provided in Section 3(b)(iii) of this Part E above) be filled by vote of a majority of the remaining directors theretofore elected by the holders of the class of stock that elected the director whose office shall have become vacant. References in Section 3 of this Part E to directors elected by the holders of a particular class of stock shall include directors elected by such directors to fill vacancies as provided in clause (Y) of the foregoing sentence.

(v) Immediately upon the expiration of a Default Period, (X) the right of the holders of Preferred Stock as a class to elect directors shall cease, (Y) the term of any directors elected by the holders of Preferred Stock as a class shall terminate and (Z) the number of directors shall be such number as may be provided for in the Articles of Incorporation or the Bylaws, as amended and restated, irrespective of any increase made pursuant to the provisions of Section 3(b)(i) of this Part E (such number being subject, however, to change thereafter in any manner provided by law or in the Articles of Incorporation or the Bylaws, as

amended and restated). Any vacancies in the Board of Directors effected by the provisions of clauses (Y) and (Z) in the preceding sentence may be filled by a majority of the remaining directors.

(c) Except as set forth herein or as otherwise provided by law, holders of Series B Junior Participating Preferred Stock shall have no special voting rights, and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

4. CERTAIN RESTRICTIONS.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series B Junior Participating Preferred Stock as provided in

Section 2 of this Part E above are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Junior Participating Preferred Stock, except dividends paid ratably on the Series B Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series B Junior Participating Preferred Stock or rights, warrants or options to acquire such junior stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series B Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series B Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under Section 4(a) of this Part E, purchase or otherwise acquire such shares at such time and in such manner.

5. REACQUIRED SHARES. Any shares of Series B Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued by the Board of Directors, subject to the conditions and restrictions on issuance set forth herein and in applicable law.

6. LIQUIDATION, DISSOLUTION OR WINDING UP.

(a) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series B Junior Participating Preferred Stock shall have received $1.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series B Liquidation Preference"). Following the payment of the full amount of the Series B Liquidation Preference, no additional distributions shall be made to the holders of shares of Series B Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series B Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in Section 6(c) of this Part E below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series B Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series B Junior Participating Preferred Stock and Common Stock, respectively, holders of Series B Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to one with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(b) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, that rank on a parity with the Series B Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of the Series B Junior Participating Preferred Stock and such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(c) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a

smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

7. CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, statutory share exchange or other transaction in which the shares of Common Stock are converted into, exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series B Junior Participating Preferred Stock shall at the same time be similarly converted into, exchanged for or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the conversion, exchange or change of shares of Series B Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

8. NO REDEMPTION. The shares of Series B Junior Participating Preferred Stock shall not be redeemable.

9. RANKING. The Series B Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such other series shall provide otherwise.

10. AMENDMENT. At any time when any shares of Series B Junior Participating Preferred Stock are outstanding, the Articles of Incorporation, as amended and restated, and as amended hereby, shall not be amended in any manner that would materially alter or change the powers, preferences or special rights of the Series B Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the then outstanding shares of Series B Junior Participating Preferred Stock, voting separately as a class.

11. FRACTIONAL SHARES. Series B Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Junior Participating Preferred Stock.

III.

The foregoing amendment was duly adopted by the Corporation's Board of Directors on November 14, 2001. No shareholder action was required.

[Signature page follows.]

WEIGHT WATCHERS INTERNATIONAL, INC.

Dated: January __, 2002

By: ----------
Robert W. Hollweg
Vice President, General Counsel and Secretary

Exhibit 10.1

[EXECUTION COPY]

SECOND AMENDED AND RESTATED CREDIT AGREEMENT,

dated as of December 21, 2001

(amending and restating the Amended and Restated Credit Agreement, dated as of January 16, 2001)

among

WEIGHT WATCHERS INTERNATIONAL, INC.,
as a Borrower,

WW FUNDING CORP.,
as the SP1 Borrower,

VARIOUS FINANCIAL INSTITUTIONS,
as the Lenders,

CREDIT SUISSE FIRST BOSTON,
as the Syndication Agent,
a Lead Arranger and a Book Manager,

BHF (USA) CAPITAL CORPORATION, and
FORTIS (USA) FINANCE LLC,
as the Documentation Agents, and

THE BANK OF NOVA SCOTIA,
as the Administrative Agent,
a Lead Arranger and a Book Manager.

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SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS SECOND AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 21, 2001 (amending and restating the Credit Agreement dated as of January 16, 2001), is among WEIGHT WATCHERS INTERNATIONAL, INC., a Virginia corporation ("WWI"), WW FUNDING CORP., a Delaware corporation (the "SP1 BORROWER", and together with WWI, the "BORROWERS"), the various financial institutions as are or may become parties hereto (collectively, the "Lenders"), CREDIT SUISSE FIRST BOSTON ("CSFB"), as the syndication agent and as a lead arranger (in such capacities, the "SYNDICATION AGENT" and a "LEAD ARRANGER", respectively), BHF (USA) CAPITAL CORPORATION and FORTIS (USA) FINANCE LLC, as the documentation agents (in such capacity, the "DOCUMENTATION AGENTS") and THE BANK OF NOVA SCOTIA ("SCOTIABANK"), as (x) the administrative agent, paying agent and registration agent for the Additional TLCs (as defined below) and (y) a lead arranger (in such capacities, the "ADMINISTRATIVE AGENT" and a "LEAD ARRANGER", respectively) and as Issuer (as defined below) for the Lenders.

W I T N E S S E T H:

WHEREAS, pursuant to the Amended and Restated Credit Agreement, dated as of January 16, 2001 (as amended prior to the date hereof, the "EXISTING CREDIT AGREEMENT"), among the Borrowers, certain financial institutions and other Persons from time to time party thereto (the "EXISTING LENDERS") and the Agents, the Existing Lenders committed to make extensions of credit to the Borrowers on the terms and conditions set forth therein and

(a) made term A loans (the "EXISTING TERM A LOANS"), term B loans (the "EXISTING TERM B Loans"), term D loans (the "EXISTING TERM D LOANS", together with the Existing Term A Loans and the Existing Term B Loans, the "EXISTING TERM LOANS"), TLC facilities (the "EXISTING TLCS"), revolving loans (the "EXISTING REVOLVING LOANS"), swing line loans (the "EXISTING SWING LINE LOANS", and collectively with the Existing Term Loans, the Existing TLCs and the Existing Revolving Loans, the "EXISTING LOANS") to the Borrowers and

(b) issued or participated in letters of credit (the "EXISTING LETTERS OF CREDIT") for the account of WWI;

WHEREAS, in connection with the ongoing working capital and general corporate needs of the Borrowers, the Borrowers desire to, among other things, continue the Existing Loans (other than the Existing Term B Loans, Existing TLCs and Existing Term D Loans) as Loans under this Agreement, to continue the Existing Letters of Credit as Letters of Credit under this Agreement and maintain and obtain the Commitments to make Credit Extensions set forth herein;

WHEREAS, the Borrowers have requested that the Existing Credit Agreement be amended and restated in its entirety to become effective and binding on the Borrowers pursuant to the terms of this Agreement and Amendment No.3 (the "AMENDMENT AGREEMENT") to the Existing Credit Agreement of even date herewith, and the Lenders (including the Existing Lenders) have agreed (subject to the terms of this Agreement) to amend and restate the Existing

Credit Agreement in its entirety to read as set forth in this Agreement, and it has been agreed by the parties to the Existing Credit Agreement that (a) the commitments which the Existing Lenders have agreed to extend to the Borrowers under the Existing Credit Agreement shall be extended or advanced upon the amended and restated terms and conditions contained in this Agreement, and (b) the Existing Revolving Loans, the Existing Letters of Credit, Existing Swing Line Loans, Existing Term A Loans and other Obligations (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement
(other than the Existing Term B Loans, Existing TLCs and Existing Term D Loans)
shall be governed by and deemed to be outstanding under the amended and restated terms and conditions contained in this Agreement, with the intent that the terms of this Agreement shall supersede the terms of the Existing Credit Agreement (each of which shall hereafter have no further effect upon the parties thereto, other than as referenced herein and other than for accrued fees and expenses, and indemnification provisions, accrued and owing under the terms of the Existing Credit Agreement on or prior to the date hereof or arising (in the case of an indemnification) under the terms of the Existing Credit Agreement, in each case to the extent provided for in the Existing Credit Agreement); PROVIDED, that any Rate Protection Agreements with any one or more Existing Lenders (or their respective Affiliates) shall continue unamended and in full force and effect;

WHEREAS, the Borrowers desire to obtain or continue the following financing facilities from the Lenders as set forth below:

(a) the Existing Term A Loans shall continue to remain outstanding as Term A Loans hereunder in an aggregate principal amount of $63,638,390.86;

(b) the Existing Term B Loans, Existing Term D Loans and Existing TLCs, shall be refinanced (the "REFINANCING") with a new term B facility consisting of
(i) a tranche of additional term B loans (the "ADDITIONAL TERM B LOANS") hereunder in an aggregate principal amount of $108,000,000 and (ii) additional Additional TLCs (the "ADDITIONAL TLCS") in an aggregate principal amount of $64,000,000;

(c) a revolving loan commitment (to include availability for revolving loans, swing line loans and letters of credit) pursuant to which Borrowings of revolving loans are and will continue to be made to the Borrowers from time to time as set forth herein;

(d) a letter of credit commitment pursuant to which the Issuer has Existing Letters of Credit and will continue to issue letters of credit for the account of the Borrowers or any of their Subsidiaries (as defined below) from time to time;

WHEREAS, all Loans, Reimbursement Obligations and other Obligations shall continue to be and shall be guaranteed pursuant to the Subsidiary Guaranty executed and delivered by each Subsidiary party thereto required to do so under the Existing Credit Agreement and secured pursuant to the Security Agreements executed and delivered by the Borrowers and the applicable Subsidiaries pursuant to the Existing Credit Agreement; and

WHEREAS, the Lenders and the Issuer are willing, on the terms and subject to the conditions set forth in the Amendment Agreement and hereinafter set forth, to so amend and restate the Existing Credit Agreement and to maintain or extend such Commitments and make

such Loans to the Borrowers and issue or maintain (or participate in) Letters of Credit for the account of the Borrowers;

NOW, THEREFORE, the parties hereto hereby agree to amend and restate the Existing Credit Agreement, and the Existing Credit Agreement is amended and restated in its entirety as set forth herein:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1. DEFINED TERMS. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"ADDITIONAL TERM B LOAN" is defined in the FOURTH RECITAL.

"ADDITIONAL TERM B LOAN COMMITMENT" is defined in CLAUSE (B) of

SECTION 2.1.1.

"ADDITIONAL TERM B LOAN COMMITMENT AMOUNT" means $108,000,000.

"ADDITIONAL TERM B LOAN COMMITMENT TERMINATION DATE" means the earliest

of:

(a) January 31, 2002, if the Additional Term B Loans have not been made on or prior to such date;

(b) the date of the making of the Additional Term B Loans (immediately after the making of such Additional Term B Loans on such date); and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in CLAUSES (B) or (C), the Additional Term B Loan Commitments shall terminate automatically and without any further action.

"ADDITIONAL TERM B LOAN LENDER" means any Lender which has a Percentage of the Additional Term B Loan Commitment Amount.

"ADDITIONAL TLC" is defined in the FOURTH RECITAL.

"ADDITIONAL TLC COMMITMENT" is defined in CLAUSE (B) of SECTION 2.9.

"ADDITIONAL TLC COMMITMENT AMOUNT" means $64,000,000.

"ADDITIONAL TLC COMMITMENT TERMINATION DATE" means the earliest of:

(a) January 31, 2002, if the Additional TLCs have not been made on or prior to such date;

(b) the date of the making of the Additional TLCs (immediately after the making of such Additional TLCs on such date); and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in CLAUSES (B) or (C), the Additional TLC Commitments shall terminate automatically and without any further action.

"ADDITIONAL TLC LENDER" means any Lender which has a Percentage of the Additional TLC Commitment Amount.

"ADMINISTRATIVE AGENT" is defined in the PREAMBLE and includes each other Person as shall have subsequently been appointed as the successor Administrative Agent pursuant to SECTION 10.4.

"AFFILIATE" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 15% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"AGENTS" means, collectively, the Administrative Agent, the Syndication Agent and the Documentation Agents.

"AGREEMENT" means, on any date, this Credit Agreement, as amended and restated hereby and as further amended, supplemented, amended and restated, or otherwise modified from time to time and in effect on such date.

"ALTERNATE BASE RATE" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the higher of

(a) the rate of interest most recently established by the Administrative Agent at its Domestic Office as its base rate for U.S. Dollar loans in the United States; and

(b) the Federal Funds Rate most recently determined by the Administrative Agent plus 1/2 of 1%.

The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by the Administrative Agent in connection with extensions of credit. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Alternate Base Rate. The Administrative Agent will give notice promptly to the Borrowers and the Lenders of changes in the Alternate Base Rate.

"AMENDMENT AGREEMENT" is defined in the THIRD RECITAL.

"APPLICABLE MARGIN" means at all times,

(a) with respect to the unpaid principal amount of Existing Loans and Existing TLCs, the applicable percentage set forth in the Existing Credit Agreement;

(b) with respect to the unpaid principal amount of Additional Term B Loans and Additional TLCs maintained as a

(i) Base Rate Loan, 1.50% per annum; and

(ii) LIBO Rate Loan, 2.50% per annum;

(c) with respect to the unpaid principal amount of each Revolving Loan and Swing Line Loans and each Term A Loan maintained as a Base Rate Loan at the applicable percentage per annum set forth below under the column entitled "Applicable Margin for Base Rate Loans"; and

(d) with respect to the unpaid principal amount of each Revolving Loan, and Swing Line Loan and each Term A Loan maintained as a LIBO Rate Loan, at the applicable percentage per annum set forth below under the column entitled "Applicable Margin for LIBO Rate Loans":

APPLICABLE MARGIN FOR REVOLVING LOANS, SWING LINE LOANS AND TERM A LOANS:

Debt to EBITDA Ratio	Applicable Margin for Base Rate Loans	Applicable Margin for Libo Rate Loans
Greater than or equal to 4.75 to 1.00	2.250%	3.250%
Less than 4.75 to 1.00 and greater than or equal to 4.25 to 1.00	1.875%	2.875%
Less than 4.25 to 1.00 and greater than or equal to 3.75 to 1.00	1.500%	2.500%
Less than 3.75 to 1.00 and greater than or equal to 3.25 to 1.00	1.125%	2.125%
Less than 3.25 to 1.00	0.750%	1.750%

The Debt to EBITDA Ratio used to compute the Applicable Margin for Revolving Loans, Swing Line Loans and Term A Loans shall be the Debt to EBITDA Ratio set forth in the Compliance Certificate most recently delivered by WWI to the Administrative Agent pursuant to CLAUSE (c) of SECTION 7.1.1; changes in the Applicable Margin for Revolving Loans, Swing Line

Loans, and Term A Loans resulting from a change in the Debt to EBITDA Ratio shall become effective upon delivery by WWI to the Administrative Agent of a new Compliance Certificate pursuant to CLAUSE (c) of SECTION 7.1.1. If WWI shall fail to deliver a Compliance Certificate within the number of days after the end of any Fiscal Quarter as required pursuant to CLAUSE (c) of SECTION 7.1.1 (without giving effect to any grace period), the Applicable Margin for Revolving Loans, Swing Line Loans, and Term A Loans from and including the first day after the date on which such Compliance Certificate was required to be delivered to but not including the date WWI delivers to the Administrative Agent a Compliance Certificate shall conclusively equal the highest Applicable Margin for Revolving Loans, Swing Line Loans, and Term A Loans set forth above.

The Applicable Margin for Designated New Term Loans shall be determined pursuant to SECTION 2.1.6.

"ASSIGNEE LENDER" is defined in SECTION 11.11.1.

"AUSTRALIAN DOLLAR" or "A$" means the lawful money of Australia.

"AUSTRALIAN GUARANTY" means the Guaranty, dated September 29, 1999, by WW Australia, FPL and GB in favor of the Administrative Agent, as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

"AUSTRALIAN PLEDGE AGREEMENT" means the Australian Share Mortgage Agreement, dated September 29, 1999, by WW Australia and FPL in favor of the Administrative Agent, together with each Supplement thereto delivered pursuant to CLAUSE (B) of SECTION 7.1.7, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"AUSTRALIAN SECURITY AGREEMENT" means the Security Agreement, dated September 29, 1999, by WW Australia, FPL and GB in favor of the Administrative Agent, together with each Supplement thereto delivered pursuant to CLAUSE (A) of SECTION 7.1.7, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"AUSTRALIAN SUBSIDIARY" means any Subsidiary that is organized under the laws of Australia or any territory thereof.

"AUTHORIZED OFFICER" means, relative to any Obligor, those of its officers whose signatures and incumbency shall have been certified to the Administrative Agent and the Lenders in writing from time to time.

"AVERAGE LIFE" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing:

(x) the sum of the products of numbers of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment

by

(y) the sum of all such payments.

"BASE AMOUNT" is defined in SECTION 7.2.7.

"BASE RATE LOAN" means a Loan bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"BORROWERS" is defined in the PREAMBLE.

"BORROWING" means the Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period made by the relevant Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with SECTION 2.1.

"BORROWING REQUEST" means a loan request and certificate duly executed by an Authorized Officer of the applicable Borrower, substantially in the form of EXHIBIT B-1 hereto.

"BUSINESS DAY" means

(a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York City; and

(b) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day on which dealings in U.S. Dollars are carried on in the London interbank market.

"CAPITAL EXPENDITURES" means for any period, the sum, without duplication, of

(a) the aggregate amount of all expenditures of WWI and its Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures; and

(b) the aggregate amount of all Capitalized Lease Liabilities incurred during such period.

"CAPITAL SECURITIES" means, (i) any and all shares, interests, participations or other equivalents of or interests in (however designated) corporate stock, including shares of preferred or preference stock, (ii) all partnership interests (whether general or limited) in any Person which is a partnership, (iii) all membership interests or limited liability company interests in any limited liability company, and (iv) all equity or ownership interests in any Person of any other type.

"CAPITALIZED LEASE LIABILITIES" means, without duplication, all monetary obligations of WWI or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date

of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"CASH EQUIVALENT INVESTMENT" means, at any time:

(a) any evidence of Indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government;

(b) commercial paper, maturing not more than nine months from the date of issue, which is issued by

(i) a corporation (other than an Affiliate of any Obligor) organized under the laws of any state of the United States or of the District of Columbia and rated at least A-l by S&P or P-l by Moody's, or

(ii) any Lender which is an Eligible Institution (or its holding company);

(c) any certificate of deposit or bankers acceptance, maturing not more than one year after such time, which is issued by either

(i) a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000, or

(ii) any Lender;

(d) short-term tax-exempt securities rated not lower than MIG-1/1+ by either Moody's or S&P with provisions for liquidity or maturity accommodations of 183 days or less;

(e) any money market or similar fund the assets of which are comprised exclusively of any of the items specified in CLAUSES (A) through (D) above and as to which withdrawals are permitted at least every 90 days; or

(f) in the case of any Subsidiary of WWI organized in a jurisdiction outside the United States: (i) direct obligations of the sovereign nation (or any agency thereof) in which such Subsidiary is organized and is conducting business or in obligations fully and unconditionally guaranteed by such sovereign nation (or any agency thereof), (ii) investments of the type and maturity described in CLAUSES (a) through (e) above of foreign obligors, which investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign ratings agencies or (iii) investments of the type and maturity described in CLAUSES (a) through (e) above of foreign obligors (or the parents of such obligors), which investments or obligors (or the parents of such obligors) are not rated as provided above but which are, in the reasonable judgment of WWI, comparable in investment quality to such investments and obligors (or the parents of such obligors); PROVIDED that the aggregate face amount

outstanding at any time of such investments of all foreign Subsidiaries of WWI made pursuant to this CLAUSE (iii) does not exceed $25,000,000.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"CHANGE IN CONTROL" means

(a) any "person" or "group" (as such terms are used in Rule 13d-5 under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), and Sections 13(d) and 14(d) of the Exchange Act) of persons (other than the Permitted ARTAL Investor Group) becomes, directly or indirectly, in a single transaction or in a related series of transactions by way of merger, consolidation, or other business combination or otherwise, the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act) of more than 20% of the total voting power in the aggregate of all classes of Capital Securities of WWI then outstanding entitled to vote generally in elections of directors of WWI;

(b) at all times, as applicable, individuals who on September 29, 1999 constituted the Board of Directors of WWI (together with any new directors whose election to such Board or whose nomination for election by the stockholders of WWI was approved by a member of the Permitted ARTAL Investor Group or a vote of 66.67% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of WWI then in office;

(c) at all times, as applicable, the failure of WWI to own, free and clear of all Liens (other than in favor of the Administrative Agent pursuant to a Loan Document), all of the outstanding shares of Capital Securities of each of (x) UKHC1, UKHC2 and WW Australia (other than shares of Capital Securities issued pursuant to a Local Management Plan), and (y) the SP1 Borrower, in each case on a fully diluted basis; or

(d) any other event constituting a Change of Control (as defined in the Senior Subordinated Note Indenture).

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMITMENT" means, as the context may require, a Lender's Letter of Credit Commitment, Revolving Loan Commitment, Swing Line Loan Commitment, Additional Term B Loan Commitment or Additional TLC Commitment.

"COMMITMENT AMOUNT" means, as the context may require, the Letter of Credit Commitment Amount, the Revolving Loan Commitment Amount, the Swing Line Loan Commitment Amount, the Additional Term B Loan Commitment Amount or the Additional TLC Commitment Amount.

"COMMITMENT TERMINATION DATE" means, as the context may require, the Revolving Loan Commitment Termination Date, the Additional Term B Loan Commitment Termination Date or the Additional TLC Commitment Termination Date.

"COMMITMENT TERMINATION EVENT" means

(a) the occurrence of any Event of Default described in CLAUSES (a) through (d) of SECTION 9.1.9; or

(b) the occurrence and continuance of any other Event of Default and either

(i) the declaration of the Loans and the Additional TLCs to be due and payable pursuant to SECTION 9.3, or

(ii) in the absence of such declaration, the giving of notice by the Administrative Agent, acting at the direction of the Required Lenders, to WWI that the Commitments have been terminated.

"COMPLIANCE CERTIFICATE" means a certificate duly completed and executed by the chief financial Authorized Officer of WWI, substantially in the form of EXHIBIT E hereto.

"CONTINGENT LIABILITY" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt, obligation or other liability guaranteed thereby.

"CONTINUATION/CONVERSION NOTICE" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the applicable Borrower, substantially in the form of EXHIBIT C hereto.

"CONTROLLED GROUP" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with WWI, are treated as a single employer under Section 414 (b) or 414(c) of the Code or
Section 4001 of ERISA.

"COPYRIGHT SECURITY AGREEMENT" means the Copyright Security Agreement, dated September 29, 1999, delivered by WWI and each of its U.S. Subsidiaries party thereto in favor of the Administrative Agent, as amended, supplemented, amended and restated or otherwise modified.

"CREDIT EXTENSION" means, as the context may require,

(a) the making of a Loan by a Lender;

(b) the issuance of any Letter of Credit, or the extension of any Stated Expiry Date of any previously issued Letter of Credit, by the Issuer; or

(c) the purchase of an Additional TLC by an Additional TLC Lender.

"CREDIT EXTENSION REQUEST" means, as the context may require, any Borrowing Request or Issuance Request.

"CURRENT ASSETS" means, on any date, without duplication, all assets (other than cash) which, in accordance with GAAP, would be included as current assets on a consolidated balance sheet of WWI and its Subsidiaries at such date as current assets (excluding, however, amounts due and to become due from Affiliates of WWI which have arisen from transactions which are other than arm's-length and in the ordinary course of its business).

"CURRENT LIABILITIES" means, on any date, without duplication, all amounts which, in accordance with GAAP, would be included as current liabilities on a consolidated balance sheet of WWI and its Subsidiaries at such date, excluding current maturities of Indebtedness.

"DEBT" means the outstanding principal amount of all Indebtedness of WWI and its Subsidiaries of the type referred to in CLAUSES (a), (b), (c) and
(e) of the definition of "Indebtedness" or any Contingent Liability in respect thereof.

"DEBT TO EBITDA RATIO" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Debt outstanding on the last day of such Fiscal Quarter

TO

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters.

"DEFAULT" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"DESIGNATED ADDITIONAL REVOLVING LOAN COMMITMENTS" is defined in

SECTION 2.1.6.

"DESIGNATED ADDITIONAL TERM A LOANS" is defined in SECTION 2.1.6.

"DESIGNATED ADDITIONAL TERM B LOANS" is defined in SECTION 2.1.6.

"DESIGNATED NEW TERM LOANS" is defined in SECTION 2.1.6.

"DESIGNATED SUBSIDIARY" means The Weight Watchers Foundation, Inc., a New York not-for-profit corporation.

"DISBURSEMENT" is defined in SECTION 2.6.2.

"DISBURSEMENT DATE" is defined in SECTION 2.6.2.

"DISBURSEMENT DUE DATE" is defined in SECTION 2.6.2.

"DISCLOSURE SCHEDULE" means the Disclosure Schedule attached hereto as SCHEDULE I, as it may be amended, supplemented or otherwise modified from time to time by the Borrowers with the written consent of the Required Lenders.

"DISPOSITION" (or correlative words such as "Dispose") means any sale, transfer, lease contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of WWI's or its Subsidiaries', assets (including accounts receivable and Capital Securities of Subsidiaries) to any other Person (other than to another Obligor) in a single transaction or series of transactions.

"DOCUMENTATION AGENTS" is defined in the PREAMBLE.

"DOMESTIC OFFICE" means, relative to any Lender, the office of such Lender designated as such on SCHEDULE III hereto or designated in the Lender Assignment Agreement or such other office of a Lender (or any successor or assign of such Lender) within the United States as may be designated from time to time by notice from such Lender, as the case may be, to each other Person party hereto.

"EBITDA" means, for any applicable period, the sum (without duplication) of

(a) Net Income,

PLUS

(b) the amount deducted, in determining Net Income, representing amortization of assets (including amortization with respect to goodwill, deferred financing costs, other non-cash interest and all other intangible assets),

PLUS

(c) the amount deducted, in determining Net Income, of all income taxes (whether paid or deferred) of WWI and its Subsidiaries,

PLUS

(d) Interest Expense,

PLUS

(e) the amount deducted, in determining Net Income, representing depreciation of assets,

PLUS

(f) an amount equal to all non-cash charges deducted in arriving at Net Income,

PLUS

(g) an amount equal to all minority interest charges deducted in determining Net Income (net of Restricted Payments made in respect of such minority interest),

PLUS

(h) an amount equal to the cash royalty payment received pursuant to the Warnaco Agreement, to the extent not included in the calculation of Net Income,

PLUS

(i) the amount deducted, in determining Net Income, due to foreign currency translation required by FASB 52 or FASB 133 arising after June 30, 1997,

PLUS

(j) the amount deducted in determining Net Income of expenses incurred in connection with the Weighco Acquisition,

MINUS

(k) an amount equal to the amount of all non-cash credits included in arriving at Net Income.

"EFFECTIVE DATE" means the date on which all the conditions precedent set forth in ARTICLE V have been satisfied in the reasonable judgment of the Administrative Agent.

"ELIGIBLE INSTITUTION" means a financial institution that either (a) has combined capital and surplus of not less than $500,000,000 or its equivalent in foreign currency, whose long-term certificate of deposit rating or long-term senior unsecured debt rating is rated "BBB" or higher by S&P and "Baa2" or higher by Moody's or an equivalent or higher rating by a nationally recognized rating agency if both of the two named rating agencies cease publishing ratings of investments or (b) is reasonably acceptable to the Administrative Agent and the Issuer.

"ENVIRONMENTAL LAWS" means all applicable federal, state, local or foreign statutes, laws, ordinances, codes, rules and regulations (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EURO" means the single currency of participating member States of the European Union.

"EVENT OF DEFAULT" is defined in SECTION 9.1.

"EXISTING CREDIT AGREEMENT" is defined in the FIRST RECITAL.

"EXISTING LENDERS" is defined in the FIRST RECITAL.

"EXISTING LETTERS OF CREDIT" is defined in the CLAUSE (b) of the FIRST **RECITAL.**

"EXISTING LOANS" is defined in the CLAUSE (a) of the FIRST RECITAL.

"EXISTING REVOLVING LOANS" is defined in the CLAUSE (a) of the FIRST **RECITAL.**

"EXISTING SWING LINE LOANS" is defined in the CLAUSE (a) of the FIRST **RECITAL.**

"EXISTING TERM A LOANS" is defined in the CLAUSE (a) of the FIRST **RECITAL.**

"EXISTING TERM B LOANS" is defined in the CLAUSE (a) of the FIRST **RECITAL.**

"EXISTING TERM LOANS" is defined in the CLAUSE (a) of the FIRST **RECITAL.**

"EXISTING TLCS" is defined in the CLAUSE (a) of the FIRST RECITAL.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate per annum equal for each day during such period to

(a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or

(b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"FEE LETTERS" means, collectively, (a) the confidential fee letter, dated as of July 20, 1999, between Artal International S.A., a Luxembourg corporation ("AI"), and the Administrative Agent, as assumed by ARTAL and (b) the confidential fee letter, dated as of December 21, 2001 among WWI, the Administrative Agent and the Syndication Agent.

"FINAL TERMINATION DATE" means the later of:

(x) the Stated Maturity Date with respect to Term B Loans and the Additional TLCs, and

(y) the date on which all Obligations are satisfied and paid in full.

"FISCAL QUARTER" means any three-month period ending on a Saturday closest to March 31, June 30, September 30, or December 31 of any Fiscal Year.

"FISCAL YEAR" means any year ending on the Saturday closest to December 31 (e.g., the "2001 FISCAL YEAR" refers to the Fiscal Year ending on December 29, 2001).

"FIXED CHARGE COVERAGE RATIO" means, as of the last day of any Fiscal Quarter, the ratio of, for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters,

(a) EBITDA MINUS Capital Expenditures made during such period

TO

(b) (i) Interest Expense for such period PLUS (ii) scheduled repayments of Debt in respect of such period, whether or not paid PLUS (iii) dividends paid in cash on the WWI Preferred Shares in respect of such period.

"FNZ" means Weight Watchers New Zealand Unit Trust, a New Zealand trust which owns and operates the Weight Watchers classroom franchise and business in New Zealand.

"FNZ GUARANTY" means the Guaranty, dated December 16, 1999, made by FNZ in favor of the Administrative Agent, as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"FNZ SECURITY AGREEMENT" means the Security Agreement, dated December 16, 1999, by FNZ in favor of the Administrative Agent, together with each Supplement thereto delivered pursuant to CLAUSE (C) of SECTION 7.1.13, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"FOREIGN CURRENCY" means any currency other than U.S. Dollars.

"FPL" means Fortuity Pty. Ltd. (ACN 007 148 683), an Australian company incorporated in the State of Victoria which operates the Weight Watchers classroom franchise and business in Victoria.

"F.R.S. BOARD" means the Board of Governors of the Federal Reserve System or any successor thereto.

"FRANCHISE ACQUISITION" means the acquisition of any Weight Watchers franchise by WWI or one of its Subsidaries.

"GAAP" is defined in SECTION 1.4.

"GB" means Gutbusters Pty. Ltd. (ACN 059 073 157), an Australian company incorporated in the State of New South Wales.

"GOVERNMENTAL AUTHORITY" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local (or the equivalent thereof), and any agency, authority, instrumentality, regulatory body, court, central bank or other

entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"GUARANTEED OBLIGATIONS" is defined in SECTION 8.1.

"GUARANTIES" means, collectively, (a) the WWI Guaranty, (b) the Australian Guaranty, (c) the Subsidiary Guaranty, (d) the FNZ Guaranty and (e) each other guaranty delivered from time to time pursuant to the terms of this Agreement.

"GUARANTOR" means any Person which has or may issue a Guaranty hereunder.

"HAZARDOUS MATERIAL" means

(a) any "hazardous substance", as defined by CERCLA or equivalent applicable foreign law;

(b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended or equivalent applicable foreign law;

(c) any petroleum product; or

(d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended.

"HEDGING OBLIGATIONS" means, with respect to any Person, all liabilities of such Person under interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates, including but not limited to Rate Protection Agreements.

"HEREIN", "HEREOF", "HERETO", "HEREUNDER" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"HJH" means H.J. Heinz Company, a Pennsylvania Corporation.

"HJH PLEDGE AGREEMENT" means the HJH Pledge Agreement, dated September 29, 1999, by HJH in favor of the Administrative Agent, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"IMMATERIAL SUBSIDIARY" means, at any date of determination, any Subsidiary or group of Subsidiaries of WWI having assets as at the end of or EBITDA for the immediately preceding four Fiscal Quarter period for which the relevant financial information has been delivered

pursuant to CLAUSE (a) or CLAUSE (b) of SECTION 7.1.1 of less than 5% of total assets of WWI and its Subsidiaries or $2,000,000, respectively, individually or in the aggregate.

"IMPERMISSIBLE QUALIFICATION" means, relative to the opinion or certification of any independent public accountant as to any financial statement of any Obligor, any qualification or exception to such opinion or certification

(a) which is of a "going concern" or similar nature;

(b) which relates to the limited scope of examination of matters relevant to such financial statement; or

(c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause such Obligor to be in default of any of its obligations under SECTION 7.2.4.

"INCLUDING" means including without limiting the generality of any description preceding such term, and, for purposes of this Agreement and each other Loan Document, the parties hereto agree that the rule of EJUSDEM GENERIS shall not be applicable to limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned.

"INDEBTEDNESS" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments for borrowed money in respect thereof;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities;

(d) net liabilities of such Person under all Hedging Obligations;

(e) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, other than the WWI Preferred Shares, and indebtedness (excluding prepaid interest thereon and interest not yet due) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; PROVIDED, HOWEVER, that, for purposes of determining the amount of any Indebtedness of the type described in this clause, if recourse with respect to such Indebtedness is limited to specific property financed with such Indebtedness, the amount of such Indebtedness shall be limited to the fair market value (determined on a

basis reasonably acceptable to the Administrative Agent) of such property or the principal amount of such Indebtedness, whichever is less; and

(f) all Contingent Liabilities of such Person in respect of any of the foregoing;

PROVIDED, that, Indebtedness shall not include unsecured Indebtedness incurred in the ordinary course of business in the nature of accrued liabilities and open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services, but excluding the Indebtedness incurred through the borrowing of money or Contingent Liabilities in connection therewith. For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer (to the extent such Person is liable for such Indebtedness).

"INDEMNIFIED LIABILITIES" is defined in SECTION 11.4.

"INDEMNIFIED PARTIES" is defined in SECTION 11.4.

"INITIAL PUBLIC OFFERING" means any sale of the Capital Securities of WWI to the public pursuant to an initial, primary offering registered under the Securities Act of 1933 and, for purposes of the Change in Control definition only, pursuant to which no less than 10% of the Capital Securities of WWI outstanding after giving effect to such offering was sold pursuant to such offering.

"INTERCOMPANY SUBORDINATION AGREEMENT" means the Intercompany Subordination Agreement, dated September 29, 1999, by WWI, the SP1 Borrower and each of the Guarantors in favor of the Administrative Agent.

"INTEREST COVERAGE RATIO" means, at the close of any Fiscal Quarter, the ratio computed (except as set forth in the proviso set forth below) for the period consisting of such Fiscal Quarter and each of the three immediately prior Fiscal Quarters of:

(a) EBITDA (for such period)

TO

(b) Interest Expense (for such period).

"INTEREST EXPENSE" means, for any Fiscal Quarter, the aggregate consolidated cash interest expense (net of interest income) of WWI and its Subsidiaries for such Fiscal Quarter, as determined in accordance with GAAP, including the portion of any payments made in respect of Capitalized Lease Liabilities allocable to interest expense.

"INTEREST PERIOD" means, relative to any LIBO Rate Loans, the period beginning on (and including) the date on which such LIBO Rate Loan is made or continued as, or converted into, a LIBO Rate Loan pursuant to SECTION 2.3.1 or 2.4 and shall end on (but exclude) the day which numerically

corresponds to such date one, two, three or six or, with the consent of each applicable Lender, nine or twelve months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), in either case as WWI may select in its relevant notice pursuant to SECTION 2.3 or 2.4; PROVIDED, HOWEVER, that

(a) WWI shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than ten different dates;

(b) Interest Periods commencing on the same date for Loans comprising part of the same Borrowing shall be of the same duration;

(c) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and

(d) no Interest Period for any Loan may end later than the Stated Maturity Date for such Loan.

"INVESTMENT" means, relative to any Person,

(a) any loan or advance made by such Person to any other Person (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business);

(b) any ownership or similar interest held by such Person in any other Person; and

(c) any purchase or other acquisition of all or substantially all of the assets of any Person or any division thereof.

The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property at the time of such transfer or exchange.

"ISSUANCE REQUEST" means a Letter of Credit request and certificate duly executed by an Authorized Officer of WWI, substantially in the form of EXHIBIT B-2 hereto.

"ISSUER" means, collectively, Scotiabank in its individual capacity hereunder as issuer of the Letters of Credit and such other Lender as may be designated by Scotiabank (and agreed to by WWI and such Lender) in its individual capacity as the issuer of Letters of Credit.

"LEAD ARRANGERS" means Scotiabank and CSFB.

"LENDER ASSIGNMENT AGREEMENT" means a Lender Assignment Agreement substantially in the form of EXHIBIT D hereto.

"LENDERS" is defined in the PREAMBLE.

"LENDER'S ENVIRONMENTAL LIABILITY" means any and all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (including consequential damages), disbursements or expenses of any kind or nature whatsoever (including reasonable attorneys' fees at trial and appellate levels and experts' fees and disbursements and expenses incurred in investigating, defending against or prosecuting any litigation, claim or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against the Administrative Agent, the Syndication Agent, any Lead Arranger, any Lender or any Issuer or any of such Person's Affiliates, shareholders, directors, officers, employees, and agents in connection with or arising from:

(a) any Hazardous Material on, in, under or affecting all or any portion of any property of WWI or any of its Subsidiaries, the groundwater thereunder, or any surrounding areas thereof to the extent caused by Releases from WWI or any of its Subsidiaries' or any of their respective predecessors' properties;

(b) any misrepresentation, inaccuracy or breach of any warranty, contained or referred to in SECTION 6.12;

(c) any violation or claim of violation by WWI or any of its Subsidiaries of any Environmental Laws; or

(d) the imposition of any lien for damages caused by or the recovery of any costs for the cleanup, release or threatened release of Hazardous Material by WWI or any of its Subsidiaries, or in connection with any property owned or formerly owned by WWI or any of its Subsidiaries.

"LETTER OF CREDIT" is defined in SECTION 2.1.3.

"LETTER OF CREDIT COMMITMENT" means, with respect to the Issuer, the Issuer's obligation to issue Letters of Credit pursuant to SECTION 2.1.3 and, with respect to each of the other Lenders that has a Revolving Loan Commitment, the obligations of each such Lender to participate in such Letters of Credit pursuant to SECTION 2.6.1.

"LETTER OF CREDIT COMMITMENT AMOUNT" means, on any date, a maximum amount of $10,000,000, as such amount may be reduced from time to time pursuant to SECTION 2.2.

"LETTER OF CREDIT OUTSTANDINGS" means, on any date, an amount equal to the sum of

(a) the then aggregate amount which is undrawn and available under all issued and outstanding Letters of Credit,

PLUS

(b) the then aggregate amount of all unpaid and outstanding Reimbursement Obligations in respect of such Letters of Credit.

"LIBO RATE" means, relative to any Interest Period for LIBO Rate Loans, the rate of interest equal to the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the rates per annum at which U.S. Dollar deposits in immediately available funds are offered to the Administrative Agent's LIBOR Office in the London interbank market as at or about 11:00 a.m. London time two Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of the Administrative Agent's LIBO Rate Loan and for a period approximately equal to such Interest Period.

"LIBO RATE LOAN" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

"LIBO RATE (RESERVE ADJUSTED)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined pursuant to the following formula:

LIBO Rate = LIBO RATE

(Reserve Adjusted) 1.00 - LIBOR Reserve Percentage

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Administrative Agent on the basis of the LIBOR Reserve Percentage in effect on, and the applicable rates furnished to and received by the Administrative Agent from Scotiabank, two Business Days before the first day of such Interest Period.

"LIBOR OFFICE" means, relative to any Lender, the office of such Lender designated as such on SCHEDULE III hereto or designated in the Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to WWI and the Administrative Agent, whether or not outside the United States, which shall be making or maintaining LIBO Rate Loans of such Lender hereunder.

"LIBOR RESERVE PERCENTAGE" means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

"LIEN" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or any filing or recording of any instrument or document in respect of the foregoing, to secure payment of a debt or performance of an obligation or other priority or preferential arrangement of any kind or nature whatsoever.

"LOAN" means, as the context may require, a Revolving Loan, a Swing Line Loan, a Term A Loan (including each Designated Additional Term A Loan), a Term B Loan (including each Designated Additional Term B Loan) and each Designated New Term Loan of any type.

"LOAN DOCUMENT" means this Agreement, the Notes, the Additional TLCs, the Letters of Credit, each Rate Protection Agreement under which that counterpart to such agreement is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate of a Lender relating to Hedging Obligations of WWI or any of its Subsidiaries, the Fee Letter, each Pledge Agreement, each Guaranty, each Security Agreement, the TLC Deed Poll, the Intercompany Subordination Agreement and each other agreement, document or instrument delivered in connection with this Agreement or any other Loan Document, whether or not specifically mentioned herein or therein.

"LOCAL MANAGEMENT PLAN" means an equity plan or program for (i) the sale or issuance of Capital Securities of a Subsidiary in an amount not to exceed 5% of the outstanding common equity of such Subsidiary to local management or a plan or program in respect of Subsidiaries of WWI whose principal business is conducted outside of the United States, (ii) the direct purchase from ARTAL by WWI management employees, in one transaction or a series of transactions, of not more than 3% in the aggregate of the WWI Common Shares owned by ARTAL or (iii) the issuance by WWI to its management employees, in one transaction or a series of transactions, of stock options to purchase not more than 6% in the aggregate of the WWI Common Shares on a fully diluted basis.

"MATERIAL ADVERSE EFFECT" means (a) a material adverse effect on the financial condition, operations, assets, business or properties of WWI and its Subsidiaries, taken as a whole, (b) a material impairment other than an event or set of circumstances described in CLAUSE (A) of the ability of any Obligor (other than any Immaterial Subsidiary) to perform its respective material obligations under the Loan Documents to which it is or will be a party, or (c) an impairment of the validity or enforceability of, or a material impairment of the rights, remedies or benefits available to the Administrative Agent, the Issuer or the Lenders under, this Agreement or any other Loan Document.

"MOODY'S" means Moody's Investors Service, Inc.

"MORTGAGE" means, collectively, each Mortgage or Deed of Trust executed and delivered pursuant to the terms of this Agreement, including CLAUSE (B) of
SECTION 7.1.8.

"NET DEBT TO EBITDA RATIO" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Debt outstanding on the last day of such Fiscal Quarter (less the amount of cash and Cash Equivalent Investments of WWI and its Subsidiaries as of such date)

TO

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters.

"NET DISPOSITION PROCEEDS" means, with respect to a Permitted Disposition of the assets of WWI or any of its Subsidiaries, the excess of

(a) the gross cash proceeds received by WWI or any of its Subsidiaries from any Permitted Disposition and any cash payments received in respect of promissory notes or other non-cash consideration delivered to WWI or such Subsidiary in respect of any Permitted Disposition,

LESS

(b) the sum of

(i) all reasonable and customary fees and expenses with respect to legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and all other reasonable fees, expenses and charges, in each case actually incurred in connection with such Permitted Disposition which have not been paid to Affiliates of WWI,

(ii) all taxes and other governmental costs and expenses actually paid or estimated by WWI (in good faith) to be payable in cash in connection with such Permitted Disposition, and

(iii) payments made by WWI or any of its Subsidiaries to retire Indebtedness (other than the Loans) of WWI or any of its Subsidiaries where payment of such Indebtedness is required in connection with such Permitted Disposition;

PROVIDED, HOWEVER, that if, after the payment of all taxes with respect to such Permitted Disposition, the amount of estimated taxes, if any, pursuant to CLAUSE (B)(II) above exceeded the tax amount actually paid in cash in respect of such Permitted Disposition, the aggregate amount of such excess shall be immediately payable, pursuant to CLAUSE (B) of SECTION 3.1.1, as Net Disposition Proceeds.

Notwithstanding the foregoing, Net Disposition Proceeds shall not include fees or other amounts paid to WWI or its Subsidiaries in respect of a license of intellectual property (not related to the classroom business of WWI or its Subsidiaries) having customary terms and conditions for similar licenses.

"NET INCOME" means, for any period, the net income of WWI and its Subsidiaries for such period on a consolidated basis, excluding extraordinary gains.

"NETCO" means Weight Watchers.com Inc., a Delaware corporation.

"NON-EXCLUDED TAXES" means any taxes other than (i) net income and franchise taxes imposed with respect to any Secured Party by a Governmental Authority under the laws of which such Secured Party is organized or in which it maintains its applicable lending office and (ii) any taxes imposed on a Secured Party by any jurisdiction as a result of any former or present

connection between such Secured Party and such jurisdiction other than a connection arising from a Secured Party entering into this Agreement or making any loan hereunder.

"NON-GUARANTOR SUBSIDIARY" means the Designated Subsidiary and any other Subsidiary of WWI other than any Person which has or may issue a Guaranty hereunder.

"NON-U.S. LENDER" means any Lender (including each Assignee Lender) that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any state thereof, or (iii) any estate or trust that is subject to U.S. Federal income taxation regardless of the source of its income.

"NOTE" means, as the context may require, a Revolving Note, a Swing Line Note, a Registered Note, a Term A Note, an Additional Term B Note or any promissory note representing a Designated New Term Loan.

"OBLIGATIONS" means all obligations (monetary or otherwise) of the Borrowers and each other Obligor arising under or in connection with this Agreement, the Notes, each Letter of Credit and each other Loan Document, and Hedging Obligations owed to a Lender or an Affiliate thereof (unless the Lender or such Affiliate otherwise agrees).

"OBLIGOR" means any Borrower or any other Person (other than any Agent, any Lender or the Issuer) obligated under any Loan Document.

"ORGANIC DOCUMENT" means, relative to any Obligor, its certificate of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements (or the foreign equivalent thereof) applicable to any of its authorized shares of Capital Securities.

"OTHER TAXES" means any and all stamp, documentary or similar taxes, or any other excise or property taxes or similar levies that arise on account of any payment made or required to be made under any Loan Document or from the execution, delivery, registration, recording or enforcement of any Loan Document.

"PARTICIPANT" is defined in SECTION 11.11.2.

"PATENT SECURITY AGREEMENT" means the Patent Security Agreement, dated September 29, 1999, by WWI and each of its U.S. Subsidiaries in favor of the Administrative Agent, as amended, supplemented, amended and restated or otherwise modified.

"PBGC" means the Pension Benefit Guaranty Corporation and any successor entity.

"PENSION PLAN" means a "PENSION PLAN", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which WWI or any corporation, trade or business that is, along with WWI, a member of a Controlled Group, has or within the prior six years has had any liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"PERCENTAGE" means, relative to any Lender, the applicable percentage relating to Additional Term B Loans, Term A Loans, Term B Loans, Term D Loans, Designated New Term Loans, Swing Line Loans, Revolving Loans, Additional TLCs, or Additional TLCs, as the case may be, as set forth opposite its name on SCHEDULE II hereto under the applicable column heading or set forth in Lender Assignment Agreement(s) under the applicable column heading, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to SECTION 11.11. A Lender shall not have any Commitment to make a particular Tranche of Loans or purchase Additional TLCs (as the case may be) if its percentage under the respective column heading is zero (0%), and no Lender has a Commitment with respect to Existing Term A Loans, Existing Term B Loans or Existing Term D Loans as the Term A Loan Commitments, Term B Loan Commitments and the Term D Loan Commitments (each as defined in the Existing Credit Agreement) have been terminated by the making of the Existing Term A Loans, Existing Term B Loans and the Existing Term D Loans.

"PERMITTED ACQUISITION" means an acquisition (whether pursuant to an acquisition of Capital Securities, assets or otherwise) by any Borrower or any of the Subsidiaries from any Person of a business in which the following conditions are satisfied:

(a) immediately before and after giving effect to such acquisition no Default shall have occurred and be continuing or would result therefrom (including under SECTION 7.2.1);

(b) if the acquisition is of Capital Securities of a Person such Person becomes a Subsidiary;

(c) (i) the consideration for such acquisition is the voting Capital Securities of WWI or (ii) the aggregate amount of other consideration (including cash) for all such acquisitions since the date hereof shall not exceed an amount equal to $30,000,000 in any Fiscal Year; or (iii) such acquisition is a Franchise Acquisition, PROVIDED, that in the case of this clause (iii) the aggregate amount of other consideration (including cash and incurrence or assumption of Indebtedness, but excluding consideration of the type described in CLAUSE (I) above) for each Franchise Acquisition shall not exceed $75,000,000 per Franchise Acquisition (including the incurrence or assumption of up to $30,000,000 in Indebtedness per Franchise Acquisition); and

(d) Holdings shall have delivered to the Agents a Compliance Certificate for the period of four full Fiscal Quarters immediately preceding such acquisition (prepared in good faith and in a manner and using such methodology which is consistent with the most recent financial statements delivered pursuant to SECTION 7.1.1) giving PRO FORMA effect to the consummation of such acquisition and evidencing compliance with the covenants set forth in SECTION 7.2.4.

"PERMITTED ARTAL INVESTOR GROUP" means ARTAL or any of its direct or indirect Wholly-owned Subsidiaries and ARTAL Group S.A., a Luxembourg corporation or any of its direct or indirect Wholly-owned Subsidiaries.

"PERMITTED DISPOSITION" means a Disposition in accordance with the terms of CLAUSE (b) (other than as permitted by CLAUSE (a)) of SECTION 7.2.9.

"PERSON" means any natural person, corporation, partnership, firm, association, trust, government, governmental agency, limited liability company or any other entity, whether acting in an individual, fiduciary or other capacity.

"PLAN" means any Pension Plan or Welfare Plan.

"PLEDGE AGREEMENTS" means, collectively, (a) the WWI Pledge Agreement, (b) the ARTAL Pledge Agreement, (c) the HJH Pledge Agreement, (d) the Australian Pledge Agreement, (e) the U.K. Pledge Agreement, and (f) each other pledge agreement delivered from time to time pursuant to CLAUSE (B) of SECTION 7.1.7.

"QUALIFIED ASSETS" is defined in CLAUSE (b) of SECTION 3.1.1.

"QUARTERLY PAYMENT DATE" means the last day of each March, June, September and December, or, if any such day is not a Business Day, the next succeeding Business Day.

"RATE PROTECTION AGREEMENTS" means, collectively, arrangements entered into by any Person designed to protect such Person against fluctuations in interest rates or currency exchange rates, pursuant to the terms of this Agreement.

"RECAPITALIZATION" means those transactions contemplated and undertaken pursuant to the Recapitalization Agreement.

"RECAPITALIZATION AGREEMENT" means that certain Recapitalization and Stock Purchase Agreement, dated as of July 22, 1999 among WWI, ARTAL and HJH.

"REFINANCE" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"REFINANCING" is defined in the FOURTH RECITAL.

"REFINANCING INDEBTEDNESS" means Indebtedness that Refinances any Indebtedness of WWI or any of its Subsidiaries existing on September 29, 1999 or otherwise permitted hereunder, including Indebtedness that Refinances Refinancing Indebtedness; PROVIDED, HOWEVER, that:

(i) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(ii) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced; and

(iii) such Refinancing Indebtedness has an aggregate principal amount (or if incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if incurred with original issue discount, the aggregate accreted value) then outstanding or committed (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced;

PROVIDED FURTHER, HOWEVER, that Refinancing Indebtedness shall not include (A) Indebtedness of a Subsidiary that Refinances Indebtedness of WWI or (B) Indebtedness of WWI or a Subsidiary that Refinances Indebtedness of another Subsidiary.

"REFUNDED SWING LINE LOANS" is defined in CLAUSE (B) of SECTION 2.3.2.

"REGISTER" is defined in SECTION 11.11.3.

"REGISTERED NOTE" means a promissory note of WWI payable to any Registered Noteholder, in the form of EXHIBIT A-6 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of WWI to such Lender resulting from outstanding Term Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"REGISTERED NOTEHOLDER" means any Lender that has been issued a Registered Note.

"REIMBURSEMENT OBLIGATION" is defined in SECTION 2.6.3.

"RELATED FUND" means, with respect to any Lender which is a fund that invests in loans, any other fund that invests in loans and is controlled by the same investment advisor of such Lender or by an Affiliate of such investment advisor or collateralized debt or loan obligation fund managed or operated by a Lender or an Affiliate of a Lender.

"RELEASE" means a "RELEASE", as such term is defined in CERCLA.

"REQUIRED LENDERS" means, at any time, Lenders holding at least 51% of the Total Exposure Amount.

"RESOURCE CONSERVATION AND RECOVERY ACT" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, ET SEQ., as in effect from time to time.

"RESTRICTED PAYMENTS" is defined in SECTION 7.2.6.

"REVOLVING LOAN" is defined in CLAUSE (A) of SECTION 2.1.2.

"REVOLVING LOAN COMMITMENT" is defined in CLAUSE (A) of SECTION 2.1.2.

"REVOLVING LOAN COMMITMENT AMOUNT" means, on any date, $45,000,000, as such amount may be (i) reduced from time to time pursuant to SECTION 2.2 or (ii) increased pursuant to SECTION 2.1.6.

"REVOLVING LOAN COMMITMENT TERMINATION DATE" means the earliest of

(a) September 30, 2005;

(b) the date on which the Revolving Loan Commitment Amount is terminated in full or reduced to zero pursuant to SECTION 2.2; and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described in CLAUSES (B) or (C), the Revolving Loan Commitments shall terminate automatically and without any further action.

"REVOLVING NOTE" means a promissory note of WWI payable to a Lender, substantially in the form of EXHIBIT A-1 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of WWI to such Lender resulting from outstanding Revolving Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

"SCOTIABANK" is defined in the PREAMBLE.

"SECURED PARTIES" means, collectively, the Lenders, the Issuers, the Administrative Agent, the Syndication Agent, the Lead Arrangers, each counterparty to a Rate Protection Agreement that is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate thereof and (in each case) and each of their respective successors, transferees and assigns.

"SECURITY AGREEMENTS" means, collectively, (a) the WWI Security Agreement, (b) the Australian Security Agreement, (c) the U.K. Security Agreement, (d) the Patent Security Agreements, the Trademark Security Agreements and the Copyright Security Agreements, (e) the FNZ Security Agreement and (f) each other security agreement executed and delivered from time to time pursuant to CLAUSE (A) of SECTION 7.1.7, in each case, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"SENIOR DEBT" means all Debt other than Subordinated Debt.

"SENIOR DEBT TO EBITDA RATIO" means, as of the last day of any Fiscal Quarter, the ratio of

(a) Senior Debt outstanding on the last day of such Fiscal Quarter

TO

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters.

"SENIOR SUBORDINATED DEBT" means, collectively, debt of WWI under its 13% Senior Subordinated Notes in an aggregate principal amount of $150,000,000 and its 13% Senior Subordinated Notes in an aggregate principal amount of Euro 100,000,000, issued under the Senior Subordinated Note Indenture pursuant to a Rule 144A private placement.

"SENIOR SUBORDINATED NOTE INDENTURE" means, collectively, that certain Senior Subordinated Note Indenture, dated as of September 29, 1999 between WWI and Norwest Bank Minnesota, National Association, as trustee, related to the issuance of $150,000,000 Senior Subordinated Notes and that certain Senior Subordinated Note Indenture, dated as of September 29, 1999, between WWI and Norwest Bank Minnesota, National Association, as trustee, related to the issuance of Euro 100,000,000 Senior Subordinated Notes.

"SENIOR SUBORDINATED NOTEHOLDER" means, at any time, any holder of a Senior Subordinated Note. "SENIOR SUBORDINATED NOTES" means those certain 13% Senior Subordinated Notes due 2009, issued pursuant to the Senior Subordinated Note Indenture.

"SOLVENT" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and
(d) such Person is not engaged in business or a transaction, and such person is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"STATED AMOUNT" of each Letter of Credit means the total amount available to be drawn under such Letter of Credit upon the issuance thereof.

"STATED EXPIRY DATE" is defined in SECTION 2.6.

"STATED MATURITY" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"STATED MATURITY DATE" means

(a) in the case of any Revolving Loan, September 30, 2005;

(b) in the case of any Term A Loan, September 30, 2005;

(c) in the case of any Additional Term B Loan, December 31, 2007; and

(d) in the case of any Additional TLC, December 31, 2007; and

(e) in the case of any Designated New Term Loan, as determined in accordance with SECTION 2.1.6.

"SUBORDINATED DEBT" means, as the context may require, (i) the unsecured Debt of WWI evidenced by the Senior Subordinated Notes and (ii) to the extent permitted by the Required Lenders, any other unsecured Debt of WWI subordinated in right of payment to the Obligations pursuant to documentation containing maturities, amortization schedules, covenants, defaults, remedies, subordination provisions and other material terms in form and substance satisfactory to the Administrative Agent and Required Lenders.

"SUBORDINATED GUARANTY" means, collectively, (i) the Guaranty executed and delivered by certain Subsidiaries of WWI pursuant to Section 4.13 of the Senior Subordinated Note Indenture and (ii) each other guaranty, if any, executed from time to time by any Subsidiary of WWI pursuant to which the guarantor thereunder has any Contingent Liability with respect to any Subordinated Debt.

"SUBORDINATION PROVISIONS" is defined in SECTION 9.1.11.

"SUBSIDIARY" means, with respect to any Person, any corporation, partnership or other business entity of which more than 50% of the outstanding Capital Securities (or other ownership interest) having ordinary voting power to elect a majority of the board of directors, managers or other voting members of the governing body of such entity (irrespective of whether at the time Capital Securities (or other ownership interest) of any other class or classes of such entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of WWI.

"SUBSIDIARY GUARANTY" means the Guaranty, dated September 29, 1999, by the U.S. Subsidiaries signatory thereto, UKHC1, UKHC2 and WWUK and its Subsidiaries in favor of the Administrative Agent, as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

"SWING LINE LENDER" means Scotiabank (or another Lender designated by Scotiabank with the consent of WWI, if such Lender agrees to be the Swing Line Lender hereunder), in such Person's capacity as the maker of Swing Line Loans.

"SWING LINE LOAN" is defined in CLAUSE (B) of SECTION 2.1.2.

"SWING LINE LOAN COMMITMENT" means, with respect to the Swing Line Lender, the Swing Line Lender's obligation pursuant to CLAUSE (B) of SECTION 2.1.2 to make Swing Line Loans and, with respect to each Lender with a Commitment to make Revolving Loans (other than the Swing Line Lender), such Lender's obligation to participate in Swing Line Loans pursuant to SECTION 2.3.2.

"SWING LINE LOAN COMMITMENT AMOUNT" means, on any date, $5,000,000, as such amount may be reduced from time to time pursuant to SECTION 2.2.

"SWING LINE NOTE" means a promissory note of WWI payable to the Swing Line Lender, in substantially the form of EXHIBIT A-2 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of WWI to the Swing Line Lender resulting from outstanding Swing Line Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.]

"SYNDICATION AGENT" is defined in the PREAMBLE.

"TERM LOANS" means, collectively, the Term A Loans, the Additional Term B Loans and the Designated New Term Loans.

"TERM A LOAN" is defined in CLAUSE (a) of SECTION 2.1.1.

"TERM A LOAN LENDER" means any Lender which has an outstanding Term A Loan.

"TERM A NOTE" means a promissory note of WWI, payable to the order of any Lender, in the form of EXHIBIT A-3 hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of WWI to such Lender resulting from outstanding Term A Loans (including Additional Term A Loans), and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"TLC" means an instrument executed by the SP1 Borrower, which acknowledges the Indebtedness of the SP1 Borrower with respect to any Lender, in the form of EXHIBIT A-4 hereto (as such instrument may be amended, endorsed or otherwise modified from time to time), and also means all other instruments accepted from time to time in substitution therefor or renewal thereof.

"TLC DEED POLL" means the Deed Poll, dated as of September 29, 1999, among the SP1 Borrower and each Additional TLC Holder (as defined therein), as amended, amended and restated, supplemented or otherwise modified from time to time.

"TOTAL EXPOSURE AMOUNT" means, on any date of determination, the then outstanding principal amount of all Term Loans, the Additional TLCs and the then effective Revolving Loan Commitment Amount.

"TRADEMARK SECURITY AGREEMENT" means the Trademark Security Agreement, dated September 29, 1999, by WWI and each of its U.S. Subsidiaries signatory thereto in favor of the Administrative Agent, as amended, supplemented, amended and restated or otherwise modified from time to time.

"TRANCHE" means, as the context may require, the (a) Loans constituting Term A Loans, Additional Term B Loans, Swing Line Loans or Revolving Loans or
(b) Additional TLCs.

"TYPE" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"UKHC1" means Weight Watchers UK Holding Ltd, a company incorporated under the laws of England.

"UKHC2" means Weight Watchers International Ltd, a company incorporated under the laws of England.

"U.K. PLEDGE AGREEMENT" means, collectively, (i) the Deeds of Charge executed and delivered by WWI to UKHC1, UKHC2 and WWUK and its Subsidiaries and
(ii) each other pledge agreement delivered pursuant to CLAUSE (B) of SECTION 7.1.7, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"U.K. SECURITY AGREEMENT" means, collectively, (i) the Debentures executed and delivered by UKHC1, UKHC2 and WWUK and each of its Subsidiaries and
(ii) each other security agreement delivered pursuant to CLAUSE (A) of SECTION 7.1.7, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"U.K. SUBSIDIARY" means any Subsidiary that is incorporated under the laws of England.

"UNITED STATES" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"U.S. DOLLAR" and the sign "$" mean lawful money of the United States.

"U.S. SUBSIDIARY" means any Subsidiary that is incorporated or organized under the laws of the United States or a state thereof or the District of Columbia.

"VOTING STOCK" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"WAIVER" means an agreement in favor of the Administrative Agent for the benefit of the Lenders and the Issuer in form and substance reasonably satisfactory to the Administrative Agent.

"WARNACO AGREEMENT" means that certain License Agreement, dated as of January 8, 1999, between Warnaco Inc., a Delaware corporation, and WWI.

"WEIGHCO ACQUISITION" the acquisition by WWI and its Subsidiaries of substantially all of the assets and business of Weighco Enterprises, Inc., and various of its Affiliates on January 16, 2001.

"WELFARE PLAN" means a "WELFARE PLAN", as such term is defined in section 3(1) of ERISA, and to which WWI or any of its Subsidiaries has any liability.

"WHOLLY-OWNED SUBSIDIARY" shall mean, with respect to any Person, any Subsidiary of such Person all of the Capital Securities (and all rights and options to purchase such Capital Securities) of which, other than directors' qualifying shares or shares sold pursuant to Local Management Plans, are owned, beneficially and of record, by such Person and/or one or more Wholly-owned Subsidiaries of such Person.

"WW AUSTRALIA" means Weight Watchers International Pty. Ltd. (ACN 070 836 449), an Australian company incorporated in the State of New South Wales and resident in Australia and the direct corporate parent of FPL and the SP1 Borrower.

"WWI COMMON SHARES" means shares of common stock of WWI, par value $1.00 per share.

"WWI GUARANTY" means the Guaranty made by WWI contained in ARTICLE **VIII.**

"WWI PLEDGE AGREEMENT" means the Pledge Agreement, dated September 29, 1999, by WWI and its U.S. Subsidiaries signatory thereto in favor of the Administrative Agent, together with each Supplement thereto delivered pursuant to CLAUSE (B) of SECTION 7.1.7, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"WWI PREFERRED SHARES" means no par value preferred shares of WWI with an aggregate amount liquidation preference equal to $25,000,000.

"WWI SECURITY AGREEMENT" means the Security Agreement dated September 29, 1999, by WWI and all U.S. Subsidiaries of WWI (other than the Designated Subsidiary) in favor of the Administrative Agent, together with each Supplement thereto delivered pursuant to CLAUSE (A) of SECTION 7.1.7, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"WWUK" means Weight Watchers UK Limited and its Subsidiaries.

SECTION 1.2. USE OF DEFINED TERMS. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule and in each other Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3. CROSS-REFERENCES. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4. ACCOUNTING AND FINANCIAL DETERMINATIONS. All accounting determinations and computations made pursuant to SECTION 7.2.4 shall be made in accordance with those generally accepted accounting principles ("GAAP") as in effect as of December 30, 2000. For purposes of providing the financial statements required to be delivered hereunder,

"GAAP" shall mean those generally accepted accounting principles as in effect at such time. For purposes of computing the covenants set forth in SECTION 7.2.4 (and any financial calculations required to be made or included within such ratios) as of the end of any Fiscal Quarter, all components of such ratios for the period of four Fiscal Quarters ending at the end of such Fiscal Quarter shall include (or exclude), without duplication, such components of such ratios attributable to any business or assets that have been acquired (or disposed of) by WWI or any of the Subsidiaries (including through mergers or consolidations) after the first day of such period of four Fiscal Quarters and prior to the end of such period, on a pro forma basis for such period of four Fiscal Quarters as if such acquisition or disposition had occurred on such first day of such period.

SECTION 1.5. CURRENCY CONVERSIONS. If it shall be necessary for purposes of this Agreement to convert an amount in one currency into another currency, unless otherwise provided herein, the exchange rate shall be determined by reference to the New York foreign exchange selling rates (such determination to be made as at the date of the relevant transaction), as determined by the Administrative Agent (in accordance with its standard practices).

ARTICLE II

CONTINUATION OF CERTAIN EXISTING LOANS, COMMITMENTS, BORROWING AND ISSUANCE PROCEDURES, NOTES, LETTERS OF CREDIT AND ADDITIONAL TLC PROVISIONS

SECTION 2.1. LOAN COMMITMENTS. On the terms and subject to the conditions of this Agreement (including ARTICLE V), the Lenders, the Swing Line Lender and the Issuer severally agree to the continuation of Existing Loans and Existing Letters of Credit and to make Credit Extensions as set forth below.

SECTION 2.1.1. CONTINUATION OF EXISTING TERM LOANS; TERM LOAN COMMITMENTS. Subject to compliance by the Obligors with the terms of SECTIONS 2.1.4, 5.1 and 5.2:

(a) each of the parties hereto acknowledges and agrees that the Existing Term A Loans shall continue as "Term A Loans" being the "Term A Loans" for all purposes under this Agreement and the Loan Documents, with each Lender's share of Term A Loans being set forth opposite its name on SCHEDULE II hereto under the Term A Loan column set forth in a Lender Assignment Agreement under the Term A column, as applicable, as such amount may be adjusted from time to time pursuant to the terms hereof; and

(b) in a single Borrowing occurring on or prior to the Additional Term B Loan Commitment Termination Date, each Lender that has an Additional Term B Loan Commitment will make Additional Term B Loans to WWI in an amount equal to such Lender's Percentage of the aggregate amount of the Borrowing of Additional Term B Loans requested by WWI to be made on such day (with the commitment of each such Lender described in this CLAUSE (B) herein referred to as its "ADDITIONAL TERM B LOAN COMMITMENT").

No amounts paid or prepaid with respect to Term Loans may be reborrowed.

SECTION 2.1.2. REVOLVING LOAN COMMITMENT AND SWING LINE LOAN COMMITMENT. Subject to compliance by the Obligors with the terms of SECTION 2.1.4, SECTION 5.1 and SECTION 5.2, the Revolving Loans and Swing Line Loans will be continued and/or made as set forth below:

(a) From time to time on any Business Day occurring concurrently with (or after) the making of the Term Loans but prior to the Revolving Loan Commitment Termination Date, each Lender that has a Revolving Loan Commitment will make loans (relative to such Lender, its "REVOLVING LOANS") to WWI in U.S. Dollars, equal to such Lender's Percentage of the aggregate amount of the Borrowing of the Revolving Loans requested by such Borrower to be made on such day. The Commitment of each Lender described in this CLAUSE (A) is herein referred to as its "REVOLVING LOAN COMMITMENT". On the terms and subject to the conditions hereof, any Borrower may from time to time borrow, prepay and reborrow the Revolving Loans. All Existing Revolving Loans shall be continued as Revolving Loans hereunder.

(b) From time to time on any Business Day occurring concurrently with (or after) the making of the Term Loans, but prior to the Revolving Loan Commitment Termination Date, the Swing Line Lender will make loans (relative to the Swing Line Lender, its "SWING LINE LOANS") to WWI equal to the principal amount of the Swing Line Loans requested by WWI. On the terms and subject to the conditions hereof, WWI may from time to time borrow, prepay and reborrow such Swing Line Loans. All Existing Swing Line Loans shall be continued as Swing Line Loans hereunder.

SECTION 2.1.3. LETTER OF CREDIT COMMITMENT. Subject to compliance by the Obligors with the terms of SECTION 2.1.5, SECTION 5.1 and SECTION 5.2, from time to time on any Business Day occurring from and after September 29, 1999 but prior to the Revolving Loan Commitment Termination Date, the Issuer will

(a) issue one or more standby or documentary letters of credit (each referred to as a "LETTER OF CREDIT") for the account of WWI in the Stated Amount requested by WWI on such day; or

(b) extend the Stated Expiry Date of an existing standby Letter of Credit previously issued hereunder to a date not later than the earlier of (x) the Revolving Loan Commitment Termination Date and
(y) one year from the date of such extension.

All Existing Letters of Credit shall be maintained as Letters of Credit hereunder.

SECTION 2.1.4. LENDERS NOT PERMITTED OR REQUIRED TO MAKE LOANS. No Lender shall be permitted or required to, and WWI shall not request that any Lender, make

(a) any Additional Term B Loan if, after giving effect thereto, the aggregate original principal amount of all the Additional Term B Loans:

(i) of all Lenders would exceed the Additional Term B Loan Commitment Amount; or

(ii) of such Lender would exceed such Lender's Percentage of the Additional Term B Loan Amount;

(b) any Revolving Loan or Swing Line Loan if, after giving effect thereto, the aggregate outstanding principal amount of all the Revolving Loans and Swing Line Loans

(i) of all the Lenders with Revolving Loan Commitments, together with the aggregate amount of all Letter of Credit Outstandings, would exceed the Revolving Loan Commitment Amount; or

(ii) of such Lender with a Revolving Loan Commitment (other than the Swing Line Lender), together with such Lender's Percentage of the aggregate amount of all Letter of Credit Outstandings, would exceed such Lender's Percentage of the Revolving Loan Commitment Amount; or

(c) any Swing Line Loan if after giving effect to the making of such Swing Line Loan, the outstanding principal amount of all Swing Line Loans would exceed the then existing Swing Line Loan Commitment Amount.

SECTION 2.1.5. ISSUER NOT PERMITTED OR REQUIRED TO ISSUE LETTERS OF CREDIT. No Issuer shall be permitted or required to issue any Letter of Credit if, after giving effect thereto, (a) the aggregate amount of all Letter of Credit Outstandings would exceed the Letter of Credit Commitment Amount or (b) the sum of the aggregate amount of all Letter of Credit Outstandings plus the aggregate principal amount of all Revolving Loans and Swing Line Loans then outstanding would exceed the Revolving Loan Commitment Amount.

SECTION 2.1.6. DESIGNATED ADDITIONAL LOANS. At any time that no Default has occurred and is continuing, from time to time and on or before September 30, 2004, WWI may notify the Administrative Agent that WWI is requesting that, on the terms and subject to the conditions contained in this Agreement, the Lenders and/or other lenders not then a party to this Agreement provide up to an aggregate amount of $30,000,000 in commitments to provide (i) additional Revolving Loan Commitments ("DESIGNATED ADDITIONAL REVOLVING LOAN COMMITMENTS),
(ii) additional Term A Loans ("DESIGNATED ADDITIONAL TERM A LOANS"), (iii) additional Term B Loans ("DESIGNATED ADDITIONAL TERM B Loans") and/or, (iv) loans to be provided under a new tranche of Term Loans ("DESIGNATED NEW TERM LOANS") which have terms and conditions, (including interest rate and amortization schedule) as mutually agreed to by WWI, the Agents and the Lenders providing such new tranche of Loans. Upon receipt of any such notice, the Administrative Agent shall use commercially reasonable efforts to arrange for the Lenders or other Eligible Institutions to provide such additional commitments; PROVIDED that the Administrative Agent will first offer each of the Lenders that then has a Percentage of the Commitment or Loans of the type proposed to be obtained a pro rata portion of any such additional commitment. Nothing contained in this SECTION 2.1.6 or otherwise in this Agreement is intended to commit any Lender or any Agent to provide any portion of any such additional

commitments. If and to the extent that any Lenders and/or other lenders agree, in their sole discretion, to provide any such additional commitments, (i) in the case of Designated Additional Revolving Loan Commitments, the Revolving Loan Commitment Amount shall be increased by the amount of the additional Revolving Loan Commitments agreed to be so provided, (ii) subject to compliance with the terms of SECTION 5.2 and such other terms and conditions mutually agreed to among WWI, the Agents and the Lenders providing any such other commitments, Loans of the type requested by WWI will be made on the date as agreed among such Persons, (iii) the Percentages of the respective Lenders in respect of the applicable Commitment or type of Loan shall be proportionally adjusted (provided that the Percentage of each Lender shall not be increased without the consent of such Lender), (iv) in the case of Designated Additional Revolving Loan Commitment at such time and in such manner as WWI and the Administrative Agent shall agree (it being understood that WWI and the Agents will use commercially reasonable efforts to avoid the prepayment or assignment of any LIBO Rate Loan on a day other than the last day of the Interest Period applicable thereto), the Lenders shall assign and assume outstanding Revolving Loans and participations in outstanding Letters of Credit so as to cause the amounts of such Revolving Loans and participations in Letters of Credit held by each Lender to conform to the respective Percentages of the Revolving Loan Commitment of the Lenders and
(v) WWI shall execute and deliver any additional Notes or other amendments or modifications to this Agreement or any other Loan Document as the Administrative Agent may reasonably request. Any fees payable in respect of any commitment provided for in this SECTION 2.1.6 shall be as agreed to by WWI and the Administrative Agent. Any designation of a commitment hereunder (i) shall be irrevocable, (ii) shall reduce the amount of commitments that may be requested under the SECTION 2.1.6 PRO TANTO and (iii) shall be in a minimum principal amount of $5,000,000 and integral multiples of $1,000,000.

SECTION 2.2. REDUCTION OF THE COMMITMENT AMOUNTS. The Commitment Amounts are subject to reductions from time to time pursuant to this SECTION 2.2.

SECTION 2.2.1. OPTIONAL. WWI may, from time to time on any Business Day occurring after the time of the initial Credit Extension hereunder, voluntarily reduce the Swing Line Loan Commitment Amount, the Letter of Credit Commitment Amount or the Revolving Loan Commitment Amount; PROVIDED, HOWEVER, that all such reductions shall require at least three Business Days' prior notice to the Administrative Agent and be permanent, and any partial reduction of any Commitment Amount shall be in a minimum amount of $1,000,000 and in an integral multiple of $100,000. Any reduction of the Revolving Loan Commitment Amount which reduces the Revolving Loan Commitment Amount below the sum of (i) the Swing Line Loan Commitment Amount and (ii) the Letter of Credit Commitment Amount shall result in an automatic and corresponding reduction of the Swing Line Loan Commitment Amount and/or Letter of Credit Commitment Amount (as directed by WWI in a notice to the Administrative Agent delivered together with the notice of such voluntary reduction in the Revolving Loan Commitment Amount) to an aggregate amount not in excess of the Revolving Loan Commitment Amount, as so reduced, without any further action on the part of the Swing Line Lender or the Issuer.

SECTION 2.2.2. MANDATORY. Following the prepayment in full of the Term Loans and the Additional TLCs, the Revolving Loan Commitment Amount shall, without any further action, automatically and permanently be reduced on the date the Term Loans and the Additional

TLCs would otherwise have been required to be prepaid with any Net Disposition Proceeds, Net Equity Proceeds, or Excess Cash Flow, in an amount equal to the amount by which the Term Loans and the Additional TLCs would otherwise be required to be prepaid if Term Loans and the Additional TLCs had been outstanding. Any reduction of the Revolving Loan Commitment Amount which reduces the Revolving Loan Commitment Amount below the sum of (i) the Swing Line Loan Commitment Amount and (ii) the Letter of Credit Commitment Amount shall result in an automatic and corresponding reduction of the Swing Line Loan Commitment Amount and/or Letter of Credit Commitment Amount (as directed by WWI in a notice to the Administrative Agent) to an aggregate amount not in excess of the Revolving Loan Commitment Amount, as so reduced, without any further action on the part of the Swing Line Lender or the Issuer.

SECTION 2.3. BORROWING PROCEDURES AND FUNDING MAINTENANCE. Loans shall be made by the Lenders in accordance with this Section.

SECTION 2.3.1. TERM LOANS AND REVOLVING LOANS. By delivering a Borrowing Request to the Administrative Agent on or before 12:00 noon, New York time, on a Business Day, WWI may from time to time irrevocably request, on not less than one (in the case of Base Rate Loans) and three (in the case of LIBO Rate Loans) nor more than (in each case) five Business Days' notice, that a Borrowing be made, in the case of LIBO Rate Loans, in a minimum amount of $2,000,000, and an integral multiple of $500,000, and in the case of Base Rate Loans, in a minimum amount of $500,000 and an integral multiple thereof or, in either case, in the unused amount of the applicable Commitment. On the terms and subject to the conditions of this Agreement, each Borrowing shall be comprised of the type of Loans, and shall be made on the Business Day, specified in such Borrowing Request. On or before 11:00 a.m., New York time, on such Business Day each Lender shall deposit with the Administrative Agent same day funds in an amount equal to such Lender's Percentage of the requested Borrowing. Such deposit will be made to an account which the Administrative Agent shall specify from time to time by notice to the Lenders. To the extent funds are received from the Lenders, the Administrative Agent shall make such funds available to the applicable Borrower by wire transfer to the accounts such Borrower shall have specified in its Borrowing Request. No Lender's obligation to make any Loan shall be affected by any other Lender's failure to make any Loan.

SECTION 2.3.2. SWING LINE LOANS.

(a) By telephonic notice, promptly followed (within three Business Days) by the delivery of a confirming Borrowing Request, to the Swing Line Lender on or before 11:00 a.m., New York time, on a Business Day, WWI may from time to time irrevocably request that Swing Line Loans be made by the Swing Line Lender in an aggregate minimum principal amount of $200,000 and an integral multiple of $100,000. Each request by WWI for a Swing Line Loan shall constitute a representation and warranty by WWI that on the date of such request and (if different) the date of the making of the Swing Line Loan, both immediately before and after giving effect to such Swing Line Loan and the application of the proceeds thereof, the statements made in SECTION 5.2.1 are true and correct. All Swing Line Loans shall be made as Base Rate Loans and shall not be entitled to be converted into LIBO Rate Loans. The proceeds of each Swing Line Loan shall be made available by the Swing Line Lender, by its close of business on the

Business Day telephonic notice is received by it as provided in the preceding sentences, to WWI by wire transfer to the accounts WWI shall have specified in its notice therefor.

(b) If (i) any Swing Line Loan shall be outstanding for more than four full Business Days or (ii) after giving effect to any request for a Swing Line Loan or a Revolving Loan the aggregate principal amount of Revolving Loans and Swing Line Loans outstanding to the Swing Line Lender, together with the Swing Line Lender's Percentage of all Letter of Credit Outstandings, would exceed the Swing Line Lender's Percentage of the Revolving Loan Commitment Amount, the Swing Line Lender, at any time in its sole and absolute discretion may request each Lender that has a Revolving Loan Commitment, and each such Lender, including the Swing Line Lender hereby agrees, to make a Revolving Loan (which shall always be initially funded as a Base Rate Loan) in an amount equal to such Lender's Percentage of the amount of the Swing Line Loans ("REFUNDED SWING LINE LOANS") outstanding on the date such notice is given. On or before 11:00 a.m. (New York time) on the first Business Day following receipt by each Lender of a request to make Revolving Loans as provided in the preceding sentence, each such Lender (other than the Swing Line Lender) shall deposit in an account specified by the Administrative Agent to the Lenders from time to time the amount so requested in same day funds, whereupon such funds shall be immediately delivered to the Swing Line Lender (and not WWI) and applied to repay the Refunded Swing Line Loans. On the day such Revolving Loans are made, the Swing Line Lender's Percentage of the Refunded Swing Line Loans shall be deemed to be paid. Upon the making of any Revolving Loan pursuant to this clause, the amount so funded shall become due under such Lender's Revolving Note and shall no longer be owed under the Swing Line Note. Each Lender's obligation to make the Revolving Loans referred to in this clause shall be absolute and unconditional and shall not be affected by any circumstance, including,
(i) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, WWI or any other Person for any reason whatsoever; (ii) the occurrence or continuance of any Default; (iii) any adverse change in the condition (financial or otherwise) of WWI or any other Obligor, subsequent to the date of the making of a Swing Line Loan; (iv) the acceleration or maturity of any Loans or the termination of the Revolving Loan Commitment after the making of any Swing Line Loan; (v) any breach of this Agreement by WWI, any other Obligor or any other Lender; or (vi) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(c) In the event that (i) WWI or any Subsidiary is subject to any bankruptcy or insolvency proceedings as provided in SECTION 9.1.9 or (ii) the Swing Line Lender otherwise requests, each Lender with a Revolving Loan Commitment shall acquire without recourse or warranty an undivided participation interest equal to such Lender's Percentage of any Swing Line Loan otherwise required to be repaid by such Lender pursuant to the preceding clause by paying to the Swing Line Lender on the date on which such Lender would otherwise have been required to make a Revolving Loan in respect of such Swing Line Loan pursuant to the preceding clause, in same day funds, an amount equal to such Lender's Percentage of such Swing Line Loan, and no Revolving Loans shall be made by such Lender pursuant to the preceding clause. From and after the date on which any Lender purchases an undivided participation interest in a Swing Line

Loan pursuant to this clause, the Swing Line Lender shall distribute to such Lender (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participation interest is outstanding and funded) its ratable amount of all payments of principal and interest in respect of such Swing Line Loan in like funds as received; PROVIDED, HOWEVER, that in the event such payment received by the Swing Line Lender is required to be returned to WWI, such Lender shall return to the Swing Line Lender the portion of any amounts which such Lender had received from the Swing Line Lender in like funds.

(d) Notwithstanding anything herein to the contrary, the Swing Line Lender shall not be obligated to make any Swing Line Loans if it has elected after the occurrence of a Default not to make Swing Line Loans and has notified WWI in writing or by telephone of such election. The Swing Line Lender shall promptly give notice to the Lenders of such election not to make Swing Line Loans.

SECTION 2.4. CONTINUATION AND CONVERSION ELECTIONS. By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 12:00 noon, New York time, on a Business Day, WWI may from time to time irrevocably elect, on not less than one (in the case of a conversion of LIBO Rate Loans to Base Rate Loans) and three (in the case of a continuation of LIBO Rate Loans or a conversion of Base Rate Loans into LIBO Rate Loans) nor more than (in each case) five Business Days' notice that all, or any portion in an aggregate minimum amount of $2,000,000 and an integral multiple of $500,000, in the case of the continuation of, or conversion into, LIBO Rate Loans, or an aggregate minimum amount of $500,000 and an integral multiple thereof, in the case of the conversion into Base Rate Loans (other than Swing Line Loans as provided in CLAUSE (A) of SECTION 2.3.2) be, in the case of Base Rate Loans, converted into LIBO Rate Loans or, in the case of LIBO Rate Loans, be converted into a Base Rate Loan or continued as a LIBO Rate Loan (in the absence of delivery of a Continuation/Conversion Notice with respect to any LIBO Rate Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan); PROVIDED, HOWEVER, that (x) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of the relevant Lenders, and (y) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Default has occurred and is continuing.

SECTION 2.5. FUNDING. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan, so long as such action does not result in increased costs to WWI; PROVIDED, HOWEVER, that such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of WWI to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility; and PROVIDED FURTHER, HOWEVER, that such Lender shall cause such foreign branch, Affiliate or international banking facility to comply with the applicable provisions of CLAUSE (B) of SECTION 4.6 with respect to such LIBO Rate Loan. In addition, WWI hereby consents and agrees that, for purposes of any determination to be made for purposes of SECTIONS 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that each Lender elected to fund all

LIBO Rate Loans by purchasing U.S. Dollar deposits in its LIBOR Office's interbank eurodollar market.

SECTION 2.6. ISSUANCE PROCEDURES. By delivering to the Administrative Agent an Issuance Request on or before 12:00 noon, New York time, on a Business Day, WWI may, from time to time irrevocably request, on not less than three nor more than ten Business Days' notice (or such shorter notice as may be acceptable to the Issuer), in the case of an initial issuance of a Letter of Credit, and not less than three nor more than ten Business Days' notice (unless a shorter notice period is acceptable to the Issuer) prior to the then existing Stated Expiry Date of a Letter of Credit, in the case of a request for the extension of the Stated Expiry Date of a Letter of Credit, that the Issuer issue, or extend the Stated Expiry Date of, as the case may be, an irrevocable Letter of Credit for WWI's account or for the account of any wholly-owned U.S. Subsidiary of WWI that is a party to the Subsidiary Guaranty and the WWI Security Agreement and whose outstanding Capital Securities is pledged to the Administrative Agent for the benefit of the Lenders pursuant to the WWI Pledge Agreement, in such form as may be requested by WWI and approved by the Issuer, solely for the purposes described in SECTION 7.1.9. Notwithstanding anything to the contrary contained herein or in any separate application for any Letter of Credit, WWI hereby acknowledges and agrees that it shall be obligated to reimburse the Issuer upon each Disbursement of a Letter of Credit, and it shall be deemed to be the obligor for purposes of each such Letter of Credit issued hereunder (whether the account party on such Letter of Credit is WWI or a Subsidiary of WWI). Upon receipt of an Issuance Request, the Administrative Agent shall promptly notify the Issuer and each Lender thereof. Each Letter of Credit shall by its terms be stated to expire on a date (its "STATED EXPIRY DATE") no later than the earlier to occur of (i) the Revolving Loan Commitment Termination Date or (ii) one year from the date of its issuance. The Issuer will make available to the beneficiary thereof the original of each Letter of Credit which it issues hereunder.

SECTION 2.6.1. OTHER LENDERS' PARTICIPATION. Upon the issuance of each Letter of Credit issued by the Issuer pursuant hereto (or the continuation of an Existing Letter of Credit hereunder), and without further action, each Lender (other than the Issuer) that has a Revolving Loan Commitment shall be deemed to have irrevocably purchased from the Issuer, to the extent of its Percentage to make Revolving Loans, and the Issuer shall be deemed to have irrevocably granted and sold to such Lender a participation interest in such Letter of Credit (including the Contingent Liability and any Reimbursement Obligation and all rights with respect thereto), and such Lender shall, to the extent of its Revolving Loan Commitment Percentage, be responsible for reimbursing promptly (and in any event within one Business Day) the Issuer for Reimbursement Obligations which have not been reimbursed by WWI in accordance with SECTION 2.6.3. In addition, such Lender shall, to the extent of its Percentage to make Revolving Loans, be entitled to receive a ratable portion of the Letter of Credit fees payable pursuant to SECTION 3.3.3 with respect to each Letter of Credit and of interest payable pursuant to SECTION 3.2 with respect to any Reimbursement Obligation. To the extent that any Lender has reimbursed the Issuer for a Disbursement as required by this Section, such Lender shall be entitled to receive its ratable portion of any amounts subsequently received (from WWI or otherwise) in respect of such Disbursement.

SECTION 2.6.2. DISBURSEMENTS; CONVERSION TO REVOLVING LOANS. The Issuer will notify WWI and the Administrative Agent promptly of the presentment for payment of any Letter of

Credit issued by the Issuer, together with notice of the date (the "DISBURSEMENT DATE") such payment shall be made (each such payment, a "DISBURSEMENT"). Subject to the terms and provisions of such Letter of Credit and this Agreement, the Issuer shall make such payment to the beneficiary (or its designee) of such Letter of Credit. Prior to 12:00 noon, New York time, on the first Business Day following the Disbursement Date (the "DISBURSEMENT DUE DATE"), WWI will reimburse the Administrative Agent, for the account of the Issuer, for all amounts which the Issuer has disbursed under such Letter of Credit, together with interest thereon at the rate per annum otherwise applicable to Revolving Loans (made as Base Rate Loans) from and including the Disbursement Date to but excluding the Disbursement Due Date and, thereafter (unless such Disbursement is converted into a Base Rate Loan on the Disbursement Due Date), at a rate per annum equal to the rate per annum then in effect with respect to overdue Revolving Loans (made as Base Rate Loans) pursuant to SECTION 3.2.2 for the period from the Disbursement Due Date through the date of such reimbursement; PROVIDED, HOWEVER, that, if no Default shall have then occurred and be continuing, unless WWI has notified the Administrative Agent no later than one Business Day prior to the Disbursement Due Date that it will reimburse the Issuer for the applicable Disbursement, then the amount of the Disbursement shall be deemed to be a Revolving Loan constituting a Base Rate Loan and following the giving of notice thereof by the Administrative Agent to the Lenders, each Lender with a commitment to make Revolving Loans (other than the Issuer) will deliver to the Issuer on the Disbursement Due Date immediately available funds in an amount equal to such Lender's Percentage of such Revolving Loan. Each conversion of Disbursement amounts into Revolving Loans shall constitute a representation and warranty by WWI that on the date of the making of such Revolving Loan all of the statements set forth in SECTION 5.2.1 are true and correct.

SECTION 2.6.3. REIMBURSEMENT. The obligation (a "REIMBURSEMENT OBLIGATION") of WWI under SECTION 2.6.2 to reimburse the Issuer with respect to each Disbursement (including interest thereon) not converted into a Base Rate Loan pursuant to SECTION 2.6.2, and, upon the failure of WWI to reimburse the Issuer and the giving of notice thereof by the Administrative Agent to the Lenders, each Lender's (to the extent it has a Revolving Loan Commitment) obligation under SECTION 2.6.1 to reimburse the Issuer or fund its Percentage of any Disbursement converted into a Base Rate Loan, shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which WWI or such Lender, as the case may be, may have or have had against the Issuer or any such Lender, including any defense based upon the failure of any Disbursement to conform to the terms of the applicable Letter of Credit (if, in the Issuer's good faith opinion, such Disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Letter of Credit; PROVIDED, HOWEVER, that after paying in full its Reimbursement Obligation hereunder, nothing herein shall adversely affect the right of WWI or such Lender, as the case may be, to commence any proceeding against the Issuer for any wrongful Disbursement made by the Issuer under a Letter of Credit as a result of acts or omissions constituting gross negligence or willful misconduct on the part of the Issuer.

SECTION 2.6.4. DEEMED DISBURSEMENTS. Upon the occurrence and during the continuation of any Event of Default of the type described in SECTION 9.1.9 or, with notice from the Administrative Agent acting at the direction of the Required Lenders, upon the occurrence and during the continuation of any other Event of Default,

(a) an amount equal to that portion of all Letter of Credit Outstandings attributable to the then aggregate amount which is undrawn and available under all Letters of Credit issued and outstanding shall, without demand upon or notice to WWI or any other Person, be deemed to have been paid or disbursed by the Issuer under such Letters of Credit (notwithstanding that such amount may not in fact have been so paid or disbursed); and

(b) upon notification by the Administrative Agent to WWI of its obligations under this Section, WWI shall be immediately obligated to reimburse the Issuer for the amount deemed to have been so paid or disbursed by the Issuer.

Any amounts so payable by WWI pursuant to this Section shall be deposited in cash with the Administrative Agent and held as collateral security for the Obligations in connection with the Letters of Credit issued by the Issuer. At such time when the Events of Default giving rise to the deemed disbursements hereunder shall have been cured or waived, the Administrative Agent shall return to WWI all amounts then on deposit with the Administrative Agent pursuant to this Section, together with accrued interest at the Federal Funds Rate, which have not been applied to the satisfaction of such Obligations.

SECTION 2.6.5. NATURE OF REIMBURSEMENT OBLIGATIONS. WWI and, to the extent set forth in SECTION 2.6.1, each Lender with a Revolving Loan Commitment, shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. The Issuer (except to the extent of its own gross negligence or willful misconduct) shall not be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(b) the form, validity, sufficiency, accuracy, genuineness or legal effect of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or the proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;

(c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise; or

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Disbursement under a Letter of Credit.

None of the foregoing shall affect, impair or prevent the vesting of any of the rights or powers granted to the Issuer or any Lender with a Revolving Loan Commitment hereunder. In furtherance and extension and not in limitation or derogation of any of the foregoing, any action taken or omitted to be taken by the Issuer in good faith (and not constituting gross negligence or

willful misconduct) shall be binding upon WWI, each Obligor and each such Lender, and shall not put the Issuer under any resulting liability to WWI, any Obligor or any such Lender, as the case may be.

SECTION 2.7. NOTES. Each Lender's Loans under a Commitment for a Loan shall be evidenced, if such Lender shall request, by a Note payable to the order of such Lender in a maximum principal amount equal to such Lender's Percentage of the original applicable Commitment Amount. All Swing Line Loans made by the Swing Line Lender shall be evidenced by a Swing Line Note payable to the order of the Swing Line Lender in a maximum principal amount equal to the Swing Line Loan Commitment Amount. WWI hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Notes (or on any continuation of such grid), which notations, if made, shall evidence, INTER ALIA, the date of, the outstanding principal of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall be conclusive and binding on WWI absent manifest error; PROVIDED, HOWEVER, that the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of WWI or any other Obligor.

SECTION 2.8. REGISTERED NOTES. (a) Any Non-U.S. Lender that could become completely exempt from withholding of any taxes in respect of payment of any interest due to such Non-U.S. Lender under this Agreement if the Notes held by such Lender were in registered form for U.S. Federal income tax purposes may request WWI (through the Administrative Agent), and WWI agrees (i) to exchange for any Notes held by such Lender, or (ii) to issue to such Lender on the date it becomes a Lender, promissory notes(s) registered as provided in CLAUSE (B) of this SECTION 2.8 (each a Registered Note). Registered Notes may not be exchanged for Notes that are not Registered Notes.

(b) The Administrative Agent shall enter, in the Register, the name of the registered owner of the Non-U.S. Lender Obligation(s) evidenced by a Registered Note.

(c) The Register shall be available for inspection by WWI and any Lender at any reasonable time upon reasonable prior notice.

SECTION 2.9. ADDITIONAL TLC FACILITY. Each Additional TLC Lender shall purchase, on the Effective Date, Additional TLCs from the SP1 Borrower (with the commitment of each such Additional TLC Lender to purchase Additional TLCs being, its "ADDITIONAL TLC COMMITMENT") equal to such Additional TLC Lender's Percentage of the Additional TLC Commitment Amount. No amounts paid or prepaid with respect to Additional TLCs may be reborrowed.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1. REPAYMENTS AND PREPAYMENTS; APPLICATION.

SECTION 3.1.1. REPAYMENTS AND PREPAYMENTS. The SP1 Borrower and WWI shall repay in full the unpaid principal amount of each Loan and Additional TLC, as applicable, upon the Stated Maturity Date therefor. Prior thereto,

(a) any Borrower may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any

(i) Loan (other than Swing Line Loans) or Additional TLC, PROVIDED, HOWEVER, that

(A) any such prepayment of the Term Loans, Designated New Term Loans or Additional TLCs shall be made PRO RATA among such Loans, or Designated New Term Loans or Additional TLCs of the same type and if applicable, having the same Interest Period as all Lenders that have made such Term Loans, or Designated New Term Loans or Additional TLCs, and any such prepayment of Revolving Loans shall be made PRO RATA among the Revolving Loans of the same type and, if applicable, having the same Interest Period as all Lenders that have made such Revolving Loans;

(B) the Borrowers shall comply with SECTION 4.4 in the event that any LIBO Rate Loan is prepaid on any day other than the last day of the Interest Period for such Loan;

(C) all such voluntary prepayments shall require at least three but no more than five Business Days' prior written notice to the Administrative Agent; and

(D) all such voluntary partial prepayments shall be, in the case of LIBO Rate Loans or Additional TLCs bearing interest with reference to the LIBO Rate, in an aggregate minimum amount of $2,000,000 and an integral multiple of $500,000 and, in the case of Base Rate Loans or Additional TLCs bearing interest with reference to the Base Rate, in an aggregate minimum amount of $500,000 and an integral multiple thereof; or

(ii) Swing Line Loans, PROVIDED that all such voluntary prepayments shall require prior telephonic notice to the Swing Line Lender on or before 1:00 p.m., New York time, on the day of such prepayment (such notice to be confirmed in writing within 24 hours thereafter);

(b) the SP1 Borrower and WWI, as the case may be, shall no later than one Business Day following the receipt by WWI or any of its Subsidiaries of any Net Disposition Proceeds, deliver to the Administrative Agent a calculation of the amount of such Net Disposition Proceeds and, subject to the following PROVISO, make a mandatory prepayment of the Term Loans and Additional TLCs in an amount equal to 100% of such Net Disposition Proceeds, to be applied as set forth in SECTION 3.1.2; PROVIDED, HOWEVER, that, at the option of WWI and so long as no Default shall have occurred and be continuing, WWI may use or cause the appropriate Subsidiary to use the Net Disposition Proceeds to purchase assets useful in the business of WWI and its Subsidiaries or to purchase a majority controlling interest in a Person owning such assets or to increase any such controlling interest already maintained by it; PROVIDED, THAT if such Net Disposition Proceeds arise from or are related to a Disposition of assets of a Guarantor then any such reinvestment must either be made by or in a Guarantor or a Person which upon the making of such reinvestment becomes a Guarantor (with such assets or interests collectively referred to as "QUALIFIED ASSETS") within 365 days after the consummation (and with the Net Disposition Proceeds) of such sale, conveyance or disposition, and in the event WWI elects to exercise its right to purchase Qualified Assets with the Net Disposition Proceeds pursuant to this clause, WWI shall deliver a certificate of an Authorized Officer of WWI to the Administrative Agent within 30 days following the receipt of Net Disposition Proceeds setting forth the amount of the Net Disposition Proceeds which WWI expects to use to purchase Qualified Assets during such 365 day period; PROVIDED FURTHER, that WWI and its Subsidiaries shall only be permitted to reinvest Net Disposition Proceeds in Qualified Assets to the extent permitted by SECTION 7.2.5 over the term of this Agreement. If and to the extent that WWI has elected to reinvest Net Disposition Proceeds as permitted above, then on the date which is 365 days (in the case of CLAUSE (B)(I) below) and 370 days (in the case of CLAUSE (B)(II) below) after the relevant sale, conveyance or disposition, WWI shall (i) deliver a certificate of an Authorized Officer of WWI to the Administrative Agent certifying as to the amount and use of such Net Disposition Proceeds actually used to purchase Qualified Assets and (ii) deliver to the Administrative Agent, for application in accordance with this clause and SECTION 3.1.2, an amount equal to the remaining unused Net Disposition Proceeds;

(c) [INTENTIONALLY OMMITTED];

(d) [INTENTIONALLY OMMITTED];

(e) WWI shall, on each date when any reduction in the Revolving Loan Commitment Amount shall become effective, including pursuant to SECTION 2.2 or SECTION 3.1.2, make a mandatory prepayment of Revolving Loans and (if necessary) Swing Line Loans, and (if necessary) deposit with the Administrative Agent cash collateral for Letter of Credit Outstandings) in an aggregate amount equal to the excess, if any, of the aggregate outstanding principal amount of all Revolving Loans, Swing Line Loans and Letters of Credit Outstanding over the Revolving Loan Commitment Amount as so reduced;

(f) WWI shall, on the Stated Maturity Date and on each Quarterly Payment Date occurring on or during any period set forth below, make a scheduled repayment of

the aggregate outstanding principal amount, if any, of all Term A Loans in an amount equal to the amount set forth below opposite the Stated Maturity Date or such Quarterly Payment Date (as such amounts may have otherwise been reduced pursuant to this Agreement), as applicable:

12/31/01 through (and including) 09/30/04	$3,602,173.07
10/01/04 through (and including) Stated Maturity Date	$5,103,078.51, or the then outstanding principal amount of all Term A Loans, if different;

PROVIDED, THAT each remaining amortization amount of Term A Loans occurring after the date of the making of a Designated Additional Term A Loan will be increased pro rata by the aggregate principal amount of any Designated Additional Term A Loan.

(g) WWI shall, on the Stated Maturity Date and on each Quarterly Payment Date occurring on or during any period set forth below, make a scheduled repayment of the aggregate outstanding principal amount, if any, of all Additional Term B Loans in an amount equal to the amount set forth below opposite the Stated Maturity Date or such Quarterly Payment Date (as such amounts may have otherwise been reduced pursuant to this Agreement), as applicable:

03/31/02 through (and including) 12/31/06	$270,000
01/01/07 through (and including) Stated Maturity Date	$25,650,000, or the then outstanding principal amount of all Term B Loans, if different;

PROVIDED, THAT each remaining amortization amount of Term B Loans occurring after the date of the making of a Designated Additional Term B Loan will be increased pro rata by the aggregate principal amount of any Designated Additional Term B Loan.

(h) the SP1 Borrower shall, on the Stated Maturity Date and on each Quarterly Payment Date occurring on or during any period set forth below, make a scheduled repayment of the aggregate outstanding principal amount, if any, of all Additional TLCs in an amount equal to the amount set forth below opposite the Stated Maturity Date or such Quarterly Payment Date, as applicable (as such amounts may have otherwise been reduced pursuant to this Agreement):

03/31/02 through (and including) 12/31/06	$160,000.00
01/01/07 through (and including) Stated Maturity Date	$15,200,000, or the then outstanding principal amount of all Additional TLCs, if different;

(i) the SP1 Borrower and WWI, as the case may be, shall, immediately upon any acceleration of the Stated Maturity Date of any Loans or Obligations pursuant to SECTION 9.2 or SECTION 9.3, repay all Loans and Additional TLCs and provide the Administrative Agent with cash collateral in an amount equal to the Letter of Credit Outstandings, unless, pursuant to SECTION 9.3, only a portion of all Loans and Additional TLCs and Obligations are so accelerated (in which case the portion so accelerated shall be so prepaid or cash collateralized with the Administrative Agent); and

(j) the SP1 Borrower shall, immediately upon receipt of proceeds in connection with the repayment of any intercompany loan payable to the SP1 Borrower, make a mandatory prepayment of the Additional TLCs, to be applied as set forth in SECTION 3.1.2, in an amount equal to the sum of such proceeds, other than (x) scheduled amortization payments thereof and (y) any other payment to the SP1 Borrower which would otherwise result in a mandatory prepayment under this SECTION 3.1.1.

(k) WWI shall pay the principal amount of the Designated New Term Loans at such times and in such amounts as determined pursuant to SECTION 2.1.6.

Each prepayment of any Loans or Additional TLCs made pursuant to this Section shall be without premium or penalty, except as may be required by SECTION 4.4. No prepayment of principal of any Revolving Loans or Swing Line Loans pursuant to CLAUSES (A) of SECTION 3.1.1 shall cause a reduction in the Revolving Loan Commitment Amount or the Swing Line Loan Commitment Amount, as the case may be.

SECTION 3.1.2. APPLICATION.

(a) Subject to CLAUSE (b), each prepayment or repayment of the principal of the Loans or Additional TLCs shall be applied, to the extent of such prepayment or repayment, FIRST, to the principal amount thereof being maintained as Base Rate Loans or bearing interest with reference to the Base Rate, as the case may be, and SECOND, to the principal amount thereof being maintained as LIBO Rate Loans or bearing interest with reference to the LIBO Rate, as the case may be.

(b) Each voluntary prepayment of Term Loans or Additional TLCs and each prepayment of Term Loans and Additional TLCs made pursuant to CLAUSE (b) of SECTION 3.1.1 shall be applied PRO RATA to a mandatory prepayment of the outstanding principal amount of all Term Loans and Additional TLCs (with the amount of such prepayment of the Term Loans or Additional TLCs being applied to the remaining Term Loan and

Additional TLC amortization payments, as the case may be, required pursuant to CLAUSES (f), (g), and (h) of SECTION 3.1.1, in each case PRO RATA in accordance with the amount of each such remaining amortization payment), until all such Term Loans and Additional TLCs have been paid in full; PROVIDED, HOWEVER, that in the case of each prepayment of Term Loans and Additional TLCs required pursuant to CLAUSE (b) of SECTION 3.1.1, any Lender that has Additional Term B Loans and Additional TLCs outstanding (at a time when any Term A Loans remain outstanding) may, by delivering a notice to the Administrative Agent at least one Business Day prior to the date that such prepayment is to be made, elect not to have its PRO RATA share of Additional Term B Loans or Additional TLCs, as the case may be, prepaid, and upon any such election the Administrative Agent shall (x) apply 50% of the amount that otherwise would have prepaid such Lender's Additional Term B Loans or Additional TLCs, as the case may be, to a mandatory prepayment of the Term A Loans (until repaid in full), then to the prepayment of such Lender's Additional Term B Loans or Additional TLCs, as the case may be (with no right to decline such prepayment) and then to a reduction of the outstanding Revolving Loans (without any reduction in the Revolving Loan Commitment Amount) and (y) permit the remaining 50% of such amount to be retained by the applicable Borrower.

SECTION 3.2. INTEREST PROVISIONS. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this SECTION 3.2.

SECTION 3.2.1. RATES. Pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, WWI may elect that Loans comprising a Borrowing accrue interest at a rate per annum:

(i) with respect to Revolving Loans and Term A Loans:

(A) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin; and

(B) on that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus the Applicable Margin.

(ii) with respect to Additional Term B Loans and Designated New Term Loans:

(A) on that portion maintained from time to time as a Base Rate Loan, equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin for such Loans; and

(B) on that portion maintained as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus the Applicable Margin for such Loans; and

(iii) with respect to Swing Line Loans, equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin.

All LIBO Rate Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such LIBO Rate Loan.

SECTION 3.2.2. POST-MATURITY RATES. After the date any principal amount of any Loan shall have become due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise), or any other monetary Obligation (other than overdue Reimbursement Obligations which shall bear interest as provided in
SECTION 2.6.2) of WWI shall have become due and payable, WWI shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to:

(a) in the case of any overdue principal amount of Loans, overdue interest thereon, overdue commitment fees or other overdue amounts owing in respect of Loans or other obligations (or the related Commitments) under a particular Tranche, the rate that would otherwise be applicable to Base Rate Loans under such Tranche pursuant to SECTION 3.2.1 plus 2%; and

(b) in the case of overdue monetary Obligations (other than as described in CLAUSE (a)), the Alternate Base Rate plus 4%.

SECTION 3.2.3. PAYMENT DATES. Interest accrued on each Loan shall be payable, without duplication:

(a) on the Stated Maturity Date therefor;

(b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan;

(c) with respect to Base Rate Loans, in arrears on each Quarterly Payment Date occurring after the date of the initial Borrowing hereunder;

(d) with respect to LIBO Rate Loans, the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, on the third month anniversary of such Interest Period);

(e) with respect to any Base Rate Loans converted into LIBO Rate Loans on a day when interest would not otherwise have been payable pursuant to CLAUSE (c), on the date of such conversion; and

(f) on that portion of any Loans the Stated Maturity Date of which is accelerated pursuant to SECTION 9.2 or SECTION 9.3, immediately upon such acceleration.

Interest accrued on Loans, Reimbursement Obligations or other monetary Obligations (other than Additional TLCs) arising under this Agreement or any other Loan Document after the date such

amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3. FEES. The Borrowers agree to pay the fees set forth in this SECTION 3.3. All such fees shall be non-refundable.

SECTION 3.3.1. COMMITMENT FEE. WWI agrees to pay to the Administrative Agent for the account of each Lender that has a Revolving Loan Commitment, for the period (including any portion thereof when any of the Lender's Commitments are suspended by reason of any Borrower's inability to satisfy any condition of ARTICLE V) commencing on September 29, 1999 and continuing through the Revolving Loan Commitment Termination Date, a commitment fee at the rate of .50% per annum of the average daily unused portion of the Revolving Loan Commitment Amount. Such commitment fees shall be payable by WWI in arrears on each Quarterly Payment Date, and on the Revolving Loan Commitment Termination Date. The making of Swing Line Loans by the Swing Line Lender shall constitute the usage of the Revolving Loan Commitment with respect to the Swing Line Lender only and the commitment fees to be paid by WWI to the Lenders (other than the Swing Line Lender) shall be calculated and paid accordingly.

SECTION 3.3.2. ADMINISTRATIVE AGENT'S FEE. Each of the Borrowers agrees to pay to the Administrative Agent, for its own account, the non-refundable fees in the amounts and on the dates set forth in the Fee Letter.

SECTION 3.3.3. LETTER OF CREDIT FEE. WWI agrees to pay to the Administrative Agent, for the PRO RATA account of the Issuer and each other Lender that has a Revolving Loan Commitment, a Letter of Credit fee in an amount equal to the Applicable Margin per annum for Revolving Loans that are maintained as LIBO Rate Loans, multiplied by the aggregate Stated Amount of all outstanding Letters of Credit, such fees being payable quarterly in arrears on each Quarterly Payment Date. WWI further agrees to pay to the Issuer for its own account an issuance fee in an amount as agreed to by WWI and the Issuer.

ARTICLE IV

CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1. LIBO RATE LENDING UNLAWFUL. If any Lender shall determine (which determination shall, upon notice thereof to WWI and the Lenders, be conclusive and binding on WWI) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, continue or maintain any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of such Lender to make, continue, maintain or convert any Loans as LIBO Rate Loans shall, upon such determination, forthwith be suspended until such Lender shall notify the Administrative Agent that the circumstances causing such suspension no longer exist (with the date of such notice being the "REINSTATEMENT DATE"), and (i) all LIBO Rate Loans previously made by such Lender shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion and

(ii) all Loans thereafter made by such Lender and outstanding prior to the Reinstatement Date shall be made as Base Rate Loans, with interest thereon being payable on the same date that interest is payable with respect to corresponding Borrowing of LIBO Rate Loans made by Lenders not so affected.

SECTION 4.2. DEPOSITS UNAVAILABLE. If the Administrative Agent shall have determined that

(a) U.S. Dollar deposits in the relevant amount and for the relevant Interest Period are not available to the Administrative Agent in its relevant market; or

(b) by reason of circumstances affecting the Administrative Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans,

then, upon notice from the Administrative Agent to WWI and the Lenders, the obligations of all Lenders under SECTION 2.3 and SECTION 2.4 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans shall forthwith be suspended until the Administrative Agent shall notify WWI and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3. INCREASED LIBO RATE LOAN COSTS, ETC. WWI agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Lender in respect of, making, continuing or maintaining (or of its obligation to make, continue or maintain) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans (excluding any amounts, whether or not constituting taxes, referred to in SECTION 4.6) arising after the date of any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority that results in such increase in cost or reduction in amounts receivable, except for such changes with respect to increased capital costs and taxes which are governed by SECTIONS 4.5 and 4.6, respectively. Such Lender shall promptly notify the Administrative Agent and WWI in writing of the occurrence of any such event, such notice to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount. Such additional amounts shall be payable by WWI directly to such Lender within five days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on WWI.

SECTION 4.4. FUNDING LOSSES. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loans on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to
SECTION 3.1 or otherwise;

(b) any Loans not being made as LIBO Rate Loans in accordance with the Borrowing Request therefor; or

(c) any Loans not being continued as, or converted into, LIBO Rate Loans in accordance with the Continuation/Conversion Notice therefor,

then, upon the written notice of such Lender to WWI (with a copy to the Administrative Agent), WWI shall, within five days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on WWI.

SECTION 4.5. INCREASED CAPITAL COSTS. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments, participation in Letters of Credit or the Loans made or continued by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to WWI shall immediately pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on WWI. In determining such amount, such Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.6. TAXES. The Borrowers covenant and agree as follows with respect to taxes:

(a) Unless required by law, any and all payments made by the Borrowers under this Agreement and each other Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any taxes. In the event that any taxes are required by law to be deducted or withheld from any payment required to be made by any Borrower to or on behalf of any Secured Party under any Loan Document, then:

(i) subject to CLAUSE (F) below, if such taxes are Non-Excluded Taxes, the relevant Borrower shall together with such payment pay an additional amount so that each Secured Party receives free and clear of any Non-Excluded Taxes, the full amount which it would have received if no such deduction or withholding of such Non-Excluded Taxes had been required; and

(ii) the relevant Borrower shall pay to the relevant Governmental Authority imposing such taxes the full amount of the deduction or withholding made by it.

(b) In addition, the Borrowers shall pay any and all Other Taxes imposed to the relevant Governmental Authority imposing such Other Taxes in accordance with applicable law.

(c) As promptly as practicable after the payment of any taxes or Other Taxes, and in any event within 45 days of any such payment being due, the applicable Borrower shall furnish to the Administrative Agent a copy of an official receipt (or a certified copy thereof), evidencing the payment of such taxes or Other Taxes. The Administrative Agent shall make copies thereof available to any Lender upon request therefor.

(d) Subject to CLAUSE (f) below, the Borrowers shall indemnify each Secured Party for any Non-Excluded Taxes and Other Taxes levied, imposed or assessed on (and whether or not paid directly by) such Secured Party that have not been paid previously by the Borrowers (whether or not such Non-Excluded Taxes or Other Taxes are correctly or legally asserted by the relevant Governmental Authority). Promptly upon having knowledge that any such Non-Excluded Taxes or Other Taxes have been levied, imposed or assessed, and promptly upon notice thereof by any Secured Party, the applicable Borrower shall pay such Non-Excluded Taxes or Other Taxes directly to the relevant Governmental Authority (PROVIDED, HOWEVER, that no Secured Party shall be under any obligation to provide any such notice to any Borrower). In addition, PROVIDED that the Borrowers have been notified promptly by a relevant Secured Party which has determined in its sole discretion that a Non-Excluded Tax or Other Tax has been levied, imposed or assessed against such Secured Party, each Borrower shall indemnify each Secured Party for any incremental taxes that may become payable by such Secured Party as a result of any failure of any Borrower to pay any taxes when due to the appropriate Governmental Authority or to deliver to the Administrative Agent, pursuant to CLAUSE (c) above, documentation evidencing the payment of taxes or Other Taxes. With respect to indemnification for Non-Excluded Taxes and Other Taxes actually paid by any Secured Party or the indemnification provided in the immediately preceding sentence, such indemnification shall be made within 30 days after the date such Secured Party makes written demand therefor. Each Borrower acknowledges that any payment made to any Secured Party or to any Governmental Authority in respect of the indemnification obligations of the Borrowers provided in this clause shall constitute a payment in respect of which the provisions of CLAUSE (a) above and this clause shall apply.

(e) Each Non-U.S. Lender, on or prior to the date on which such Non-U.S. Lender becomes a Lender hereunder (and from time to time thereafter upon the request of any Borrower or the Administrative Agent, but only for so long as such Non-U.S. Lender is legally entitled to do so), shall deliver to such Borrower and the Administrative Agent either

(i) (x) two duly completed copies of either (A) Internal Revenue Service Form W-8BEN or (B) Internal Revenue Service Form W-8EC1, or in

either case an applicable successor form, establishing, in either case, a complete exemption from United States federal withholding taxes, and (y) for periods prior to January 1, 2001, a duly completed copy of Internal Revenue Service Form W-8 or W-9 or applicable successor form; or

(ii) in the case of a Non-U.S. Lender that is not legally entitled to deliver either form listed in CLAUSE (e)(i)(x) above, (x) a certificate of a duly authorized officer of such Non-U.S. Lender to the effect that such Non-U.S. Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of WWI within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (such certificate, an "EXEMPTION CERTIFICATE") and (y) two duly completed copies of Internal Revenue Service Form W-8 or applicable successor form.

(f) None of the Borrowers shall be obligated to gross up any payments to any Lender pursuant to CLAUSE (a) above, or to indemnify any Lender pursuant to CLAUSE (D) above, in respect of United States federal withholding taxes to the extent imposed as a result of (i) the failure of such Lender to deliver to the applicable Borrower the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to CLAUSE (e), (ii) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (iii) the Lender designating a successor lending office at which it maintains its Loans which has the effect of causing such Lender to become obligated for tax payments in excess of those in effect immediately prior to such designation; PROVIDED, HOWEVER, that a Borrower shall be obligated to gross up any payments to any such Lender pursuant to CLAUSE (a) above, and to indemnify any such Lender pursuant to CLAUSE (D) above, in respect of United States federal withholding taxes if (i) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or Exemption Certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the date hereof, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or certifications made in such form or forms or Exemption Certificate untrue or inaccurate in a material respect, (ii) the redesignation of the Lender's lending office was made at the request of any of the Borrowers or (iii) the obligation to gross up payments to any such Lender pursuant to CLAUSE (a) above or to indemnify any such Lender pursuant to CLAUSE (d) is with respect to an Assignee Lender that becomes an Assignee Lender as a result of an assignment made at the request of any Borrower.

(g) If a Secured Party determines in its sole discretion that it has received a refund in respect of Non-Excluded Taxes that were paid by the Borrowers, it shall pay the amount of such refund, together with any other amounts paid by the Borrowers in connection with such refunded Non-Excluded Taxes, to the Borrowers, net of any out-of-

pocket expenses incurred by such Secured Party in obtaining such refund, PROVIDED, HOWEVER, that the Borrowers agree to promptly return the amount of such refund to such Secured Party to the extent that such Secured Party is required to repay such refund to the IRS or any other tax authority.

SECTION 4.7. PAYMENTS, COMPUTATIONS, ETC. Unless otherwise expressly provided, all payments by or on behalf of any Borrower pursuant to this Agreement, the Notes, each Letter of Credit, the Additional TLCs or any other Loan Document shall be made by such Borrower to the Administrative Agent for the PRO RATA account of the Lenders entitled to receive such payment. All such payments required to be made to the Administrative Agent shall be made, without setoff, deduction or counterclaim, not later than 12:00 noon, New York time, on the date due, in same day or immediately available funds, to such account as the Administrative Agent shall specify from time to time by notice to the applicable Borrower. Funds received after that time shall be deemed to have been received by the Administrative Agent on the next succeeding Business Day. The Administrative Agent shall promptly remit in same day funds to each Lender its share, if any, of such payments received by the Administrative Agent for the account of such Lender. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan, 365 days or, if appropriate, 366 days). Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall (except as otherwise required by CLAUSE (C) of the definition of the term "Interest Period") be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.8. SHARING OF PAYMENTS. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan, Additional TLC or Reimbursement Obligation (other than pursuant to the terms of SECTIONS 4.3, 4.4 and 4.5) in excess of its PRO rata share of payments then or therewith obtained by all Lenders entitled thereto, such Lender shall purchase from the other Lenders such participation in Credit Extensions made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; PROVIDED, HOWEVER, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of

(a) the amount of such selling Lender's required repayment to the purchasing Lender

TO

(b) the total amount so recovered from the purchasing Lender)

of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Each Borrower agrees that any Lender so purchasing a participation from

another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to SECTION 4.9) with respect to such participation as fully as if such Lender were the direct creditor of such Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this
Section to share in the benefits of any recovery on such secured claim.

SECTION 4.9. SETOFF. Each Lender shall, upon the occurrence of any Default described in CLAUSES (A) through (D) of SECTION 9.1.9 or, with the consent of the Required Lenders, upon the occurrence of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due), and (as security for such Obligations) each Borrower hereby grants to each Lender a continuing security interest in, any and all balances, credits, deposits, accounts or moneys of such Borrower then or thereafter maintained with or otherwise held by such Lender; PROVIDED, HOWEVER, that any such appropriation and application shall be subject to the provisions of SECTION 4.8. Each Lender agrees promptly to notify the applicable Borrower and the Administrative Agent after any such setoff and application made by such Lender; PROVIDED, HOWEVER, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Lender may have.

SECTION 4.10. MITIGATION. Each Lender agrees that if it makes any demand for payment under SECTIONS 4.3, 4.4, 4.5, or 4.6, or if any adoption or change of the type described in SECTION 4.1 shall occur with respect to it, it will use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions and so long as such efforts would not be disadvantageous to it, as determined in its sole discretion) to designate a different lending office if the making of such a designation would reduce or obviate the need for WWI to make payments under SECTIONS 4.3, 4.4, 4.5, or 4.6, or would eliminate or reduce the effect of any adoption or change described in SECTION 4.1.

ARTICLE V

CONDITIONS TO EFFECTIVENESS AND TO FUTURE CREDIT EXTENSIONS

SECTION 5.1. CONDITIONS PRECEDENT TO THE EFFECTIVENESS OF THIS AGREEMENT AND MAKING OF CREDIT EXTENSIONS. The conditions to effectiveness of this Agreement and the obligations of the Lenders to continue Existing Loans as Loans under this Agreement, to continue Existing Letters of Credit as Letters of Credit under this Agreement and to make the Additional Term B Loans and Additional TLCs were satisfied in full on December 21, 2001.

SECTION 5.2. ALL CREDIT EXTENSIONS. The obligation of each Lender and the Issuer to make any Credit Extension (but subject to CLAUSES (B) and (C) of
SECTION 2.3.2) shall be subject to the satisfaction of each of the conditions precedent set forth in this SECTION 5.2.

SECTION 5.2.1. COMPLIANCE WITH WARRANTIES, NO DEFAULT, ETC. Both before and after giving effect to any Credit Extension the following statements shall be true and correct:

(a) the representations and warranties set forth in ARTICLE VI and in each other Loan Document shall, in each case, be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(b) no material adverse development shall have occurred in any litigation, action, proceeding, labor controversy, arbitration or governmental investigation disclosed pursuant to SECTION 6.7;

(c) the sum of (x) the aggregate outstanding principal amount of all Revolving Loans and Swing Line Loans and (y) all Letter of Credit Outstandings does not exceed the Revolving Loan Commitment Amount; and

(d) no Default shall have then occurred and be continuing.

SECTION 5.2.2. CREDIT EXTENSION REQUEST. The Administrative Agent shall have received a Borrowing Request, if Loans (other than Swing Line Loans) are being requested, or an Issuance Request, if a Letter of Credit is being issued or extended or an Additional TLC Purchase Request if Additional TLCs are to be issued. Each of the delivery of a Borrowing Request, Issuance Request or Additional TLC Purchase Request and the acceptance by any Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by the applicable Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in SECTION 5.2.1 are true and correct.

SECTION 5.2.3. SATISFACTORY LEGAL FORM. All documents executed or submitted pursuant hereto by or on behalf of WWI or any of its Subsidiaries or any other Obligors shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel; the Administrative Agent and its counsel shall have received all information, as the Administrative Agent or its counsel may reasonably request.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders, the Issuer and the Administrative Agent to enter into this Agreement, continue the Existing Loans as Loans hereunder and the Existing Letters of Credit as Letters of Credit hereunder and to make Credit Extensions hereunder, each of the Borrowers, jointly and severally, represents and warrants unto the Administrative Agent, the Issuer and each Lender as set forth in this ARTICLE VI.

SECTION 6.1. ORGANIZATION, ETC. WWI and each of its Subsidiaries (a) is a corporation validly organized and existing and in good standing under the laws of the jurisdiction of its incorporation (other than as listed in ITEM 6.1 ("Good Standing") on SCHEDULE I hereto), is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification, except to the extent that the failure to qualify would not reasonably be expected to result in a Material Adverse Effect, and (b) has full power and authority and holds all requisite governmental licenses, permits and other approvals to (x) enter into and perform its Obligations under this Agreement, the Notes and each other Loan Document to which it is a party and (y) own and hold under lease its property and to conduct its business substantially as currently conducted by it except, in the case of this CLAUSE (B)(Y), where the failure could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6.2. DUE AUTHORIZATION, NON-CONTRAVENTION, ETC. The execution, delivery and performance by each Borrower of this Agreement, the Notes, the Additional TLCs and each other Loan Document executed or to be executed by it, and the execution, delivery and performance by each other Obligor of each Loan Document executed or to be executed by it and the Borrowers and, where applicable, are within each such Obligor's corporate powers, have been duly authorized by all necessary corporate action, and do not

(a) contravene any such Obligor's Organic Documents;

(b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting any such Obligor, where such contravention, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; or

(c) result in, or require the creation or imposition of, any Lien on any of the Obligor's properties, except pursuant to the terms of a Loan Document.

SECTION 6.3. GOVERNMENT APPROVAL, REGULATION, ETC. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person, is required for the due execution, delivery or performance by any Obligor of this Agreement, the Notes, the Additional TLCs or any other Loan Document to which it is a party, except as have been duly obtained or made and are in full force and effect or those which the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect. Neither WWI nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 6.4. VALIDITY, ETC. This Agreement constitutes, and the Notes and Additional TLCs and each other Loan Document executed by any Obligor will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of such Obligor enforceable in accordance with their respective terms; in each case with respect to this SECTION 6.4 subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles

(whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

SECTION 6.5. FINANCIAL INFORMATION. The

(a) audited combined balance sheets and the related combined statements of income, comprehensive income and parent company's investment and cash flows of WWI and its Subsidiaries as at December 30, 2000, April 29, 2000 and April 24, 1999 and the related consolidated statements of earnings and cash flow of WWI; and

(b) unaudited interim condensed financial information of WWI as of the period ended September 29, 2001;

copies of which have been furnished to the Administrative Agent and each Lender, have, in each case, been prepared in accordance with GAAP consistently applied (in the case of CLAUSE (A)) and, in the case of CLAUSE (B), on a basis substantially comparable to the basis used to prepare the financial statements referred to in CLAUSE (A), and present fairly the consolidated financial condition of the corporations covered thereby as at the dates thereof and the results of their operations for the periods then ended, subject, in the case of CLAUSE (B), to normal year end audit adjustments.

SECTION 6.6. NO MATERIAL ADVERSE CHANGE. Since April 29, 2000, there has been no material adverse change in the financial condition, operations, assets, business or properties of WWI and its Subsidiaries, taken as a whole.

SECTION 6.7. LITIGATION, LABOR CONTROVERSIES, ETC. There is no pending or, to the knowledge of any Borrower, threatened litigation, action, proceeding, labor controversy arbitration or governmental investigation affecting any Obligor, or any of their respective properties, businesses, assets or revenues, which (a) could reasonably be expected to result in a Material Adverse Effect, or (b) purports to affect the legality, validity or enforceability of the issuance of the Senior Subordinated Notes, this Agreement, the Notes or any other Loan Document, except as disclosed in ITEM 6.7 ("Litigation") of the Disclosure Schedule.

SECTION 6.8. SUBSIDIARIES. WWI has no Subsidiaries, except those Subsidiaries

(a) which are identified in ITEM 6.8 ("Existing Subsidiaries") of the Disclosure Schedule; or

(b) which are permitted to have been acquired in accordance with SECTION 7.2.5 or 7.2.8.

SECTION 6.9. OWNERSHIP OF PROPERTIES. WWI and each of its Subsidiaries own good title to all of their properties and assets (other than insignificant properties and assets), real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens or material claims (including material infringement claims with respect to patents, trademarks, copyrights and the like) except as permitted pursuant to SECTION 7.2.3.

SECTION 6.10. TAXES. WWI and each of its Subsidiaries has filed all Federal, State, foreign and other material tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 6.11. PENSION AND WELFARE PLANS. No Pension Plan has been terminated that has resulted in a liability to any Borrower of more than $5,000,000, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA in excess of $5,000,000. No condition exists or event or transaction has occurred with respect to any Pension Plan which could reasonably be expected to result in the incurrence by any Borrower of any material liability, fine or penalty other than such condition, event or transaction which would not reasonably be expected to have a Material Adverse Effect. Except as disclosed in ITEM 6.11 ("EMPLOYEE BENEFIT PLANS") of the Disclosure Schedule, since the date of the last financial statement of WWI, WWI has not materially increased any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Subtitle B of Title I of ERISA.

SECTION 6.12. ENVIRONMENTAL WARRANTIES. Except as set forth in ITEM 6.12 ("ENVIRONMENTAL MATTERS") of the Disclosure Schedule or as, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) all facilities and property (including underlying groundwater) owned or leased by WWI or any of its Subsidiaries have been, and continue to be, owned or leased by WWI and its Subsidiaries in compliance with all Environmental Laws;

(b) there have been no past, and there are no pending or threatened

(i) written claims, complaints, notices or requests for information received by WWI or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or

(ii) written complaints, notices or inquiries to WWI or any of its Subsidiaries regarding potential liability under any Environmental Law;

(c) to the best knowledge of WWI, there have been no Releases of Hazardous Materials at, on or under any property now or previously owned or leased by WWI or any of its Subsidiaries;

(d) WWI and its Subsidiaries have been issued and are in compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters and necessary or desirable for their businesses;

(e) no property now or previously owned or leased by WWI or any of its Subsidiaries is listed or, to the knowledge of WWI or any of its Subsidiaries, proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up;

(f) to the best knowledge of WWI, there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by WWI or any of its Subsidiaries;

(g) WWI and its Subsidiaries have not directly transported or directly arranged for the transportation of any Hazardous Material to any location
(i) which is listed or to the knowledge of WWI or any of its Subsidiaries, proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list, or
(ii) which is the subject of federal, state or local enforcement actions or other investigations;

(h) to the best knowledge of WWI, there are no polychlorinated biphenyls or friable asbestos present in a manner or condition at any property now or previously owned or leased by WWI or any of its Subsidiaries; and

(i) to the best knowledge of WWI, no conditions exist at, on or under any property now or previously owned or leased by WWI or any of its Subsidiaries which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.

SECTION 6.13. REGULATIONS U AND X. No Obligor is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Credit Extensions will be used to purchase or carry margin stock or otherwise for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation U or Regulation X. Terms for which meanings are provided in F.R.S. Board Regulation U or Regulation X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.14. ACCURACY OF INFORMATION. All material factual information concerning the financial condition, operations or prospects of WWI and its Subsidiaries heretofore or contemporaneously furnished by or on behalf of the Borrowers in writing to the Administrative Agent, the Issuer or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby or with respect to the Refinancing is, and all other such factual information hereafter furnished by or on behalf of the Borrowers to the Administrative Agent, the Issuer or any Lender will be, true and accurate in every material respect on the date as of which such information is dated or certified and such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading.

Any term or provision of this Section to the contrary notwithstanding, insofar as any of the factual information described above includes assumptions, estimates, projections or opinions, no representation or warranty is made herein with respect thereto; PROVIDED, HOWEVER, that to the extent any such assumptions, estimates, projections or opinions are based on factual matters, each of the Borrowers has reviewed such factual matters and nothing has come to its attention in the context of such review which would lead it to believe that such factual matters were not or are not true and correct in all material respects or that such factual matters omit to state any

material fact necessary to make such assumptions, estimates, projections or opinions not misleading in any material respect.

SECTION 6.15. SENIORITY OF OBLIGATIONS, ETC. WWI has the power and authority to incur the Indebtedness evidenced by the Senior Subordinated Notes as provided for under the Senior Subordinated Note Indenture and has duly authorized, executed and delivered the Senior Subordinated Note Indenture. WWI has issued, pursuant to due authorization, the Senior Subordinated Notes under the Senior Subordinated Note Indenture. The Senior Subordinated Note Indenture constitutes the legal, valid and binding obligation of WWI enforceable against WWI in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing. The subordination provisions of the Senior Subordinated Notes and contained in the Senior Subordinated Note Indenture are enforceable against the holders of the Senior Subordinated Notes by the holder of any Senior Debt (or similar term referring to the Obligations, as applicable) in the Senior Subordinated Note Indenture, which has not effectively waived the benefits thereof. All monetary Obligations, including those to pay principal of and interest (including post-petition interest, whether or not permitted as a claim) on the Loans and Reimbursement Obligations, and fees and expenses in connection therewith, constitute Senior Debt (or similar term referring to the Obligations, as applicable) in the Senior Subordinated Note Indenture, and all such Obligations are entitled to the benefits of the subordination created by the Senior Subordinated Note Indenture. WWI acknowledges that the Administrative Agent and each Lender is entering into this Agreement, and is extending its Commitments, in reliance upon the subordination provisions of (or to be contained in) the Senior Subordinated Note Indenture, the Senior Subordinated Notes and this Section.

SECTION 6.16. SOLVENCY. The incurrence of the related Credit Extensions hereunder, the incurrence by the Borrowers of the Indebtedness represented by the Notes and the execution and delivery by the Guaranties by the Obligors parties thereto, will not involve or result in any fraudulent transfer or fraudulent conveyance under the provisions of Section 548 of the Bankruptcy Code (11 U.S.C. ss.101 ET SEQ., as from time to time hereafter amended, and any successor or similar statute) or any applicable state law respecting fraudulent transfers or fraudulent conveyances. After giving effect to the effectiveness of this Agreement, WWI and each of its Subsidiaries is Solvent.

ARTICLE VII

COVENANTS

SECTION 7.1. AFFIRMATIVE COVENANTS. Each of the Borrowers, jointly and severally, agrees with the Administrative Agent, the Issuer and each Lender that, until all Commitments have terminated, all Letters of Credit have terminated or expired and all Obligations have been paid and performed in full, each Borrower will perform its obligations set forth below.

SECTION 7.1.1. FINANCIAL INFORMATION, REPORTS, NOTICES, ETC. WWI will furnish to each Lender, the Issuer and the Administrative Agent copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 60 days after the end of each Fiscal Quarter of each Fiscal Year of WWI (or, if WWI is required to file such information on a Form 10-Q with the Securities and Exchange Commission, promptly following such filing), a consolidated balance sheet of WWI and its Subsidiaries as of the end of such Fiscal Quarter, together with the related consolidated statement of earnings and cash flow for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter (it being understood that the foregoing requirement may be satisfied by delivery of WWI's report to the Securities and Exchange Commission on Form 10-Q), certified by the chief financial Authorized Officer of WWI;

(b) as soon as available and in any event within 120 days after the end of each Fiscal Year of WWI (or, if WWI is required to file such information on a Form 10-K with the Securities and Exchange Commission, promptly following such filing), a copy of the annual audit report for such Fiscal Year for WWI and its Subsidiaries, including therein a consolidated balance sheet for WWI and its Subsidiaries as of the end of such Fiscal Year, together with the related consolidated statement of earnings and cash flow of WWI and its Subsidiaries for such Fiscal Year (it being understood that the foregoing requirement may be satisfied by delivery of WWI's report to the Securities and Exchange Commission on Form 10-K), in each case certified (without any Impermissible Qualification) by PricewaterhouseCoopers LLP or another "Big Five" firm, together with a certificate from such accountants to the effect that, in making the examination necessary for the signing of such annual report by such accountants, they have not become aware of any Default that has occurred and is continuing, or, if they have become aware of such Default, describing such Default and the steps, if any, being taken to cure it;

(c) together with the delivery of the financial information required pursuant to CLAUSES (A) and (B), a Compliance Certificate, in substantially the form of EXHIBIT E, executed by the chief financial Authorized Officer of WWI, showing (in reasonable detail and with appropriate calculations and computations in all respects satisfactory to the Administrative Agent) compliance with the financial covenants set forth in SECTION 7.2.4;

(d) as soon as possible and in any event within three Business Days after obtaining knowledge of the occurrence of each Default, a statement of the chief financial Authorized Officer of WWI setting forth details of such Default and the action which WWI has taken and proposes to take with respect thereto;

(e) as soon as possible and in any event within five Business Days after (x) the occurrence of any material adverse development with respect to any litigation, action, proceeding, or labor controversy described in SECTION 6.7 and the action which WWI has taken and proposes to take with respect thereto or (y) the commencement of any labor controversy, litigation, action, proceeding of the type described in SECTION 6.7,

notice thereof and of the action which WWI has taken and proposes to take with respect thereto;

(f) promptly after the sending or filing thereof, copies of all reports and registration statements which WWI or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange or any foreign equivalent;

(g) as soon as practicable after the chief financial officer or the chief executive officer of WWI or a member of WWI's Controlled Group becomes aware of (i) formal steps in writing to terminate any Pension Plan or (ii) the occurrence of any event with respect to a Pension Plan which, in the case of (i) or (ii), could reasonably be expected to result in a contribution to such Pension Plan by (or a liability to) WWI or a member of WWI's Controlled Group in excess of $5,000,000, (iii) the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under section 302(f) of ERISA, (iv) the taking of any action with respect to a Pension Plan which could reasonably be expected to result in the requirement that WWI furnish a bond to the PBGC or such Pension Plan or (v) any material increase in the contingent liability of WWI with respect to any post-retirement Welfare Plan benefit, notice thereof and copies of all documentation relating thereto;

(h) promptly following the delivery or receipt, as the case may be, of any material written notice or communication pursuant to or in connection with the Senior Subordinated Note Indenture or any of the Senior Subordinated Notes, a copy of such notice or communication; and

(i) such other information respecting the condition or operations, financial or otherwise, of WWI or any of its Subsidiaries as any Lender or the Issuer may from time to time reasonably request.

SECTION 7.1.2. COMPLIANCE WITH LAWS, ETC. WWI will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include:

(a) the maintenance and preservation of its corporate existence and qualification as a foreign corporation, except where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect; and

(b) the payment, before the same become delinquent, of all material taxes, assessments and governmental charges imposed upon it or upon its property except to the extent being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 7.1.3. MAINTENANCE OF PROPERTIES. WWI will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep its properties (other than insignificant properties) in good repair, working order and condition (ordinary wear and tear excepted), and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless WWI determines in good faith that the continued maintenance of any of its properties is no longer economically desirable.

SECTION 7.1.4. INSURANCE. WWI will, and will cause each of its Subsidiaries to,

(a) maintain insurance on its property with financially sound and reputable insurance companies against loss and damage in at least the amounts (and with only those deductibles) customarily maintained, and against such risks as are typically insured against in the same general area, by Persons of comparable size engaged in the same or similar business as WWI and its Subsidiaries; and

(b) maintain all worker's compensation, employer's liability insurance or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the foregoing, all insurance policies required pursuant to this
Section shall (i) name the Administrative Agent on behalf of Secured Parties as mortgagee (in the case of property insurance) or additional insured (in the case of liability insurance), as applicable, and provide that no cancellation or modification of the policies will be made without thirty days' prior written notice to the Administrative Agent and (ii) be in addition to any requirements to maintain specific types of insurance contained in the other Loan Documents.

SECTION 7.1.5. BOOKS AND RECORDS. WWI will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect in all material respects all of its business affairs and transactions and permit the Administrative Agent, the Issuer and each Lender or any of their respective representatives, at reasonable times and intervals, and upon reasonable notice, to visit all of its offices, to discuss its financial matters with its officers and independent public accountant (and WWI hereby authorizes such independent public accountant to discuss the Borrowers' financial matters with the Issuer and each Lender or its representatives whether or not any representative of WWI is present) and to examine, and photocopy extracts from, any of its books or other corporate records.

SECTION 7.1.6. ENVIRONMENTAL COVENANT. WWI will, and will cause each of its Subsidiaries to,

(a) use and operate all of its facilities and properties in compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws, in each case except where the failure to comply with the terms of this clause could not reasonably be expected to have a Material Adverse Effect;

(b) promptly notify the Administrative Agent and provide copies of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws which relate to environmental matters which would have, or would reasonably be expected to have, a Material Adverse Effect, and promptly cure and have dismissed with prejudice any material actions and proceedings relating to compliance with Environmental Laws, except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on their books; and

(c) provide such information and certifications which the Administrative Agent may reasonably request from time to time to evidence compliance with this SECTION 7.1.6.

SECTION 7.1.7. FUTURE SUBSIDIARIES. Upon any Person becoming a Subsidiary of WWI, or upon WWI or any of its Subsidiaries acquiring additional Capital Securities of any existing Subsidiary, WWI shall notify the Administrative Agent of such acquisition, and

(a) WWI shall promptly cause such Subsidiary to execute and deliver to the Administrative Agent, with counterparts for each Lender, (i) if such Subsidiary is a U.S. Subsidiary or a U.K. Subsidiary, a supplement to the Subsidiary Guaranty or, if such Subsidiary is an Australian Subsidiary, a supplement to the Australian Guaranty, (ii) if such a Subsidiary is a U.S. Subsidiary, a supplement to the WWI Security Agreement or, if such Subsidiary is an Australian Subsidiary, a supplement to the Australian Security Agreement or if such Subsidiary is a U.K. Subsidiary, a security agreement substantially in the form of the U.K. Security Agreement and (iii) if such Subsidiary is a U.S. Subsidiary, a U.K. Subsidiary or an Australian Subsidiary and owns any real property having a value as determined in good faith by the Administrative Agent in excess of $2,000,000, a Mortgage, together with acknowledgment copies of Uniform Commercial Code financing statements (form UCC-1) executed and delivered by the Subsidiary naming the Subsidiary as the debtor and the Administrative Agent as the secured party, or other similar instruments or documents, filed under the Uniform Commercial Code and any other applicable recording statutes, in the case of real property, of all jurisdictions as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the security interest of the Administrative Agent pursuant to the applicable Security Agreement or a Mortgage, as the case may be; and

(b) WWI shall promptly deliver, or cause to be delivered, to the Administrative Agent under a supplement to the WWI Pledge Agreement (or, if such Subsidiary is an Australian Subsidiary, a supplement to the Australian Pledge Agreement or if such Subsidiary is a U.K. Subsidiary, a pledge agreement substantially in the form of the U.K. Pledge Agreement), certificates (if any) representing all of the issued and outstanding shares of Capital Securities of such Subsidiary (to the extent required to be delivered pursuant to the applicable Pledge Agreement) owned by WWI or any of its Subsidiaries, as the case may be, along with undated stock powers for such certificates, executed in blank, or, if any securities subject thereto are uncertificated securities, confirmation and evidence satisfactory to the Administrative Agent that appropriate book entries have been made in the relevant books or records of a financial intermediary or the issuer of such securities, as the case may be, under applicable law resulting in the perfection of the security interest granted in favor of the Administrative Agent pursuant to the terms of the applicable Pledge Agreement; PROVIDED, that notwithstanding anything to the -------- contrary herein or in any Loan Document, in no event shall more than 65% of the Capital Securities of any non-Guarantor be required to be pledged and in no event shall non-Guarantors (other than the SP1 Borrower) be required to pledge Capital Securities of their Subsidiaries, together, in each case, with such opinions, in form and substance and from counsel satisfactory to the Administrative Agent, as the Administrative Agent may reasonably require.

SECTION 7.1.8. FUTURE LEASED PROPERTY AND FUTURE ACQUISITIONS OF REAL PROPERTY.

(a) Prior to entering into any new lease of real property or renewing any existing lease of real property, WWI shall, and shall cause each of its U.S. Subsidiaries and each of the other Guarantor's to, use its (and their) best efforts (which shall not require the expenditure of cash or the making of any material concessions under the relevant lease) to deliver to the Administrative Agent a Waiver executed by the lessor of any real property that is to be leased by WWI or any of its U.S. Subsidiaries or any of the other Guarantors for a term in excess of one year in any state which by statute grants such lessor a "landlord's" (or similar) Lien which is superior to the Administrative Agent's, to the extent the value of any personal property of WWI or its U.S. Subsidiaries or any of the other Guarantors to be held at such leased property exceeds (or it is anticipated that the value of such personal property will, at any point in time during the term of such leasehold term, exceed) $5,000,000.

(b) In the event that WWI or any of its U.S. Subsidiaries or any of the other Guarantors shall acquire any real property having a value as determined in good faith by the Administrative Agent in excess of $2,000,000, WWI or the applicable Subsidiary shall, promptly after such acquisition, execute a Mortgage and provide the Administrative Agent with

(i) evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of such Mortgage as may be necessary or, in the reasonable opinion of the Administrative Agent, desirable effectively to create a valid, perfected first priority Lien, subject to Liens permitted by SECTION 7.2.3, against the properties purported to be covered thereby;

(ii) mortgagee's title insurance policies in favor of the Administrative Agent and the Lenders in amounts and in form and substance and issued by insurers, reasonably satisfactory to the Administrative Agent, with respect to the property purported to be covered by such Mortgage, insuring that title to such property is marketable and that the interests created by the Mortgage constitute valid first Liens thereon free and clear of all defects and encumbrances other than as approved by the Administrative Agent, and such policies shall also include a revolving credit endorsement and such other endorsements as the Administrative Agent shall request and shall be accompanied by evidence of the payment in full of all premiums thereon; and

(iii) such other approvals, opinions, or documents as the Administrative Agent may reasonably request.

SECTION 7.1.9. USE OF PROCEEDS, ETC. The proceeds of the Credit Extensions shall be applied by the Borrowers as follows:

(a) the proceeds of the Additional Term B Loans and Additional TLCs shall be applied by WWI (i) to fund the Refinancing and (ii) to finance the payment of the fees and expenses related to the Refinancing; and

(b) the proceeds of all Revolving Loans, Swing Line Loans and any Term Loans incurred pursuant to SECTION 2.1.6, and the issuance of Letters of Credit from time to time, shall be used for working capital and general corporate purposes of WWI and its U.S. Subsidiaries.

SECTION 7.2. NEGATIVE COVENANTS. Each of the Borrowers agrees with the Administrative Agent, the Issuer and each Lender that, until all Commitments have terminated, all Letters of Credit have terminated or expired and all Obligations have been paid and performed in full, each of the Borrowers will perform the obligations set forth in this SECTION 7.2.

SECTION 7.2.1. BUSINESS ACTIVITIES. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, engage in any business activity, except business activities of the type in which WWI and its Subsidiaries are engaged on September 29, 1999 and such activities as may be incidental, similar or related thereto. The SP1 Borrower shall not engage in any business other than as permitted under SECTION 7.3.

SECTION 7.2.2. INDEBTEDNESS. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, create, incur, assume or suffer to exist or otherwise become or be liable in respect of any Indebtedness, other than, without duplication, the following:

(a) Indebtedness in respect of the Credit Extensions and other Obligations;

(b) [INTENTIONALLY OMITTED];

(c) Indebtedness identified in ITEM 7.2.2(c) ("Ongoing Indebtedness") of the Disclosure Schedule, and any Refinancing Indebtedness;

(d) to the extent not prohibited in whole or in part by the terms of the Senior Subordinated Note Indenture, Indebtedness incurred by WWI or any of its Subsidiaries (other than the SP1 Borrower) (i) (x) to any Person providing financing for the acquisition of any assets permitted to be acquired pursuant to SECTION 7.2.8 to finance its acquisition of such assets and (y) in respect of Capitalized Lease Liabilities (but only to the extent otherwise permitted by SECTION 7.2.7) in an aggregate amount for CLAUSES (x) and (y) not to exceed $5,000,000 at any time and (ii) from time to time for general corporate purposes in a maximum aggregate amount of all Indebtedness incurred pursuant to this CLAUSE (ii) not at any time to exceed $15,000,000 LESS the then aggregate outstanding Indebtedness of Subsidiaries which are not Guarantors permitted under CLAUSE (f)(iii) below;

(e) Hedging Obligations of WWI or any of its Subsidiaries;

(f) intercompany Indebtedness of WWI owing to any of its Subsidiaries or any Subsidiary of WWI (other than the SP1 Borrower or the Designated Subsidiary) owing to WWI or any other Subsidiary of WWI or of WWI to any Subsidiary of WWI, which Indebtedness

(i) if between Guarantors shall be evidenced by one or more promissory notes in form and substance satisfactory to the Administrative Agent

which have been duly executed and delivered to (and endorsed to the order of) the Administrative Agent in pledge pursuant to a supplement to the applicable Pledge Agreement;

(ii) if between Guarantors (other than Indebtedness incurred by WWI) shall, except in the case of Indebtedness of WWI owing to any of its Subsidiaries, not be forgiven or otherwise discharged for any consideration other than payment in cash in the currency in which such Indebtedness was loaned or advanced unless the Administrative Agent otherwise consents; and

(iii) owing by Subsidiaries which are not Guarantors to Guarantors shall not exceed $15,000,000 in the aggregate at any time outstanding;

(g) unsecured Subordinated Debt of WWI owing to the Senior Subordinated Noteholders in an initial aggregate outstanding principal amount not to exceed the sum of $150,000,000 and Euro 100,000,000;

(h) Indebtedness of Non-Guarantor Subsidiaries to Guarantors to the extent permitted as Investments under CLAUSE (h) of SECTION 7.2.5;

(i) the Subordinated Guaranty;

(j) (i) guarantees by WWI or any Guarantor of any Indebtedness of WWI or any Guarantor and (ii) guarantees by any Subsidiary that is not a Guarantor of any Indebtedness of any other Subsidiary that is not a Guarantor and (iii) guarantees by WWI or any Guarantor of any unsecured Indebtedness of any Subsidiary that is not a Guarantor incurred pursuant to CLAUSE (d)(ii) of this Section; PROVIDED, that in each case, the Indebtedness being guaranteed is otherwise permitted by this Section; and

(k) Indebtedness incurred or assumed in connection with a Franchise Acquisition in an amount not to exceed $30,000,000 per Franchise Acquisition;

PROVIDED, HOWEVER, that no Indebtedness otherwise permitted by CLAUSE (D) or (F) (as such clause relates to Loans made by WWI to its Subsidiaries) may be incurred if, after giving effect to the incurrence thereof, any Default shall have occurred and be continuing.

SECTION 7.2.3. LIENS. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except:

(a) Liens securing payment of the Obligations, granted pursuant to any Loan Document;

(b) [INTENTIONALLY OMITTED];

(c) Liens to secure payment of Indebtedness of the type permitted and described in CLAUSE (c) of SECTION 7.2.2;

(d) Liens granted by WWI or any of its Subsidiaries (other than the SP1 Borrower) to secure payment of Indebtedness of the type permitted and described in (x) CLAUSE (D)(I) of SECTION 7.2.2; PROVIDED, that the obligations secured thereby do not exceed in the aggregate $5,000,000 at any time outstanding and (y) CLAUSE (D)(II) of
SECTION 7.2.2 owed by Subsidiaries which are not Guarantors to non-Affiliates; PROVIDED that the obligations secured thereby do not exceed $7,500,000 in the aggregate at any one time outstanding;

(e) Liens for taxes, assessments or other governmental charges or levies, including Liens pursuant to Section 107(l) of CERCLA or other similar law, not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(f) Liens of carriers, warehousemen, mechanics, repairmen, materialmen and landlords or other like liens incurred by WWI or any of its Subsidiaries (other than the SP1 Borrower) in the ordinary course of business for sums not overdue for a period of more than 30 days or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(g) Liens incurred by WWI or any of its Subsidiaries (other than the SP1 Borrower) in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, insurance obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(h) judgment Liens in existence less than 30 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full by a bond or (subject to a customary deductible) by insurance maintained with responsible insurance companies;

(i) Liens with respect to recorded minor imperfections of title and easements, rights-of-way, restrictions, reservations, permits, servitudes and other similar encumbrances on real property and fixtures which do not materially detract from the value or materially impair the use by WWI or any such Subsidiary in the ordinary course of their business of the property subject thereto;

(j) leases or subleases granted by WWI or any of its Subsidiaries (other than the SP1 Borrower) to any other Person in the ordinary course of business; and

(k) Liens in the nature of trustees' Liens granted pursuant to any indenture governing any Indebtedness permitted by SECTION 7.2.2, in each case in favor of the trustee under such indenture and securing only obligations to pay compensation to such trustee, to reimburse its expenses and to indemnify it under the terms thereof.

SECTION 7.2.4. FINANCIAL CONDITION.

(a) FIXED CHARGE COVERAGE RATIO. WWI will not permit the Fixed Charge Coverage Ratio, during any Fiscal Quarter, to be less than 1.50 to 1.00.:

(b) NET DEBT TO EBITDA RATIO. WWI will not permit the Net Debt to EBITDA Ratio as of the end of any Fiscal Quarter to be greater than 3.50 to 1.00.

(c) INTEREST COVERAGE RATIO. WWI will not permit the Interest Coverage Ratio as of the end of any Fiscal Quarter to be less than 2.50 to 1.00.

SECTION 7.2.5. INVESTMENTS. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, make, incur, assume or suffer to exist any Investment in any other Person, except:

(a) Investments existing on the date hereof and identified in ITEM 7.2.5(a) ("Ongoing Investments") of the Disclosure Schedule;

(b) Cash Equivalent Investments;

(c) without duplication, Investments permitted as Indebtedness pursuant to SECTION 7.2.2;

(d) without duplication, Investments permitted as Capital Expenditures pursuant to SECTION 7.2.7;

(e) Investments by WWI in any of its Subsidiaries which have executed Guaranties, or by any such Subsidiary (other than the SP1 Borrower) in any of its Subsidiaries, by way of contributions to capital;

(f) Investments made by WWI or any of its Subsidiaries (other than the SP1 Borrower), solely with proceeds which have been contributed, directly or indirectly, to such Subsidiary as cash equity from holders of WWI's common stock for the purpose of making an Investment identified in a notice to the Administrative Agent on or prior to the date that such capital contribution is made;

(g) Investments by WWI or any of its Subsidiaries (other than the SP1 Borrower) to the extent the consideration received pursuant to CLAUSE (b)(i) of SECTION 7.2.9 is not all cash;

(h) Investments by WWI or any of its Subsidiaries in Weight Watchers Sweden AB Vikt-Vaktarna and Weight Watchers Suomi Oy to the extent that such Investments are for the purpose of acquiring any Capital Securities of such Subsidiaries not owned by WWI and its Subsidiaries on September 29, 1999, in an aggregate amount not to exceed $10,000,000;

(i) other Investments (not constituting Capital Expenditures attributable to the expenditure of Base Amounts) made by WWI or any of the Guarantors (other than the SP1 Borrower) in an aggregate amount, not to exceed $30,000,000;

(j) other Investments made by any Non-Guarantor Subsidiary in another Non-Guarantor Subsidiary;

(k) other Investments made by WWI or any Subsidiary in Qualified Assets, to the extent permitted under CLAUSE (b) of SECTION 3.1.1;

(l) Investments made by WWI in the Designated Subsidiary in an aggregate amount not to exceed $1,500,000;

(m) Investments permitted under SECTION 7.2.6); and

(n) Investments by WWI or any Subsidiary constituting Permitted Acquisitions;

PROVIDED, HOWEVER, that

(i) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements;

(ii) the Investments permitted above shall only be permitted to be made to the extent not prohibited in whole or in part by the terms of the Senior Subordinated Note Indenture;

(iii) no Investment otherwise permitted by CLAUSE
(e), (f), (g) or (i) shall be permitted to be made if, immediately before or after giving effect thereto, any Default shall have occurred and be continuing ; and

(iv) except as permitted under CLAUSE (a) above, no more than $2,000,000 of Investments may be made in the Designated Subsidiary unless the Designated Subsidiary shall have taken the actions set forth in SECTION 7.1.7.

SECTION 7.2.6. RESTRICTED PAYMENTS, ETC. On and at all times after September 29, 1999.

(a) Subject to CLAUSE (b)(ii), WWI will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of Capital Securities (now or hereafter outstanding) of WWI or on any warrants, options or other rights with respect to any shares of any class of Capital Securities (now or hereafter outstanding) of WWI (other than dividends or distributions payable in its common stock or warrants to purchase its common stock or splits or reclassifications of its stock into additional or other shares of its common stock) or apply, or permit any of its Subsidiaries to apply, any of its funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree or permit any of its Subsidiaries to purchase or redeem, any shares of any class of Capital Securities (now or hereafter outstanding) of WWI, or warrants, options or other rights with respect to any shares of any class of Capital Securities (now or hereafter outstanding, including but not limited to the WWI Preferred Shares) of WWI (collectively, "RESTRICTED PAYMENTS"); PROVIDED, that (w) WWI may

make Restricted Payments of dividends on WWI's Capital Securities or to repurchase WWI's Capital Securities in an amount up to $20,000,000 plus 50% of Net Income from the Effective Date, so long as (i) both before and after giving effect to such Restricted Payment no Default has occurred and is continuing, (ii) WWI's Senior Debt to EBITDA ratio on a pro forma basis after giving effect to such Restricted Payment is less than 2.0 to 1 and (iii) WWI shall have at least $30,000,000 of unused Revolving Loan Commitments (x) WWI may make dividend payments under the WWI Preferred Shares so long as no Default has occurred, no default has occurred under or the Senior Subordinated Note Indenture or, in either case, would result therefrom, (y) WWI may repurchase its stock held by employees constituting management, in an amount not to exceed $5,000,000 in any Fiscal Year and an aggregate amount of $20,000,000 (amounts unused in any Fiscal Year may be used in the immediately succeeding Fiscal Year) and (z) WWI may make Restricted Payments to redeem, in whole or in part, WWI Preferred Shares, so long as before and after giving effect to such Restricted Payment, (i) no Default has occurred and is continuing, (ii) WWI's Senior Debt to EBITDA ratio on a pro forma basis after giving effect to such Restricted Payment is less than 2.0 to 1 and (iii) WWI shall have at least $30,000,000 of unused Revolving Loan Commitments;

(b) WWI will not, and will not permit any of its Subsidiaries to

(i) make any payment or prepayment of principal of, or interest on, any Senior Subordinated Notes (A) on any day other than, in the case of interest only, the stated, scheduled date for such payment of interest set forth in the applicable Senior Subordinated Notes or in the Senior Subordinated Note Indenture, or (B) which would violate the terms of this Agreement or the subordination provisions of the Senior Subordinated Note Indenture; or

(ii) redeem, purchase or defease, any Senior Subordinated Notes, unless, so long as, both before and after giving effect to any such redemption, purchase or defeasance,
(x) WWI's Senior Debt to EBITDA ratio on a pro forma basis after giving effect to such Restricted Payment is less than 2.0 to 1.0 and (y) WWI shall at the time of any such redemption, purchase or defeasance (have at least $30,000,000 of unused Revolving Loan Commitments; and

(c) WWI will not, and will not permit any Subsidiary to, make any deposit for any of the foregoing purposes (except in connection with any permitted expenditure described in CLAUSES (A) and (B) above).

SECTION 7.2.7. CAPITAL EXPENDITURES, ETC. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, make or commit to make Capital Expenditures (other than (w) Permitted Acquisitions, (x) investments under (1) CLAUSE (j) of SECTION 7.2.5 and (2) CLAUSE (i) of SECTION 7.2.5 to the extent, in the case of this CLAUSE (2), that the aggregate amount of such investments does not exceed $30,000,000 (it being understood that Capital Expenditures may be made pursuant to this CLAUSE (x) whether or not constituting "Investments", but shall be treated as such for the purposes of said Sections), (y) nonrecurring restructuring costs and Weighco Acquistion related expenses and (z) proceeds of capital contributions used for Capital Expenditures in any Fiscal Year by WWI and its Subsidiaries (other than the SP1 Borrower),

except, to the extent not prohibited in whole or in part by the terms of the Senior Subordinated Note Indenture, Capital Expenditures which do not aggregate in excess of the amount set forth below opposite such Fiscal Year:

Fiscal Year	Maximum Capital Expenditures
2001	$ 9,000,000
2002	$ 9,600,000
2003	$10,200,000
2004	$10,800,000
2005 and thereafter	$11,400,000

PROVIDED, HOWEVER, that (i) to the extent the amount of Capital Expenditures permitted to be made in any Fiscal Year pursuant to the table set forth above without giving effect to this CLAUSE (I) (the "BASE AMOUNT") exceeds the aggregate amount of Capital Expenditures actually made during such Fiscal Year, such excess amount may be carried forward to (but only to) the next succeeding Fiscal Year (any such amount to be certified by WWI to the Administrative Agent in the Compliance Certificate delivered for the last Fiscal Quarter of such Fiscal Year, and any such amount carried forward to a succeeding Fiscal Year shall be deemed to be used prior to WWI and its Subsidiaries using the Base Amount for such succeeding Fiscal Year, without giving effect to such carry-forward).

SECTION 7.2.8. CONSOLIDATION, MERGER, ETC. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation, or purchase or otherwise acquire all or substantially all of the assets of any Person (or of any division thereof) except

(a) any such Subsidiary (other than the SP1 Borrower) may liquidate or dissolve voluntarily into, and may merge with and into, WWI (so long as WWI is the surviving corporation of such combination or merger) or any other Subsidiary (other than the SP1 Borrower), and the assets or stock of any Subsidiary may be purchased or otherwise acquired by WWI or any other Subsidiary (other than the SP1 Borrower); PROVIDED, that notwithstanding the above, (i) a Subsidiary may only liquidate or dissolve into, or merge with and into, another Subsidiary of WWI (other than the SP1 Borrower) if, after giving effect to such combination or merger, WWI continues to own (directly or indirectly), and the Administrative Agent continues to have pledged to it pursuant to a supplement to the WWI Pledge Agreement, a percentage of the issued and outstanding shares of Capital Securities (on a fully diluted basis) of the Subsidiary surviving such combination or merger that is equal to or in excess of the percentage of the issued and outstanding shares of Capital Securities (on a fully diluted basis) of the Subsidiary that does not survive such combination or merger that was (immediately prior to the combination or merger) owned by WWI or pledged to the Administrative Agent and (ii) if such Subsidiary is a Guarantor the surviving corporation must be a Guarantor;

(b) so long as no Default has occurred and is continuing or would occur after giving effect thereto, WWI or any of their Subsidiaries (other than the SP1 Borrower) may make Investments permitted under SECTION 7.2.5 (including any Permitted Acquisition); and

(c) a Subsidiary may merge with another Person in a transaction permitted by CLAUSE (b) of SECTION 7.2.9.

SECTION 7.2.9. ASSET DISPOSITIONS, ETC. Subject to the definition of Change of Control, each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, Dispose of all or any part of its assets, whether now owned or hereafter acquired (including accounts receivable and Capital Securities of Subsidiaries) to any Person, unless

(a) such Disposition is made by WWI or any of its Subsidiaries (other than the SP1 Borrower) and is (i) in the ordinary course of its business (and does not constitute a Disposition of all or a substantial part of WWI or such Subsidiary's assets) or is of obsolete or worn out property or (ii) permitted by CLAUSE (a) or (b) of SECTION 7.2.8;

(b) (i) such Disposition (other than of Capital Securities) is made by WWI or any of its Subsidiaries (other than the SP1 Borrower) and is for fair market value and the consideration consists of no less than 75% in cash, (ii) the Net Disposition Proceeds received from such Disposition, together with the Net Disposition Proceeds of all other assets sold, transferred, leased, contributed or conveyed pursuant to this CLAUSE (b) since September 29, 1999, does not exceed (individually or in the aggregate) $20,000,000 over the term of this Agreement and (iii) the Net Disposition Proceeds generated from such Disposition not theretofore reinvested in Qualified Assets in accordance with CLAUSE (b) of SECTION 3.1.1 (with the amount permitted to be so reinvested in Qualified Assets in any event not to exceed $7,500,000 over the term of this Agreement) is applied as Net Disposition Proceeds to prepay the Loans pursuant to the terms of CLAUSE (b) of SECTION 3.1.1 and SECTION 3.1.2; or

(c) such Disposition is made pursuant to a Local Management Plan.

SECTION 7.2.10. MODIFICATION OF CERTAIN AGREEMENTS.

(a) Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, consent to any amendment, supplement, amendment and restatement, waiver or other modification of any of the terms or provisions contained in, or applicable to, the Recapitalization Agreement or any schedules, exhibits or agreements related thereto, in each case which would adversely affect the rights or remedies of the Lenders, or WWI's or any Subsidiary's ability to perform hereunder or under any Loan Document.

(b) Except as otherwise permitted pursuant to the terms of this Agreement, without the prior written consent of the Required Lenders, WWI will not consent to any amendment, supplement or other modification of any of the terms or provisions contained in, or applicable to, any Subordinated Debt (including the Senior Subordinated Note Indenture or any of the Senior Subordinated Notes), or any guarantees delivered in connection with any Subordinated Debt
(including any Subordinated Guaranty)

(collectively, the "RESTRICTED AGREEMENTS"), or make any payment in order to obtain an amendment thereof or change thereto, if the effect of such amendment, supplement, modification or change is to
(i) increase the principal amount of, or increase the interest rate on, or add or increase any fee with respect to such Subordinated Debt or any such Restricted Agreement, advance any dates upon which payments of principal or interest are due thereon or change any of the covenants with respect thereto in a manner which is more restrictive to WWI or any of its Subsidiaries or (ii) change any event of default or condition to an event of default with respect thereto, change the redemption, prepayment or defeasance provisions thereof, change the subordination provisions thereof, or change any collateral therefor (other than to release such collateral), if (in the case of this CLAUSE (b)(ii)), the effect of such amendment or change, individually or together with all other amendments or changes made, is to increase the obligations of the obligor thereunder or to confer any additional rights on the holders of such Subordinated Debt, or any such Restricted Agreement (or a trustee or other representative on their behalf).

SECTION 7.2.11. TRANSACTIONS WITH AFFILIATES. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or contract with any of their other Affiliates (other than any Obligor)

(a) unless (i) such arrangement or contract is fair and equitable to WWI or such Subsidiary and is an arrangement or contract of the kind which would be entered into by a prudent Person in the position of the Borrowers or such Subsidiary with a Person which is not one of their Affiliates; (ii) if such arrangement or contract involves an amount in excess of $5,000,000, the terms of such arrangement or contract are set forth in writing and a majority of directors of WWI have determined in good faith that the criteria set forth in CLAUSE (i) are satisfied and have approved such arrangement or contract as evidenced by appropriate resolutions of the board of directors of WWI or the relevant Subsidiary; (iii) if such arrangement or contract involves an amount in excess of $25,000,000 for each such arrangement or contract, the board of directors shall also have received a written opinion from an investment banking, accounting or appraisal firm of national prominence that is not an Affiliate of WWI to the effect that such arrangement or contract is fair, from a financial standpoint, to WWI and its Subsidiaries or (iv) such arrangement is set forth on ITEM 7.2.11 of the Disclosure Schedule; and

(b) except that, so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, WWI and its Subsidiaries may pay (i) annual management, consulting, monitoring and advisory fees to The Invus Group, Ltd. in an aggregate total amount in any Fiscal Year not to exceed the greater of (x) $1,000,000 and (y) 1.0% of EBITDA for the relevant period, and any related out-of-pocket expenses and (ii) fees to The Invus Group, Ltd. and its Affiliates in connection with any acquisition or divestiture transaction entered into by WWI or any Subsidiary; PROVIDED, HOWEVER, that the aggregate amount of fees paid to The Invus Group, Ltd. and its Affiliates in respect of any acquisition or divestiture transaction shall not exceed 1% of the total amount of such transaction.

SECTION 7.2.12. NEGATIVE PLEDGES, RESTRICTIVE AGREEMENTS, ETC. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, enter into any

agreement (excluding (i) any restrictions existing under the Loan Documents or, in the case of CLAUSES (a)(i) and (b), any other agreements in effect on the date hereof, (ii) in the case of CLAUSES (a)(i) and (b), any restrictions with respect to a Subsidiary imposed pursuant to an agreement which has been entered into in connection with the sale or disposition of all or substantially all of the Capital Securities or assets of such Subsidiary pursuant to a transaction otherwise permitted hereby, (iii) in the case of CLAUSE (a), restrictions in respect of Indebtedness secured by Liens permitted by SECTION 7.2.3, but only to the extent such restrictions apply to the assets encumbered thereby, (iv) in the case of CLAUSE (a), restrictions under the Senior Subordinated Note Indenture or
(v) any restrictions existing under any agreement that amends, refinances or replaces any agreement containing the restrictions referred to in CLAUSE (i),
(ii) or (iii) above; PROVIDED, that the terms and conditions of any such agreement referred to in CLAUSE (i), (ii) or (iii) are not materially less favorable to the Lenders or materially more restrictive to any Obligor a party thereto than those under the agreement so amended, refinanced or replaced) prohibiting

(a) the (i) creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired, or (ii) ability of WWI or any other Obligor to amend or otherwise modify this Agreement or any other Loan Document; or

(b) the ability of any Subsidiary to make any payments, directly or indirectly, to the Borrowers by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Subsidiary to make any payment, directly or indirectly, to the Borrowers.

SECTION 7.2.13. STOCK OF SUBSIDIARIES. Each of the Borrowers will not (other than WWI in connection with a Permitted Acquisition or an Investment), and will not permit any of its respective Subsidiaries to issue any Capital Securities (whether for value or otherwise) to any Person other than WWI or another Wholly-owned Subsidiary of WWI except in connection with a Local Management Plan; PROVIDED, that, WW Australia shall at all times be the record and beneficial direct owner of all of the issued and outstanding Capital Securities of the SP1 Borrower.

SECTION 7.2.14. SALE AND LEASEBACK. Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, enter into any agreement or arrangement with any other Person providing for the leasing by WWI or any of its Subsidiaries of real or personal property which has been or is to be sold or transferred by WWI or any of its Subsidiaries to such other Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of WWI or any of its Subsidiaries.

SECTION 7.2.15. FISCAL YEAR. Each of the Borrowers will not and will not permit any of its respective Subsidiaries to change its Fiscal Year.

SECTION 7.2.16. DESIGNATION OF SENIOR INDEBTEDNESS. WWI will not designate any Indebtedness as "Designated Senior Indebtedness" pursuant to clause (1) of the definition of such term in the Senior Subordinated Note Indenture, without the consent of the Required Lenders.

SECTION 7.3. MAINTENANCE OF SEPARATE EXISTENCE. The SP1 Borrower covenants and agrees with the Administrative Agent, the Issuer and each Lender as follows:

(a) OTHER BUSINESS. It will not engage in any business or enterprise or enter into any transaction other than the borrowing of Loans under the Agreement, and the incurrence and payment of ordinary course operating expenses, and as otherwise contemplated by the Loan Documents.

(b) MAINTENANCE OF SEPARATE EXISTENCE. In order to maintain its corporate existence separate and apart from that of WWI, any Subsidiary of WWI and any Affiliates thereof and any other Person, it will perform all necessary acts to maintain such separation, including,

(i) practicing and adhering to corporate formalities, such as maintaining appropriate corporate books and records;

(ii) complying with Article Sixth of its certificate of incorporation;

(iii) owning or leasing (including through shared arrangements with Affiliates) all office furniture and equipment necessary to operate its business;

(iv) refraining from (A) guaranteeing or otherwise becoming liable for any obligations of any of its Affiliates or any other Person, (B) having its Obligations guaranteed by its Affiliates or any other Person (except as otherwise contemplated by the Loan Documents), (C) holding itself out as responsible for debts of any of its Affiliates or any other Person or for decisions or actions with respect to the affairs of any of its Affiliates or any other Person, and (D) being directly or indirectly named as a direct or contingent beneficiary or loss payee on any insurance policy of any Affiliate;

(v) maintaining its deposit and other bank accounts and all of its assets separate from those of any other Person;

(vi) maintaining its financial records separate and apart from those of any other Person;

(vii) compensating all its employees, officers, consultants and agents for services provided to it by such Persons, or reimbursing any of its Affiliates in respect of services provided to it by employees, officers, consultants and agents of such Affiliate, out of its own funds;

(viii) maintaining any owned or leased office space separate and apart from that of any of its Affiliates (even if such office space is subleased from or is on or near premises occupied by any of its Affiliates);

(ix) accounting for and managing all of its liabilities separately from those of any of its Affiliates and any other Person, including payment directly by

the SP1 Borrower of all payroll, accounting and other administrative expenses and taxes;

(x) allocating, on an arm's-length basis, all shared corporate operating services, leases and expenses, including those associated with the services of shared consultants and agents and shared computer and other office equipment and software;

(xi) refraining from filing or otherwise initiating or supporting the filing of a motion in any bankruptcy or other insolvency proceeding involving it, WWI, any Subsidiary of WWI, any Affiliate thereof or any other Person to substantively consolidate it with WWI, any Subsidiary of WWI, any Affiliate thereof or any other Person;

(xii) remaining solvent;

(xiii) conducting all of its business (whether written or oral) solely in its own name;

(xiv) refraining from commingling its assets with those of any of its Affiliates or any other Person;

(xv) maintaining an arm's-length relationship with all of its Affiliates;

(xvi) refraining from acquiring obligations or securities of WWI, any Subsidiary of WWI or any Affiliate thereof;

(xvii) refraining from pledging its assets for the benefit of any of its Affiliates or any other Person or making any loans or advances to any of its Affiliates or any other Person (in each case, except as otherwise permitted pursuant to the Loan Documents); and

(xviii) correcting any known misunderstanding regarding its separate identity.

(c) INDEPENDENT DIRECTORS. It will not cause or allow its board of directors to take any action requiring the unanimous affirmative vote of 100% of the members of its board of directors unless the Independent Director(s) (as defined in the certificate of incorporation of the SP1 Borrower) shall have participated in such vote, and it shall comply in all respects with Article Seventh of its certificate of incorporation.

(d) UNANIMOUS CONSENT REQUIRED FOR CERTAIN ACTIONS. It shall not, without the unanimous consent of all of the members of its board of directors, including its independent director(s), (i) file, or authorize or consent to the filing of, a bankruptcy or insolvency petition or otherwise institute insolvency proceedings with respect to itself or to any other entity in which it has a direct or indirect legal or beneficial ownership interest, (ii) dissolve, liquidate, consolidate, merge, or sell all or substantially all of its assets or any other entity in which it has a direct or indirect legal or beneficial ownership

interest, (iii) engage in any other business activity or (iv) amend Articles Third, Sixth and Seventh of its Certificate of Incorporation.

(e) NO POWERS OF ATTORNEY. The SP1 Borrower shall not grant any powers of attorney to any Person for any purposes except (i) for the purpose of permitting any Person to perform any ministerial or administrative functions on behalf of the SP1 Borrower which are not inconsistent with the terms of the Loan Documents, (ii) to the Administrative Agent for the purposes of the Security Agreements, Pledge Agreements and Guaranties, or (iii) where otherwise provided or permitted by the Loan Documents.

ARTICLE VIII

GUARANTY

SECTION 8.1. THE GUARANTY. WWI hereby unconditionally and irrevocably guarantees the full and prompt payment when due, whether at stated maturity, by acceleration or otherwise (including all amounts which would have become due but for the operation of the automatic stay under Section 362(a) of the Federal Bankruptcy Code, 11 U.S.C. 362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. ss.502(b) and ss.506(b)), of the following (collectively, the "GUARANTEED OBLIGATIONS"),

(a) all Obligations of the SP1 Borrower and each other Obligor to the Administrative Agent and each of the Lenders now or hereafter existing under this Agreement and each other Loan Document, whether for principal, interest, fees, expenses or otherwise; and

(b) all other Obligations to the Administrative Agent and each of the Lenders now or hereafter existing under any of the Loan Documents, whether for principal, interest, fees, expenses or otherwise.

The obligations of WWI under this ARTICLE VIII constitute a guaranty of payment when due and not of collection, and WWI specifically agrees that it shall not be necessary or required that the Administrative Agent, any Lender or any holder of any Note exercise any right, assert any claim or demand or enforce any remedy whatsoever against the SP1 Borrower or any other Obligor (or any other Person) before or as a condition to the obligations of WWI under this ARTICLE VIII.

SECTION 8.2. GUARANTY UNCONDITIONAL. The obligations of WWI under this ARTICLE VIII shall be construed as a continuing, absolute, unconditional and irrevocable guaranty of payment and shall remain in full force and effect until the Final Termination Date. WWI guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the agreement, instrument or document under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Administrative Agent or any of the Lenders with respect thereto. The liability of WWI hereunder shall be absolute and unconditional irrespective of:

(a) any lack of validity, legality or enforceability of this Agreement, the Notes, the Additional TLCs, any Rate Protection Agreement with a Lender or any other Loan Document or any other agreement or instrument relating to any thereof;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any compromise, renewal, extension, acceleration or release with respect thereto, or any other amendment or waiver of or any consent to departure from this Agreement, the Notes, the Additional TLCs, any Rate Protection Agreement with a Lender or any other Loan Document;

(c) any addition, exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) the failure of the Administrative Agent or any Lender

(i) to assert any claim or demand or to enforce any right or remedy against the SP1 Borrower, any other Obligor or any other Person (including any other guarantor) under the provisions of this Agreement, any Note, any Additional TLC, any Rate Protection Agreement with a Lender or any other Loan Document or otherwise, or

(ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Guaranteed Obligations;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of this Agreement, any Note, any Additional TLC, any Rate Protection Agreement with a Lender or any other Loan Document;

(f) any defense, setoff or counterclaim which may at any time be available to or be asserted by any Obligor against the Administrative Agent or any Lender;

(g) any reduction, limitation, impairment or termination of the Guaranteed Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and WWI hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Guaranteed Obligations or otherwise; or

(h) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, WWI, any other Obligor or any surety or guarantor.

SECTION 8.3. REINSTATEMENT IN CERTAIN CIRCUMSTANCES. If at any time any payment in whole or in part of any of the Guaranteed Obligations is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of WWI, any other Obligor or

otherwise, WWI's obligations under this ARTICLE VIII with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

SECTION 8.4. WAIVER. WWI irrevocably waives promptness, diligence, notice of acceptance hereof, presentment, demand, protest and any other notice with respect to any of the Guaranteed Obligations, as well as any requirement that at any time any action be taken by any Person against the SP1 Borrower or any other Person.

SECTION 8.5. POSTPONEMENT OF SUBROGATION, ETC. WWI will not exercise any rights which it may acquire by way of rights of subrogation by any payment made hereunder or otherwise, prior to the Final Termination Date. Any amount paid to WWI on account of any such subrogation rights prior to Final Termination Date shall be held in trust for the benefit of the Lenders and each holder of a Note and/or Additional TLC and shall immediately be paid to the Administrative Agent and credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of this Agreement; PROVIDED, HOWEVER, that if

(a) WWI has made payment to the Lenders and each holder of a Note of all or any part of the Guaranteed Obligations, and

(b) the Final Termination Date has occurred,

each Lender and each holder of a Note agrees that, at WWI's request, the Administrative Agent, on behalf of the Lenders and the holders of the Notes, will execute and deliver to WWI appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to WWI of an interest in the Guaranteed Obligations resulting from such payment by WWI. In furtherance of the foregoing, at all times prior to the Final Termination Date, WWI shall refrain from taking any action or commencing any proceeding against the SP1 Borrower (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in the respect of payments to any Lender or any holder of a Note and/or Additional TLC; PROVIDED, HOWEVER, that WWI may make any necessary filings solely to preserve its claims against the SP1 Borrower.

SECTION 8.6. STAY OF ACCELERATION. If acceleration of the time for payment of any amount payable by the SP1 Borrower under this Agreement or any Note or Additional TLC is stayed upon the occurrence of any event referred to in
SECTION 9.1.9 with respect to the SP1 Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by WWI hereunder forthwith.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.1. LISTING OF EVENTS OF DEFAULT. Each of the following events or occurrences described in this SECTION 9.1 shall constitute an "EVENT OF DEFAULT".

SECTION 9.1.1. NON-PAYMENT OF OBLIGATIONS. Any Borrower shall default in the payment or prepayment of any Reimbursement Obligation (including pursuant to SECTIONS 2.6 and 2.6.2) on the applicable Disbursement Due Date or any deposit of cash for collateral purposes on the date required pursuant to SECTION 2.6.4 or any principal of any Loan when due, or any Obligor (including WWI and the SP1 Borrower) shall default (and such default shall continue unremedied for a period of three Business Days) in the payment when due of any interest or commitment fee or of any other monetary Obligation.

SECTION 9.1.2. BREACH OF WARRANTY. Any representation or warranty of any Borrower or any other Obligor made or deemed to be made hereunder or in any other Loan Document executed by it or any other writing or certificate furnished by or on behalf of the Borrowers or any other Obligor to the Administrative Agent, the Issuer or any Lender for the purposes of or in connection with this Agreement or any such other Loan Document (including any certificates delivered pursuant to ARTICLE V) is or shall be incorrect when made in any material respect.

SECTION 9.1.3. NON-PERFORMANCE OF CERTAIN COVENANTS AND OBLIGATIONS. Any Borrower shall default in the due performance and observance of any of its obligations under SECTION 7.1.9 or SECTION 7.2.

SECTION 9.1.4. NON-PERFORMANCE OF OTHER COVENANTS AND OBLIGATIONS. Any Obligor shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to WWI by the Administrative Agent at the direction of the Required Lenders.

SECTION 9.1.5. DEFAULT ON OTHER INDEBTEDNESS. A default shall occur (i) in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Indebtedness, other than Indebtedness described in SECTION 9.1.1, of WWI or any of its Subsidiaries or any other Obligor having a principal amount, individually or in the aggregate, in excess of $1,000,000, or (ii) a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness having a principal amount, individually or in the aggregate, in excess of $5,000,000 if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 9.1.6. JUDGMENTS. Any judgment or order for the payment of money in excess of $1,000,000 (not covered by insurance from a responsible insurance company that is not denying its liability with respect thereto) shall be rendered against WWI or any of its Subsidiaries or any other Obligor and remain unpaid and either

(a) enforcement proceedings shall have been commenced by any creditor upon such judgment or order; or

(b) there shall be any period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

SECTION 9.1.7. PENSION PLANS. Any of the following events shall occur with respect to any Pension Plan:

(a) the termination of any Pension Plan if, as a result of such termination, WWI or any Subsidiary would be required to make a contribution to such Pension Plan, or would reasonably expect to incur a liability or obligation to such Pension Plan, in excess of $5,000,000; or

(b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA in an amount in excess of $5,000,000.

SECTION 9.1.8. CHANGE IN CONTROL. Any Change in Control shall occur.

SECTION 9.1.9. BANKRUPTCY, INSOLVENCY, ETC. WWI or any of its Subsidiaries (other than any Immaterial Subsidiary or the Designated Subsidiary) or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for WWI or any of its Subsidiaries or any other Obligor or any property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for WWI or any of its Subsidiaries or any other Obligor or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, PROVIDED that WWI or each Subsidiary and each other Obligor hereby expressly authorizes the Administrative Agent, the Issuer and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of WWI or any of its Subsidiaries or any other Obligor, and, if any such case or proceeding is not commenced by WWI or such Subsidiary or such other Obligor, such case or proceeding shall be consented to or acquiesced in by WWI or such Subsidiary or such other Obligor or shall result in the entry of an order for relief or shall remain for 60 days undismissed, PROVIDED that WWI, each Subsidiary and each other Obligor hereby expressly authorizes the Administrative Agent, the Issuer and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or

(e) take any action (corporate or otherwise) authorizing, or in furtherance of, any of the foregoing.

SECTION 9.1.10. IMPAIRMENT OF SECURITY, ETC. Any Loan Document, or any Lien granted thereunder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be in full force and effect or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto; any Borrower or any other Obligor shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability thereof; or any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien, subject only to those exceptions expressly permitted by such Loan Document, except to the extent any event referred to above (a) results from the failure of the Administrative Agent to maintain possession of certificates representing securities pledged under the WWI Pledge Agreement or to file continuation statements under the Uniform Commercial Code of any applicable jurisdiction or (b) is covered by a lender's title insurance policy and the relevant insurer promptly after the occurrence thereof shall have acknowledged in writing that the same is covered by such title insurance policy.

SECTION 9.1.11. SENIOR SUBORDINATED NOTES. The subordination provisions relating to the Senior Subordinated Note Indenture (the "SUBORDINATION PROVISIONS") shall fail to be enforceable by the Lenders (which have not effectively waived the benefits thereof) in accordance with the terms thereof, or the principal or interest on any Loan, Reimbursement Obligation or other monetary Obligations shall fail to constitute Senior Debt, or the same (or any other similar term) used to define the monetary Obligations.

SECTION 9.1.12. REDEMPTION. Any Senior Subordinated Noteholder of any Subordinated Debt shall file an action seeking the rescission thereof or damages or injunctive relief relating thereto; or any event shall occur which, under the terms of any agreement or indenture relating to Subordinated Debt, shall require WWI or any of its Subsidiaries to purchase, redeem or otherwise acquire or offer to purchase, redeem or otherwise acquire all or any portion of the principal amount of the Subordinated Debt (other than as provided under SECTION 7.2.6); or WWI or any of its Subsidiaries shall for any other reason purchase, redeem or otherwise acquire or offer to purchase, redeem or otherwise acquire, or make any other payments in respect of the principal amount of any such Subordinated Debt (other than as provided under SECTION 7.2.6).

SECTION 9.2. ACTION IF BANKRUPTCY, ETC. If any Event of Default described in CLAUSES (A) through (D) of SECTION 9.1.9 shall occur with respect to WWI, any Subsidiary or any other Obligor, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 9.3. ACTION IF OTHER EVENT OF DEFAULT. If any Event of Default (other than any Event of Default described in CLAUSES (A) through (D) of SECTION 9.1.9 with respect to WWI or any Subsidiary or any other Obligor) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Administrative Agent, upon the direction of the Required Lenders, shall by notice to WWI declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable, require the Borrowers to provide cash

collateral to be deposited with the Administrative Agent in an amount equal to the Stated Amount of all issued Letters of Credit and/or declare the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, the Borrowers shall deposit with the Administrative Agent cash collateral in an amount equal to the Stated Amount of all issued Letters of Credit and/or, as the case may be, the Commitments shall terminate.

ARTICLE X

THE AGENTS

SECTION 10.1. ACTIONS. Each Lender hereby appoints Scotiabank as its Administrative Agent and as a Lead Agent and Book Manager under and for purposes of this Agreement, the Notes and each other Loan Document. Each Lender authorizes the Administrative Agent to act on behalf of such Lender under this Agreement, the Notes, the Additional TLCs, and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Administrative Agent (with respect to which the Administrative Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Administrative Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Lender hereby appoints CSFB as the Syndication Agent and as a Lead Agent and Book Manager. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each Agent, ratably in accordance with their respective Term Loans and Additional TLCs outstanding and Commitments (or, if no Term Loans, Additional TLCs or Commitments are at the time outstanding and in effect, then ratably in accordance with the principal amount of Term Loans or, as the case may be, Additional TLCs held by such Lender, and their respective Commitments as in effect in each case on the date of the termination of this Agreement), from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, the Agents in any way relating to or arising out of this Agreement, the Notes, the Additional TLCs and any other Loan Document, including reasonable attorneys' fees, and as to which any Agent is not reimbursed by the Borrowers or any other Obligor (and without limiting the obligation of the Borrowers or any other Obligor to do so); PROVIDED, HOWEVER, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from an Agent's gross negligence or willful misconduct. The Agents shall not be required to take any action hereunder, under the Notes, the Additional TLCs or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement, the Notes, the Additional TLCs or any other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of the Agents shall be or become, in any Agent's determination, inadequate, any Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

Notwithstanding the foregoing, the Lead Arrangers and Book Managers shall have no duties, obligations or liabilities under any Loan Document.

SECTION 10.2. FUNDING RELIANCE, ETC. Unless the Administrative Agent shall have been notified by telephone, confirmed in writing, by any Lender by 5:00 p.m., New York time, on the day prior to a Borrowing that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent and, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Administrative Agent, such Lender severally agrees and the Borrowers jointly and severally agree to repay the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Administrative Agent made such amount available to the applicable Borrower to the date such amount is repaid to the Administrative Agent, at the interest rate applicable at the time to Loans comprising such Borrowing (in the case of any Borrower) and (in the case of a Lender), at the Federal Funds Rate (for the first two Business Days after which such amount has not been repaid, and thereafter at the interest rate applicable to Loans comprising such Borrowing.

SECTION 10.3. EXCULPATION. Neither any Agent nor any of their respective directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor for the creation, perfection or priority of any Liens purported to be created by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by the Borrowers of their obligations hereunder or under any other Loan Document. Any such inquiry which may be made by any Agent shall not obligate it to make any further inquiry or to take any action. The Agents shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which the Agents believe to be genuine and to have been presented by a proper Person.

SECTION 10.4. SUCCESSOR. The Syndication Agent may resign as such upon one Business Day's notice to WWI and the Administrative Agent. The Administrative Agent may resign as such at any time upon at least 30 days prior notice to WWI and all Lenders. If the Administrative Agent at any time shall resign, the Required Lenders may, with the prior consent of WWI (which consent shall not be unreasonably withheld), appoint another Lender as a successor Administrative Agent which shall thereupon become the Administrative Agent hereunder. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the U.S. (or any State thereof) or a U.S. branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $250,000,000; PROVIDED, HOWEVER, that if, such retiring

Administrative Agent is unable to find a commercial banking institution which is willing to accept such appointment and which meets the qualifications set forth in above, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor as provided for above. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall be entitled to receive from the retiring Administrative Agent such documents of transfer and assignment as such successor Administrative Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as the Administrative Agent, the provisions of

(a) this ARTICLE X shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Administrative Agent under this Agreement; and

(b) SECTION 11.3 and SECTION 11.4 shall continue to inure to its benefit.

SECTION 10.5. CREDIT EXTENSIONS BY EACH AGENT. Each Agent shall have the same rights and powers with respect to (x) the Credit Extensions made by it or any of its Affiliates, and (y) the Notes or Additional TLCs held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not an Agent. Each Agent and its respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with any Borrower or any Subsidiary or Affiliate of WWI, as if such Agent were not an Agent hereunder.

SECTION 10.6. CREDIT DECISIONS. Each Lender acknowledges that it has, independently of each Agent and each other Lender, and based on such Lender's review of the financial information of the Borrowers, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of each Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 10.7. COPIES, ETC. The Administrative Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Administrative Agent by any Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by such Borrower). The Administrative Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by the Administrative Agent from any Borrower for distribution to the Lenders by the Administrative Agent in accordance with the terms of this Agreement.

SECTION 10.8. RELIANCE BY THE ADMINISTRATIVE AGENT. The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof

by telephone, telecopy, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. As to any matters not expressly provided for by this Agreement or any other Loan Document, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions given by the Required Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. For purposes of applying amounts in accordance with this Section, the Administrative Agent shall be entitled to rely upon any Secured Party that has entered into a Rate Protection Agreement with any Obligor for a determination (which such Secured Party agrees to provide or cause to be provided upon request of the Administrative Agent) of the outstanding Secured Obligations owed to such Secured Party under any Rate Protection Agreement. Unless it has actual knowledge evidenced by way of written notice from any such Secured Party and any Borrower to the contrary, the Administrative Agent, in acting hereunder and under each other Loan Document, shall be entitled to assume that no Rate Protection Agreements or Obligations in respect thereof are in existence or outstanding between any Secured Party and any Obligor.

SECTION 10.9. DEFAULTS. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Administrative Agent has received notice from a Lender or any Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to SECTION 11.1) take such action with respect to such Default as shall be directed by the Required Lenders; PROVIDED, THAT unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Required Lenders or all Lenders.

ARTICLE XI

MISCELLANEOUS PROVISIONS

SECTION 11.1. WAIVERS, AMENDMENTS, ETC. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrowers and the Required Lenders; PROVIDED, HOWEVER, that no such amendment, modification or waiver shall:

(a) modify this SECTION 11.1 without the consent of all Lenders;

(b) increase the aggregate amount of any Lender's Percentage of any Commitment Amount, increase the aggregate amount of any Loans or Additional TLCs required to be made or purchased by a Lender pursuant to its Commitments, extend the

final Commitment Termination Date of Credit Extensions made (or participated in) by a Lender or reduce any fees described in ARTICLE III payable to any Lender without the consent of such Lender;

(c) extend the final Stated Maturity Date for any Lender's Loan or Additional TLC, or reduce the principal amount of or rate of interest on any Lender's Loan or Additional TLC or extend the date on which scheduled payments of principal, or payments of interest or fees are payable in respect of any Lender's Loans or Additional TLCs, in each case, without the consent of such Lender (it being understood and agreed, however, that any vote to rescind any acceleration made pursuant to SECTION 9.2 and SECTION 9.3 of amounts owing with respect to the Loans, Additional TLCs and other Obligations shall only require the vote of the Required Lenders);

(d) reduce the percentage set forth in the definition of "Required Lenders" or any requirement hereunder that any particular action be taken by all Lenders without the consent of all Lenders;

(e) increase the Stated Amount of any Letter of Credit or extend the Stated Expiry Date of any Letter of Credit to a date which is subsequent to the Revolving Loan Commitment Termination Date, in each case, unless consented to by the Issuer of such Letter of Credit;

(f) except as otherwise expressly provided in this Agreement or another Loan Document, release (i) any Guarantor from its obligations under a Guaranty other than in connection with a Disposition of all or substantially all of the Capital Securities of such Guarantor in a transaction permitted by SECTION 7.2.9 as in effect from time to time or (ii) all or substantially all of the collateral under the Loan Documents, in either case without the consent of all Lenders;

(g) change any of the terms of CLAUSE (c) of SECTION 2.1.4 or SECTION 2.3.2 without the consent of the Swing Line Lender; or

(h) affect adversely the interests, rights or obligations of the Administrative Agent (in its capacity as the Administrative Agent), the Syndication Agent (in its capacity as the Syndication Agent) or any Issuer (in its capacity as Issuer), unless consented to by the Administrative Agent, the Syndication Agent or such Issuer, as the case may be.

No failure or delay on the part of the Administrative Agent, the Syndication Agent, any Issuer or any Lender in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on any Borrower or any other Obligor in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Administrative Agent, the Syndication Agent, any Issuer or any Lender under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 11.2. NOTICES. All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing or by facsimile and addressed, delivered or transmitted to such party at its address or facsimile number set forth on SCHEDULE III hereto or set forth in the Lender Assignment Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted (telephonic confirmation in the case of facsimile).

SECTION 11.3. PAYMENT OF COSTS AND EXPENSES. The Borrowers jointly and severally agree to pay on demand all reasonable expenses of the Administrative Agent (including the reasonable fees and out-of-pocket expenses of Mayer, Brown & Platt, special New York counsel to the Administrative Agent and of local counsel, if any, who may be retained by counsel to the Administrative Agent) in connection with:

(a) the syndication by the Agents of the Loans, the Additional TLCs, the negotiation, preparation, execution and delivery of this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Loan Document as may from time to time hereafter be required, whether or not the transactions contemplated hereby are consummated;

(b) the filing, recording, refiling or rerecording of each Mortgage, each Pledge Agreement and each Security Agreement and/or any Uniform Commercial Code financing statements or other instruments relating thereto and all amendments, supplements and modifications to any thereof and any and all other documents or instruments of further assurance required to be filed or recorded or refiled or rerecorded by the terms hereof or of such Mortgage, Pledge Agreement or Security Agreement; and

(c) the preparation and review of the form of any document or instrument relevant to this Agreement or any other Loan Document.

The Borrowers further jointly and severally agree to pay, and to save each Agent, the Issuer and the Lenders harmless from all liability for, any stamp or other similar taxes which may be payable in connection with the execution or delivery of this Agreement, the Credit Extensions made hereunder, or the issuance of the Notes, the Additional TLCs and Letters of Credit or any other Loan Documents. The Borrowers also agree to reimburse the Administrative Agent, the Issuer and each Lender upon demand for all reasonable out-of-pocket expenses (including attorneys' fees and legal expenses) incurred by the Administrative Agent, the Issuer or such Lender in connection with (x) the negotiation of any restructuring or "work-out", whether or not consummated, of any Obligations and
(y) the enforcement of any Obligations.

SECTION 11.4. INDEMNIFICATION. In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrowers hereby jointly and severally indemnify, exonerate and hold the Administrative Agent, the Syndication Agent, the Issuer and each Lender and each of their respective Affiliates, and each of their respective

partners, officers, directors, employees and agents, and each other Person controlling any of the foregoing within the meaning of either Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "INDEMNIFIED Parties"), free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses actually incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "INDEMNIFIED LIABILITIES"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Credit Extension;

(b) the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of any Borrower as the result of any determination by the Required Lenders pursuant to ARTICLE V not to make any Credit Extension);

(c) any investigation, litigation or proceeding related to any acquisition or proposed acquisition by WWI or any of its Subsidiaries of all or any portion of the stock or assets of any Person, whether or not the Administrative Agent, the Syndication Agent, the Issuer or such Lender is party thereto;

(d) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by WWI or any of its Subsidiaries of any Hazardous Material;

(e) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by WWI or any Subsidiary thereof of any Hazardous Material present on or under such property in a manner giving rise to liability at or prior to the time WWI or such Subsidiary owned or operated such property (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, WWI or such Subsidiary; or

(f) each Lender's Environmental Liability (the indemnification herein shall survive repayment of the Notes and the Additional TLCs and any transfer of the property of WWI or any of its Subsidiaries by foreclosure or by a deed in lieu of foreclosure for any Lender's Environmental Liability, regardless of whether caused by, or within the control of, WWI or such Subsidiary);

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence or willful misconduct. WWI, the Borrowers and their permitted successors and assigns hereby waive, release and agree not to make any claim, or bring any cost recovery action against, the Administrative Agent, the Syndication Agent, the Issuer or any Lender under CERCLA or any state equivalent, or any similar law now existing or hereafter enacted, except to the extent arising out of the gross

negligence or willful misconduct of any Indemnified Party. It is expressly understood and agreed that to the extent that any of such Persons is strictly liable under any Environmental Laws, any Borrower's obligation to such Person under this indemnity shall likewise be without regard to fault on the part of such Borrower with respect to the violation or condition which results in liability of such Person. If and to the extent that the foregoing undertaking may be unenforceable for any reason, each of the Borrowers hereby jointly and severally agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 11.5. SURVIVAL. The obligations of the Borrowers under SECTIONS 4.3, 4.4, 4.5, 4.6, 11.3 and 11.4, and the obligations of the Lenders under SECTIONS 4.8 and 10.1, shall in each case survive any termination of this Agreement, the payment in full of all Obligations, the termination or expiration of all Letters of Credit and the termination of all Commitments. The representations and warranties made by the Borrowers and each other Obligor in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 11.6. SEVERABILITY. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 11.7. HEADINGS. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 11.8. EXECUTION IN COUNTERPARTS. This Agreement may be executed by the parties hereto in several counterparts each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

SECTION 11.9. GOVERNING LAW; ENTIRE AGREEMENT. THIS AGREEMENT, THE NOTES, THE Additional TLCS AND EACH OTHER LOAN DOCUMENT (OTHER THAN THE LETTERS OF CREDIT, TO THE EXTENT SPECIFIED BELOW AND EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN A LOAN DOCUMENT), INCLUDING PROVISIONS WITH RESPECT TO INTEREST, LOAN CHARGES AND COMMITMENT FEES, SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK). EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO LAWS OR RULES ARE DESIGNATED, THE INTERNATIONAL STANDBY PRACTICES (ISP98--INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NUMBER 590 (THE "ISP RULES")) AND, AS TO MATTERS NOT GOVERNED BY THE ISP RULES, THE INTERNAL LAWS OF
THE STATE OF NEW YORK. This Agreement and the other Loan

Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto. SECTION 11.10. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; PROVIDED, HOWEVER, that:

(a) none of the Borrowers may assign or transfer its rights or obligations hereunder without the prior written consent of the Administrative Agent and all Lenders; and

(b) the rights of sale, assignment and transfer of the Lenders are subject to SECTION 11.11.

SECTION 11.11. SALE AND TRANSFER OF LOANS AND NOTES; PARTICIPATIONS IN LOANS, NOTES AND ADDITIONAL TLCS. Each Lender may assign, or sell participations in, its Loans, its Additional TLCs, Letters of Credit and Commitments to one or more other Persons, on a non PRO RATA basis, in accordance with this SECTION 11.11.

SECTION 11.11.1. ASSIGNMENTS. Any Lender,

(a) with the written consents of WWI and the Administrative Agent (which consents shall not be unreasonably delayed or withheld and which consent, in the case of WWI, shall be deemed to have been given in the absence of a written notice delivered by WWI to the Administrative Agent, on or before the fifth Business Day after receipt by WWI of such Lender's request for such consent), may at any time assign and delegate to one or more commercial banks or other financial institutions; and

(b) with notice to WWI and the Administrative Agent, but without the consent of any Borrower or the Administrative Agent, may assign and delegate to any of its Affiliates, Related Fund or to any other Lender,

(each Person described in either of the foregoing clauses as being the Person to whom such assignment and delegation is to be made, being hereinafter referred to as an "ASSIGNEE LENDER"), all or any fraction of such Lender's total Loans, Additional TLCs, participations in Letters of Credit and Letter of Credit Outstandings with respect thereto and Commitments in a minimum aggregate amount of $1,000,000 or the then remaining amount of a Lender's type of Loan or Commitment; PROVIDED, HOWEVER, that (i) with respect to assignments of Revolving Loans, the assigning Lender must assign a PRO RATA portion of each of its Revolving Loan Commitments, Revolving Loans and interest in Letters of Credit Outstandings and (ii) the Administrative Agent, in its own discretion, or by instruction from the Issuer, may refuse acceptance of an assignment of Revolving Loans and Revolving Loan Commitments to a Person not satisfying long-term certificate of deposit ratings published by S&P or Moody's, of at least BBB- or Baa3, respectively, or (unless otherwise agreed to by the Issuer), if such assignment would, pursuant to any applicable laws, rules or regulations, be binding on the Issuer, result in a reduced rate of return to the Issuer or require the Issuer to set aside capital in an amount that is greater than that which is required to be set aside for other Lenders participating in the Letters of Credit;

PROVIDED, FURTHER, that any such Assignee Lender will comply, if applicable, with the provisions contained in SECTION 4.6 and the Borrowers, each other Obligor and the Administrative Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned and delegated to an Assignee Lender until

(i) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrowers and the Administrative Agent by such Lender and such Assignee Lender;

(ii) such Assignee Lender shall have executed and delivered to the Borrowers and the Administrative Agent a Lender Assignment Agreement, accepted by the Administrative Agent; and

(iii) the processing fees described below shall have been paid.

From and after the date that the Administrative Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. Within ten Business Days after its receipt of notice that the Administrative Agent has received an executed Lender Assignment Agreement, the applicable Borrower shall execute and deliver to the Administrative Agent (for delivery to the relevant Assignee Lender) new Notes or Additional TLCs, as the case may be, evidencing such Assignee Lender's assigned Loans, Additional TLCs, Additional TLC Commitments and Commitments and, if the assignor Lender has retained Loans, Additional TLCs, Additional TLC Commitments and Commitments hereunder, replacement Notes or Additional TLCs, as the case may be, in the principal amount of the Loans or Additional TLCs, as the case may be, and Additional TLC Commitments or Commitments, as the case may be, retained by the assignor Lender hereunder (such Notes or Additional TLCs, as the case may be, to be in exchange for, but not in payment of, those Notes or Additional TLCs, as the case may be, then held by such assignor Lender). Each such Note or Additional TLC, as the case may be, shall be dated the date of the predecessor Notes or Additional TLCs, as the case may be. The assignor Lender shall mark the predecessor Notes or Additional TLCs, as the case may be, "exchanged" and deliver them to the applicable Borrower. Accrued interest on that part of the predecessor Notes or Additional TLCs, as the case may be, evidenced by the new Notes or Additional TLCs, as the case may be, and accrued fees, shall be paid as provided in the Lender Assignment Agreement. Accrued interest on that part of the predecessor Notes or Additional TLCs, as the case may be, evidenced by the replacement Notes or Additional TLCs, as the case may be, shall be paid to the assignor Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Notes or Additional TLCs, as the case may be, and in this Agreement. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Administrative Agent upon delivery of any Lender Assignment Agreement, in the amount of $3,500, unless such assignment and delegation is by a Lender to its Affiliate or

if such assignment and delegation is by a Lender to the Federal Reserve Bank, as provided below. Any attempted assignment and delegation not made in accordance with this SECTION 11.11.1 shall be null and void.

Notwithstanding any other term of this SECTION 11.11.1, the agreement of the Swing Line Lender to provide the Swing Line Loan Commitment shall not impair or otherwise restrict in any manner the ability of the Swing Line Lender to make any assignment of its Loans or Commitments, it being understood and agreed that the Swing Line Lender may terminate its Swing Line Loan Commitment, to the extent such Swing Line Commitment would exceed its Revolving Loan Commitment after giving effect to such assignment, in connection with the making of any assignment. Nothing contained in this SECTION 11.11.1 shall prevent or prohibit any Lender from pledging its rights (but not its obligations to make Loans) under this Agreement and/or its Loans and/or its Notes hereunder to a Federal Reserve Bank (or in the case of a Lender which is a fund, to the trustee of, or other Eligible Institution affiliated with, such fund for the benefit of its investors) in support of borrowings made by such Lender from such Federal Reserve Bank.

In the event that S&P or Moody's shall, after the date that any Lender with a Commitment to make Revolving Loans or participate in Letters of Credit or Swing Line Loans becomes a Lender, downgrade the long-term certificate of deposit rating or long-term senior unsecured debt rating of such Lender, and the resulting rating shall be below BBB- or Baa3, then each of the Issuer and (if different) the Swing Line Lender shall have the right, but not the obligation, upon notice to such Lender and the Administrative Agent, to replace such Lender with an Assignee Lender in accordance with and subject to the restrictions contained in this Section, and such Lender hereby agrees to transfer and assign without recourse (in accordance with and subject to the restrictions contained in this Section) all its interests, rights and obligations in respect of its Revolving Loan Commitment under this Agreement to such Assignee Lender; PROVIDED, HOWEVER, that (i) no such assignment shall conflict with any law, rule and regulation or order of any governmental authority and (ii) such Assignee Lender shall pay to such Lender in immediately available funds on the date of such assignment the principal of and interest and fees (if any) accrued to the date of payment on the Loans made, and Letters of Credit participated in, by such Lender hereunder and all other amounts accrued for such Lender's account or owed to it hereunder.

SECTION 11.11.2. PARTICIPATIONS.

(a) Any Lender may at any time sell to one or more commercial banks or other Persons (each of such commercial banks and other Persons being herein called a "PARTICIPANT") participating interests in any of the Loans, Additional TLCs, Commitments, or other interests of such Lender hereunder; PROVIDED, HOWEVER, that

(i) no participation contemplated in this Section shall relieve such Lender from its Commitments or its other obligations hereunder or under any other Loan Document;

(ii) such Lender shall remain solely responsible for the performance of its Commitments and such other obligations;

(iii) each Borrower and each other Obligor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents;

(iv) no Participant, unless such Participant is an Affiliate of such Lender, or Related Fund or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take any action of the type described in CLAUSE (a), (b), (f) or, to the extent requiring the consent of each Lender, CLAUSE (c) of SECTION 11.1; and

(v) the Borrowers shall not be required to pay any amount under this Agreement that is greater than the amount which it would have been required to pay had no participating interest been sold.

The Borrowers acknowledge and agree, subject to CLAUSE (V) above, that each Participant, for purposes of SECTIONS 4.3, 4.4, 4.5, 4.6, 4.8, 4.9, 11.3 and 11.4, shall be considered a Lender. Each Participant shall only be indemnified for increased costs pursuant to SECTION 4.3, 4.5 or 4.6 if and to the extent that the Lender which sold such participating interest to such Participant concurrently is entitled to make, and does make, a claim on any Borrower for such increased costs. Any Lender that sells a participating interest in any Loan, Additional TLC, Commitment or other interest to a Participant under this
Section shall indemnify and hold harmless each Borrower and the Administrative Agent from and against any taxes, penalties, interest or other costs or losses (including reasonable attorneys' fees and expenses) incurred or payable by any Borrower or the Administrative Agent as a result of the failure of such Borrower or the Administrative Agent to comply with its obligations to deduct or withhold any taxes from any payments made pursuant to this Agreement to such Lender or the Administrative Agent, as the case may be, which taxes would not have been incurred or payable if such Participant had been a Non-U.S. Lender that was entitled to deliver to such Borrower, the Administrative Agent or such Lender, and did in fact so deliver, a duly completed and valid Form 1001 or 4224 (or applicable successor form) entitling such Participant to receive payments under this Agreement without deduction or withholding of any United States federal taxes.

(b) Each Lender agrees and represents with and for the benefit of the SP1 Borrower and WW Australia that it:

(i) has not (directly or indirectly) offered by subscription or purchase or issued invitations to subscribe for or buy nor has it sold the Additional TLCs;

(ii) will not (directly or indirectly) offer for subscription or purchase or issue invitations to subscribe for or buy nor will it sell the Additional TLCs; and

(iii) has not distributed and will not distribute any draft, preliminary or definitive offering memorandum, advertisements or other offering material relating to the Additional TLCs,

in the Commonwealth of Australia, its territories or possessions, unless (x) the consideration is payable by each offeree or invitee in a minimum amount of A$500,000 or the offer or invitation is otherwise an EXCLUDED OFFER OR EXCLUDED INVITATION for the purposes of the Australian Corporations Law and the Corporations Regulations made under the Australian Corporations Law, and (y) the offer, invitation or distribution complies with all applicable laws, regulations and directives and does not require any document to be lodged with, or registered by, the ASIC.

(c) Each Lender agrees and represents with and for the benefit of the SP1 Borrower and WW Australia that it has not sold and will not sell the Additional TLCs to any person if, at the time of such sale, the employees of the Lender aware of, or involved in, the sale knew or had reasonable grounds to suspect that, as a result of such sale, any Additional TLCs or an interest in any Additional TLCs were being, or would later be, acquired (directly or indirectly) by an associate of the SP1 Borrower or WW Australia for the purposes of section 128F(5) of the Income Tax Assessment Act 1936 of Australia.

(d) The SP1 Borrower holds the benefit of the agreements and representations in paragraphs (b) and (c) in trust for WW Australia.

SECTION 11.11.3. REGISTER. The Borrowers hereby designate the Administrative Agent to serve as the Borrowers' agent, solely for the purpose of this Section, to maintain a register (the "REGISTER") on which the Administrative Agent will record each Lender's Commitment, the Loans made by each Lender and the Notes evidencing such Loans and the Additional TLCs, and each repayment in respect of the principal amount of the Loans and the Additional TLCs of each Lender and annexed to which the Administrative Agent shall retain a copy of each Lender Assignment Agreement delivered to the Administrative Agent pursuant to this Section. Failure to make any recordation, or any error in such recordation, shall not affect any Borrower's or any other Obligor's Obligations in respect of such Loans or Notes or Additional TLCs. The entries in the Register shall be conclusive, in the absence of manifest error, and WWI, the Borrowers, the Administrative Agent and the Lenders shall treat each Person in whose name a Loan and related Note or Additional TLC is registered as the owner thereof for all purposes of this Agreement, notwithstanding notice or any provision herein to the contrary. A Lender's Commitment and the Loans made pursuant thereto and the Notes evidencing such Loans or Additional TLCs may be assigned or otherwise transferred in whole or in part only by registration of such assignment or transfer in the Register. Any assignment or transfer of a Lender's Commitment or the Loans or the Notes evidencing such Loans or Additional TLCs made pursuant thereto shall be registered in the Register only upon delivery to the Administrative Agent of a Lender Assignment Agreement duly executed by the assignor thereof. No assignment or transfer of a Lender's Commitment or the Loans made pursuant thereto or the Notes evidencing such Loans or Additional TLCs shall be effective unless such assignment or transfer shall have been recorded in the Register by the Administrative Agent as provided in this Section. No Assignment and Assumption Agreement shall be effective until recorded in the Register.

SECTION 11.12. OTHER TRANSACTIONS. Nothing contained herein shall preclude the Administrative Agent, the Issuer or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, the Borrowers

or any of their Affiliates in which any Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 11.13. FORUM SELECTION AND CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, THE LENDERS, ANY ISSUER OR THE BORROWERS IN CONNECTION HEREWITH OR THEREWITH SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH OF THE BORROWERS IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK AT THE ADDRESS FOR NOTICES SPECIFIED IN SECTION 11.2. EACH OF THE BORROWERS HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY OF WWI OR THE BORROWERS HAVE OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH OF WWI AND THE BORROWERS HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 11.14. WAIVER OF JURY TRIAL. THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, EACH LENDER, EACH ISSUER AND EACH BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, SUCH LENDER, SUCH ISSUER OR ANY BORROWER IN CONNECTION HEREWITH OR THEREWITH. EACH OF THE BORROWERS ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT, THE

SYNDICATION AGENT, EACH LENDER AND EACH ISSUER ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER LOAN DOCUMENT.

SECTION 11.15. CONFIDENTIALITY. The Lenders shall hold all non-public information obtained pursuant to or in connection with this Agreement or obtained by such Lender based on a review of the books and records of WWI or any of its Subsidiaries in accordance with their customary procedures for handling confidential information of this nature, but may make disclosure to any of their examiners, Affiliates, outside auditors, counsel and other professional advisors or to any direct or indirect contractual counterparty in swap agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section) in connection with this Agreement or as reasonably required by any potential BONA FIDE transferee, participant or assignee, or in connection with the exercise of remedies under a Loan Document, or as requested by any governmental agency or representative thereof or pursuant to legal process or to any quasi-regulatory authority (including the National Association of Insurance Commissioners); PROVIDED, HOWEVER, that

(a) unless specifically prohibited by applicable law or court order, each Lender shall notify WWI of any request by any governmental agency or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information;

(b) prior to any such disclosure pursuant to this SECTION 11.15, each Lender shall require any such BONA fide transferee, participant and assignee receiving a disclosure of non-public information to agree in writing

(i) to be bound by this SECTION 11.15; and

(ii) to require such Person to require any other Person to whom such Person discloses such non-public information to be similarly bound by this SECTION 11.15; and

(c) except as may be required by an order of a court of competent jurisdiction and to the extent set forth therein, no Lender shall be obligated or required to return any materials furnished by WWI or any Subsidiary.

SECTION 11.16. JUDGMENT CURRENCY. If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder, under any Note, Additional TLC or under any other Loan Document in another currency into U.S. Dollars or into a Foreign Currency, as the case may be, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the applicable Secured Party could purchase such other currency with U.S. Dollars or with such Foreign Currency, as the case may be, in New York City, at the close of business on the Business Day immediately preceding the day on which final judgment is given, together with any premiums and costs of exchange payable in connection with such purchase.

SECTION 11.17. RELEASE OF SECURITY INTERESTS.

(a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender except as expressly required by SECTION 11.1) to take any action requested by the Borrowers having the effect of releasing any collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction expressly permitted by any Loan Document or that has been consented to in accordance with SECTION 11.1 or (ii) under the circumstances described in paragraph (b) below.

(b) At such time as the Loans, the Reimbursement Obligations and the other obligations under the Loan Documents shall have been paid in full, the Commitments have been terminated and no letters of Credit shall be outstanding, the collateral shall be released from the Liens created by the Security Agreements, and the Security Agreements and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Obligor under the Security Agreements shall terminate, all without delivery of any instrument or performance of any act by any Person.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

BORROWERS

WEIGHT WATCHERS INTERNATIONAL, INC.

By:

Name:

Title:

WW FUNDING CORP.

By:

Name:

Title:

AGENTS

CREDIT SUISSE FIRST BOSTON
as the Syndication Agent

By:

Name:

Title:

By:

Name:

Title:

THE BANK OF NOVA SCOTIA
as the Administrative Agent

By:

Name:

Title:

ISSUER

THE BANK OF NOVA SCOTIA
as the Issuer

By:

Name:

Title:

SCHEDULE I

DISCLOSURE SCHEDULE

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ITEM 6.1 GOOD STANDING.

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DESCRIPTION OF PROCEEDING ACTION OR CLAIM SOUGHT

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SCHEDULE III

NOTICE INFORMATION,
DOMESTIC OFFICES AND LIBOR OFFICES

III-1

Exhibit 10.13

AMENDMENT TO LETTER AGREEMENT

This Amendment to Letter Agreement, dated as of October 19, 2001 (the "Agreement), is between Weight Watchers International, Inc. (the "Company") and The Invus Group, Ltd. ("Invus").

W I T N E S S E T H:

WHEREAS, pursuant to the Letter Agreement, dated as of September 29, 1999 (the "Management Agreement"), the Company retained Invus to provide it with certain management, business strategy, consulting and financial services; and

WHEREAS, each of the Company and Invus desires to amend the Management Agreement to the extent and upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1 AMENDMENT OF MANAGEMENT AGREEMENT

1.1 AMENDMENT OF SECTION 8 OF THE MANAGEMENT AGREEMENT.
Section 8 of the Management Agreement is hereby amended by deleting the last sentence of such Section and substituting therefor the following:

"This agreement may be terminated by Invus at any time or by WW at any time after Artal Luxembourg S.A. beneficially owns less than a majority of the total voting stock of WW."

SECTION 2 MISCELLANEOUS

2.1 LIMITED EFFECT. Except as expressly amended hereby, the Management Agreement is, and shall remain, in full force and effect in accordance with its terms.

2.2 COUNTERPARTS. This Amendment may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

2.3 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

WEIGHT WATCHERS INTERNATIONAL, INC.

By:_____
Name:
Title:

THE INVUS GROUP, LTD.

By:_____
Name:
Title:

Exhibit 10.17

WEIGHT WATCHERS SAVINGS PLAN

OCTOBER 1999

WEIGHT WATCHERS SAVINGS PLAN

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WEIGHT WATCHERS SAVINGS PLAN

ARTICLE I: INTRODUCTION

1.01 NAME.
This Plan shall be known as the Weight Watchers Savings Plan (the "Plan").

1.02 PURPOSE. The purpose of the Plan is to assure a competitive compensation program for Employees by establishing a retirement plan which combines monthly Employer Profit Sharing Contributions for the account of each eligible Employee with a formal savings program under which eligible Employees may elect to make Tax Deferred Contributions supplemented by Matching Contributions from the Employer. The Plan provides an additional incentive for the Employees to remain in the employ of the Employer.

1.03 STATUS UNDER CODE. This Plan is intended to be a qualified plan under section 401(a) of the Code. The Plan as a whole is designed to qualify as a profit-sharing plan, provided that Employer contributions shall be made to the Plan without regard to current or accumulated earnings and profits. The provisions of the Plan concerning Tax Deferred Contributions are intended to constitute a cash or deferred arrangement under section 401(k) of the Code.

1.04 EFFECTIVE DATE. The Plan is effective October 3, 1999.

ARTICLE II: DEFINITIONS

2.01 DEFINED TERMS. Unless otherwise required by the context, the terms used herein shall have the meanings set forth in this Article II.

2.02 ACCOUNT(S).
Account(s) shall mean the Tax Deferred Account, the Matching Account, the After Tax Account, the Profit Sharing Contribution Account and/or the Rollover Account.

2.03 AFFILIATE. Affiliate shall mean any corporation which is a member of a controlled group of corporations (within the meaning of section 414(b) of the Code), which also includes as a member the Employer, a trade or business under common control (within the meaning of section 414(c) of the Code) with the Employer, any organization (whether or not incorporated) which is a member of an affiliated service group (within the meaning of section 414(m) of the Code) which includes the Employer and any other organization or arrangement to the extent aggregation is required pursuant to section 414(o) of the Code. For purposes of paragraph 4.10 only, the definitions in sections 414(b) and (c) of the Code shall be modified as provided in section 415(h) of the Code.

2.04 AFTER TAX ACCOUNT After Tax Account shall mean the account into which were transferred After Tax Contributions, and earnings attributable thereto.

2.05 AFTER TAX CONTRIBUTIONS After Tax Contributions shall mean contributions made by a Member, prior to the effective date of the Plan, under either the H.J. Heinz Company Employees Retirement and Savings Plan or the H.J. Heinz Company SAVER Plan, and which, subsequent to the effective date of the Plan, were transferred to the Member's After Tax Account.

2.06 ALTERNATE PAYEE Alternate Payee shall mean a person designated to receive payments or distributions pursuant to a Qualified Domestic Relations Order.

2.07 ANNUAL ADDITIONS Annual Additions shall mean, for any calendar year, the sum of:
(a) the Employer contributions (including Tax Deferred Contributions) made on behalf of the Member for such calendar year; and
(b) Forfeitures, if applicable,

that have been allocated to the Member's Accounts under this Plan or his accounts under any other qualified defined contribution plan sponsored by the Employer. For purposes of this paragraph, any Tax Deferred Contributions distributed under the provisions of paragraph 4.05 and any Matching Contributions which may have been distributed or forfeited under the provisions of paragraph 4.08 shall be included in the Annual Addition for the year allocated.

2.08 BENEFICIARY Beneficiary shall mean any person or persons designated by a Member, in accordance with procedures prescribed by the Committee, to receive benefits payable in the event of the death of the Member. If a married Member designates a Beneficiary who is other than his spouse, then such designation must be consented to and signed by the spouse and witnessed by a Plan representative or notary public, unless such requirement is waived because it is established in accordance with procedures prescribed by the Committee that there is no spouse, the spouse cannot be located, the spouse is legally incompetent (in which case the consent of the legal guardian is required), the Member is legally separated or has been abandoned by his spouse (as determined according to local law), or for such other reasons as may be prescribed by applicable regulations. If no such designation is in effect at the time of death of the Member, or the person(s) so designated do not survive the Member, the Beneficiary shall be deemed to be the Member's surviving spouse, if any; otherwise the Beneficiary shall be the estate of the Member. A Member may change his Beneficiary at any time, provided that the spousal consent requirements above are fulfilled, if applicable.

2.09 BOARD OF DIRECTORS
Board of Directors shall mean the Board of Directors of Weight Watchers International or the Executive Committee of such Board.

2.10 BREAK IN SERVICE Break in Service shall mean a Period of Severance of 12 consecutive months or longer. Notwithstanding the foregoing, if an Employee's service is terminated or if the Employee is otherwise absent from work due to the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption by the Employee of that child or for purposes of caring for that child for a period following the birth or placement, a Break in Service shall occur only if the Employee is not reemployed or does not return to active service prior to the second anniversary of the Employee's Severance from Service Date; and provided further that the first year of such absence, measured from his Severance from Service Date, shall not be considered in determining a Member's Break in Service for purposes of paragraphs 2.50 and 5.06.

2.11 CODE
Code shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.12 COMMITTEE Committee shall mean the committee appointed by the Board of Directors or such other committee as the Board of Directors may subsequently designate as being responsible for the general administration of the Plan.

2.13 COMPENSATION Compensation shall mean the Employee's total salary, wages, fees and other remuneration received in the Plan Year for personal services actually rendered in the course of employment with the Employers, including, but not by way of limitation, bonuses, overtime payments and commissions, and shall exclude deferred compensation, stock options and other distributions which receive special tax benefits under the Code, all such inclusions and exclusions to be determined consistently with Treasury Regulation section 1.415-2(d), which is hereby incorporated by reference. Except for purposes of paragraph 4.10, Compensation shall be determined after any reduction of Eligible Earnings pursuant to paragraph 4.02, after any pre-tax contributions under a cafeteria plan under section 125 of the Code, and after any contributions for a qualified transportation fringe under section 132(f) of the Code.

2.14 COMPENSATION LIMIT Compensation Limit shall mean $150,000, as adjusted pursuant to section 401(a)(17) of the Code.

2.15 DISABILITY Disability shall mean a physical or mental condition of a Member that, based on satisfactory medical evidence acceptable to the Committee, is believed to be permanent and to render the Member unfit to perform duties for the Employer.

2.16 DISCHARGE WITHOUT CAUSE Discharge Without Cause shall mean involuntary termination of employment with the Employer because of job elimination, plant shutdown or permanent layoff in connection with a reduction in force.

2.17 ELIGIBILITY COMPUTATION PERIOD Eligibility Computation Period shall mean the 12 consecutive month period beginning on an individual's Employment Commencement Date and the 12 consecutive month period beginning on the first day of the Plan Year commencing after the Employment Commencement Date.

2.18 ELIGIBLE EARNINGS Eligible Earnings shall mean all cash remuneration payable to an Employee before payroll withholding, including sales incentive payments and bonuses,

payments under the Weight Watchers International Income Protection Plan, and salary continuation paid on a payroll-period-by-payroll-period basis, but excluding hiring, retention and referral bonuses, short-term housing relocation allowances, overseas allowances, amounts received by the Member under long term incentive plans, amounts previously deferred, lump sum severance payments, Employer contributions to and benefit payments from welfare or retirement programs, all classroom and related meeting pay for Salaried Employees, suggestion system awards and prizes, reimbursements for business travel or entertainment expenses incurred by the Member and not reported as wages for federal tax purposes, and any amounts designated as a "Vacation Bonus" related to the number of meetings facilitated by an Employee working in the field. Any amounts by which an Employee's cash compensation is reduced at the Employee's election pursuant to plans maintained by the Employer which are described in section 125 of the Code, section 401(k) of the Code or section 132(f) of the Code shall be included, but cash or other benefits payable to the Employee from such plans shall be excluded. In all cases of doubt as to determination of Eligible Earnings, the decision of the Committee shall be final.

2.19 ELIGIBLE RETIREMENT PLAN Eligible Retirement Plan shall have the meaning set forth in section 401(a)(31)(E) of the Code.

2.20 ELIGIBLE ROLLOVER DISTRIBUTION Eligible Rollover Distribution shall have the meaning set forth in section 401(a)(31)(D) of the Code.

2.21 EMPLOYEE Employee shall mean any person employed by an Employer who receives a regular stated compensation from the Employer other than a pension, retainer or fee under contract, provided that such term shall not include:

(a) a person who is a nonresident alien, unless such person receives remuneration from the Employer that is considered to be U.S.-source income;
(b) A person whose compensation is established under a collective bargaining agreement, unless such agreement specifically provides for membership in the Plan;
(c) A Leased Employee, provided that if a person who originally performs services for the Employer as a Leased Employee (or in a status which would be that of a Leased Employee if such services had been on a substantially full time basis for a period of at least one year under the primary direction and control of the Employer) becomes an Employee, or in the event an Employee becomes employed by the Employer as a Leased Employee, any service rendered with the Employer as a Leased Employee (or in a status which would be that of a Leased Employee if such services had been on a substantially full time basis for a period of at least one year under the primary direction and control of the Employer) shall be counted in determining (i) eligibility under paragraph 3.01

(except that he shall not by reason of that status be eligible to become a Member) and (ii) years of Service for vesting under paragraph 5.01. (d) However, "Employee" shall exclude any individual retained by an Employer to perform services for the Employer (for either a definite or indefinite duration) and who is characterized as a fee-for-service worker or independent contractor or in a similar capacity (rather than in the capacity of an employee), regardless of such individual's status under common law, including, without limitation, any such individual who is or has been determined by a third party, including, without limitation, a government agency or board or court or arbitrator, to be an employee of the Employer for any purpose, including, without limitation, for purposes of any employee benefit plan of the Employer (including this Plan) or for purposes of federal, state or local tax withholding, employment tax or employment law, for the period during which the individual is so characterized even if such individual is later retroactively recharacterized pursuant to applicable law or otherwise.

Notwithstanding the foregoing, a Member while in receipt of disability income payments under a long-term disability program sponsored by the Employer shall be treated as an Employee until the date he ceases to be eligible for payments under such program or until age 65 or termination of Employee status.

2.22 EMPLOYER
Employer shall mean, as the case may be, Weight Watchers International and any Affiliate of Weight Watchers International that adopts the Plan with the approval of Weight Watchers International.

2.23 EMPLOYMENT COMMENCEMENT DATE Employment Commencement Date shall mean the first day of any period for which a person is paid or entitled to payment for performance of duties for the Employer or an Affiliate; provided, however, the Employment Commencement Date of any person employed by an Affiliate may not be earlier than the date the Affiliate becomes such as described in paragraph 2.03, except as otherwise directed by the Board of Directors or required by law.

2.24 ERISA ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended form time to time.

2.25 FUND OR INVESTMENT FUND(S). Fund or Investment Fund(s) shall mean one or more of the funds in which Member and Employer contributions to the Plan are invested in accordance with Article IX.

2.26 HIGHLY COMPENSATED EMPLOYEE Highly Compensated Employee shall mean an individual determined in accordance with section 414(q) of the Code, and with such rules and regulations as shall be promulgated by the Internal Revenue Service pursuant to such section, and shall mean an Employee who:

(i) was a 5% owner (as defined in section 416(i)(1) of the Code) with respect to an Employer or an Affiliate during the Plan Year being tested or the preceding Plan Year, or
(ii) earned more than $80,000 of Section 414(q) compensation (as defined in section 414(q)(4) of the Code) in the preceding Plan Year; provided however, the $80,000 amount is subject to adjustment as provided under section 415 of the Code, except that the base period shall be the calendar quarter ending September 30, 1996.

For purposes of the this provision, a former Employee shall be treated as a Highly Compensated Employee if such former Employee was a Highly Compensated Employee when such former Employee separated from service, or such former Employee was a Highly Compensated Employee at any time after attaining age 55.

2.27 HOUR OF SERVICE Hour of Service shall mean, with respect to any Eligibility Computation Period:

(a) each hour for which a person is paid or entitled to payment for the performance of duties for the Employer or an Affiliate;
(b) each hour for which a person is paid or entitled to payment by the Employer or an Affiliate directly or indirectly, on account of a period during which no duties are performed, whether or not the employment relationship has terminated due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence, but not in excess of 501 hours for any such single continuous period;
(c) each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer or an Affiliate, excluding any hour credited under paragraphs (a) or (b) above, which shall be credited to the computation period or periods to which the award, agreement or payment pertains, rather than to the computation period in which the award, agreement or payment is made; and
(d) no hours shall be credited on account of any period during which a person performs no duties and receives payment solely for the purpose of complying with workers' compensation, unemployment compensation, or disability insurance laws.

The Hours of Service to be credited shall be determined pursuant to Title 29 of the Code of Federal Regulations, section 2530.200b-2(b) and (c) as promulgated by the United States Department of Labor.

2.28 INVESTMENT COMMITTEE Investment Committee shall mean the Investment Committee appointed by the Board of Directors as prescribed in paragraph 10.05 or such other committee or board as the Board of Directors may subsequently designate as being responsible for the duties prescribed for the Investment Committee in this Plan.

2.29 KEY EMPLOYEE Key Employee shall have the meaning set forth in section 416(i) of the Code.

2.30 LEASED EMPLOYEE Leased Employee shall have the meaning as set forth in Section 414(n) of the Code.

2.31 MATCHING ACCOUNT Matching Account shall mean the account into which are credited Matching Contributions, and earnings attributable thereto.

2.32 MATCHING CONTRIBUTIONS Matching Contributions shall mean contributions made by the Employer on a Member's behalf pursuant to paragraph 4.06(a).

2.33 MEMBER Member shall mean an Employee who meets the requirements of paragraph 3.01 or a former Employee who has an undistributed balance in his Account.

2.34 PAYROLL PERIOD Payroll Period shall mean the weekly, biweekly, semimonthly or monthly period that is the basis for the Employer's regular payment of remuneration to the Employee.

2.35 PERIOD OF SERVICE Period of Service shall mean a period beginning on an Employment Commencement Date and ending on the next Severance from Service Date.

2.36 PERIOD OF SEVERANCE Period of Severance shall mean a period beginning on a Severance from Service Date and ending on the next Employment Commencement Date.

2.37 PLAN.
Plan shall mean the Weight Watchers Savings Plan.

2.38 PLAN YEAR Plan Year shall mean the calendar year, except that the first Plan Year shall begin on the date the Plan is effective and shall end on December 31, 1999.

2.39 PROFIT SHARING CONTRIBUTION Profit Sharing Contribution shall mean the Employer contributions pursuant to paragraph 4.01.

2.40 PROFIT SHARING CONTRIBUTION ACCOUNT Profit Sharing Contribution Account shall mean the account into which are credited Profit Sharing Contributions and earnings attributable thereto.

2.41 QUALIFIED DOMESTIC RELATIONS ORDER Qualified Domestic Relations Order shall mean any judgment, decree, or order which:

(a) creates for, or assigns to, a spouse, former spouse, child or other dependent of a Member the right to receive all or a portion of the Member's benefits under the Plan for the purpose of providing child support, alimony payments or marital property rights to that spouse, child or dependent,
(b) is made pursuant to a state domestic relations law,
(c) does not require the Plan to provide any type of benefit, or any option, not otherwise provided under the Plan, and
(d) otherwise meets the requirements of section 206(d)(3) of ERISA, as determined by the Committee.

2.42 QUALIFIED NONELECTIVE CONTRIBUTIONS Qualified Nonelective Contributions shall mean discretionary contributions by the Employer which are made pursuant to paragraph 4.06(d).

2.43 RETIRED MEMBER Retired Member shall mean a Member who has commenced Retirement and who has an Account balance remaining in the Plan.

2.44 RETIREMENT Retirement shall mean cessation of work for the Employer on or after attainment of age 65.

2.45 ROLLOVER ACCOUNT Rollover Account shall mean the account into which shall be credited Rollover Contributions.

2.46 ROLLOVER CONTRIBUTIONS Rollover Contributions shall mean contributions made by or on behalf of a Member pursuant to paragraph 4.07.

2.47 SALARIED EMPLOYEE Salaried Employee shall mean any Employee whose base compensation from the Employer is not an hourly wage.

2.48 SERVICE Service shall mean the aggregate of all Periods of Service and all Periods of Severance of less than 12 consecutive months, excluding periods prior to a Break in Service of 5 years or more by a Member who is not vested in his Matching Account and Profit Sharing Contribution Account prior to such Break in Service.

2.49 SEVERANCE FROM SERVICE DATE Severance from Service Date shall mean the earlier of:

(a) the date the Employee quits, is discharged, retires, dies or otherwise is terminated from employment with the Employer or an Affiliate, or
(b) the first anniversary of the date of a period in which the employee remains absent from work for any other reason.

(c)

2.50 TAX DEFERRED ACCOUNT Tax Deferred Account shall mean the account into which are credited Tax Deferred Contributions (including nonelective contributions that have been treated as elective contributions), and earnings attributable thereto.

2.51 TAX DEFERRED CONTRIBUTIONS Tax Deferred Contributions shall mean contributions made by the Employer on a Member's behalf pursuant to paragraph 4.02.

2.52 TRUST AGREEMENT Trust Agreement shall mean any agreement and amendments thereto entered into between the Employer and the Trustee to carry out the provisions of the Plan.

2.53 TRUST FUND Trust Fund shall mean the cash and other properties held and administered by the Trustee pursuant to the Trust Agreement to carry out the provisions of the Plan.

2.54 TRUSTEE Trustee shall mean the one or more designated trustees acting at any time under any Trust Agreement.

2.55 VALUATION DATE Valuation Date shall mean the date or dates in each calendar month on which any valuation is made, as determined under Committee procedures established pursuant to paragraph 10.10.

ARTICLE III: MEMBERSHIP

3.01 ELIGIBILITY AND ENROLLMENT. An Employee shall become a Member of the Plan according to the following rules:

(a) A Salaried Employee shall become a Member on the first day of the month following his Employment Commencement Date or, if later, the first day of the month coincident with or following the Employee's becoming a Salaried Employee.
(b) An Employee other than a Salaried Employee shall become a Member on the first day of the month following completion of an Eligibility Computation Period during which he has performed 1,000 or more Hours of Service.
(c) Notwithstanding subparagraph (a), an individual who becomes a Salaried Employee of the Employer in connection with its acquisition of the assets of Weighco Enterprises, Inc. shall become a Member on the first day of the month following completion of an Eligibility Computation Period during which he has performed 1,000 or more Hours of Service.

An eligible Employee shall be enrolled as a Member automatically upon satisfaction of the requirements of this paragraph 3.01.

3.02 CESSATION OF MEMBERSHIP. Membership shall continue so long as there is a balance in the Employee's Accounts. Membership in the Plan shall cease upon death or when an Employee's Accounts have been forfeited or completely distributed or withdrawn.

3.03 MILITARY SERVICE. Notwithstanding any provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code, effective for reemployment on or after December 12, 1994.

ARTICLE IV: CONTRIBUTIONS

4.01 PROFIT SHARING CONTRIBUTIONS. The Employer shall contribute on a monthly basis (the "Monthly Profit Sharing Contribution") on behalf of each Member who is a Salaried Employee during such month an amount equal to the applicable percentage (determined on the basis of the Member's attained age at the end of the month) of the Member's Eligible Earnings for the month (up to the Compensation Limit for the Plan Year), as derived from the following table:

Years of Attained Age:	Contribution Rate:
Less than 25	0.50 %
At least 25 but less than 30	0.75 %
At least 30 but less than 35	1.50 %
At least 35 but less than 40	2.50 %
At least 40 but less than 45	3.50 %
At least 45 but less than 50	4.50 %
At least 50 but less than 55	5.50 %
At least 55 but less than 60	6.00 %
60 and over	6.50 %

In addition to the Monthly Profit Sharing Contribution that is contributed for a Member who is a Salaried Employee, the Employer shall contribute for each such Member who is actively employed on April 30, 2000 an additional amount (the " 1999 Supplemental Profit Sharing Contribution") to be allocated for the 1999 Plan Year. The 1999 Supplemental Profit Sharing Contribution shall be equal to 100% of the Monthly Profit Sharing Contribution that was contributed during the period from October 3, 1999 through December 31, 1999.

In addition to the Monthly Profit Sharing Contribution that is contributed for a Member who is a Salaried Employee, the Employer shall contribute for each such Member who is actively employed on April 30, 2000 an additional amount (the "100% 2000 Supplemental Profit Sharing Contribution" to be allocated for the 2000 Plan Year). The 100% 2000 Supplemental Profit Sharing Contribution shall be equal to 100% of the Monthly Profit Sharing Contribution that was contributed during the period from January 1, 2000 through April 30, 2000.

In addition to the Monthly Profit Sharing Contribution that is contributed for a Member who is a Salaried Employee, the Employer shall contribute for each such Member who is actively employed on December 24, 2000 an additional amount (the "150% 2000 Supplemental Profit Sharing Contribution" to be

allocated for the 2000 Plan Year). The 150% 2000 Supplemental Profit Sharing Contribution shall be equal to 150% of the Monthly Profit Sharing Contribution that was contributed during the period from May 1, 2000 through December 24, 2000.

For Plan Years beginning after 2000, in addition to the Monthly Profit Sharing Contribution that is contributed for a Member who is a Salaried Employee, the Employer may, but is not required to, contribute for each such Member who is actively employed on the last day of the last payroll period ending prior to, or coincident with, the fiscal year end (the "Cutoff Date"), an additional amount (the "Supplemental Profit Sharing Contribution"). If a Supplemental Profit Sharing Contribution is made, it shall be equal to 100% or 150% of the Monthly Profit Sharing Contribution that was contributed from the prior year Cutoff Date to the current year Cutoff Date, as determined by the Board of Directors.

No Profit Sharing Contribution shall be contributed on behalf of a Member who is not a Salaried Employee.

Notwithstanding the foregoing, no Profit Sharing Contributions shall be made on behalf of any Employee who is classified as senior manager level (or above) earning base compensation at an annual rate which exceeds the $80,000 amount specified in, and adjusted under, the provisions of paragraph 2.26(ii); provided, however, if Profit Sharing Contributions are made on behalf of any Member who subsequently changes to a senior manager level position earning base compensation in excess of such $80,000 amount (as adjusted), such Member shall only be eligible to receive Profit Sharing Contributions for the remainder of the Plan Year in which such change occurs, and no Profit Sharing Contributions shall be made on behalf of such Member thereafter.

In the case of a Member who ceases active employment as a result of Disability but who retains Employee status, Profit Sharing Contributions under the provisions of this paragraph shall continue only if such Member is covered under the Weight Watchers International Income Protection Plan, subject to paragraph 4.10(b), with the Member's monthly rate of compensation prior to the commencement of disability income payments under the Weight Watchers International Income Protection Plan being treated as his Eligible Earnings for this purpose, until the Member reaches age 65 or elects Retirement.

Notwithstanding the foregoing, the Employer may determine that an Affiliate that adopts the Plan shall make Profit Sharing Contributions at a rate different than the rate specified above, or make no Profit Sharing Contributions. WeightWatchers.com, Inc. shall make no Profit Sharing Contributions for its Employees who are Members.

4.02 TAX DEFERRED CONTRIBUTIONS. Each Member is entitled to have Tax Deferred Contributions made by the Employer on his behalf for each Payroll Period.

(a) Tax Deferred Contributions may be in an amount equal to any whole percentage of a Member's Eligible Earnings for that Payroll Period not less than 1% of his Eligible Earnings for that Payroll Period nor more than 13% of his Eligible Earnings for that Payroll Period (up to the Compensation Limit for the Plan Year). Notwithstanding the preceding sentence, with respect to WeightWatchers.com, Inc. for the Plan Year ending December 31, 2001, a Member who is an Employee of WeightWatchers.com, Inc. and who is not a Highly Compensated Employee for such Plan Year may elect to defer up to 100% of his Eligible Earnings for any Payroll Period for the remainder of such Plan Year following the adoption of the Plan by WeightWatchers.com, Inc. An election by a Member to have Tax Deferred Contributions made on his behalf constitutes an authorization to the Employer to reduce the Member's cash remuneration by an amount equal to the Tax Deferred Contributions. Tax Deferred Contributions for any Plan Year may be elected only with respect to Eligible Earnings that would have been received by the Member in the Plan Year but for his election to defer under this paragraph 4.02. Tax Deferred Contributions may be limited by paragraph 4.05 dealing with the actual deferral percentage for Highly Compensated Employees, by paragraph 4.10 imposing limits on Annual Additions, by paragraph 6.06 in the case of a hardship withdrawal, and by the following subparagraphs.

(i) In the case of an Employee who, prior to the effective date of the Plan, was participating in the H.J. Heinz Company Employees Retirement and Savings Plan or the H.J. Heinz Company SAVER Plan and who had a Tax Deferred Contribution election in effect under either of those plans, such Member's election shall continue in effect on and after the effective date of the Plan unless changed in accordance with paragraph 4.03.
(ii) An Employee who, prior to the effective date of the Plan, was eligible to elect Tax Deferred Contributions under the H.J. Heinz Company Employees Retirement and Savings Plan or the H.J. Heinz Company SAVER Plan but who did not have an election in effect may initiate an election on or after the effective date of the Plan in accordance with procedures prescribed by the Committee.
(iii) Except in the case of an Employee described in (i) or (ii) above, a Member who is a Salaried Employee shall be deemed to have elected to have Tax Deferred Contributions made by the Employer on his behalf for each Payroll Period (up to the Compensation Limit for the Plan Year) in an amount equal to 3% of his Eligible Earnings, and to have authorized the Employer to reduce his cash remuneration payable while a Member by an equal amount, unless he elects, in accordance with procedures prescribed by the Committee, to have no Tax Deferred Contributions made on his behalf or to have Tax Deferred Contributions made on his behalf at a different rate.

(b) A Member's Tax Deferred Contributions under subparagraph(a) in any calendar year shall not exceed $10,000, or such adjusted amount as may be prescribed pursuant to sections 402(g)(5) and 415(d) of the Code, reduced by the sum of all other elective deferrals (as defined in regulations pursuant to section 402(g) of the Code) during such year under other plans, contracts or arrangements maintained by the Employer or any Affiliate. If a Member's Tax Deferred Contributions in a calendar year reach the applicable dollar limitation for such year, his election of Tax Deferred Contributions for the remainder of the calendar year will be canceled. As of the first pay period of the following calendar year, the Member's election of Tax Deferred Contributions shall again become effective in accordance with his previous election.
(c) If a Member makes elective deferrals under another qualified defined contribution plan for any calendar year and those contributions when added to his Tax Deferred Contributions under this Plan exceed the dollar limitation set forth above for that calendar year, the Member may allocate all or a portion of such excess deferrals to this Plan. In that event, the excess deferrals (together with income allocable thereto determined by any reasonable method consistent with regulations pursuant to section 402(g) of the Code) shall be returned to the Member no later than the April 15 following the end of the calendar year in which the excess deferrals were made. The Plan shall not be required to return excess deferrals unless the Member notifies the Committee, in writing, by March 1 of that following calendar year of the amount of the excess deferrals allocated to this Plan. However, a Member who has excess deferrals calculated by taking into account only elective deferrals under this Plan and other plans, contracts or arrangements maintained by the Employer or any Affiliate shall be deemed to have made an election pursuant to this subparagraph
(c) with respect to such excess deferral. The amount of excess deferrals that may be distributed pursuant to this subparagraph shall be determined after taking into account any amounts previously recharacterized or distributed pursuant to paragraph 4.05.
(d) If any Matching Contributions have been allocated with respect to excess deferrals, they shall be forfeited and applied as provided in paragraph 5.07.
(e) In the event that Tax Deferred Contributions are returned to the Employer in accordance with the provisions of paragraph 4.13, the elections to reduce Eligible Earnings which were made by Members on whose behalf those contributions were made shall be void retroactively to the beginning of the period for which those contributions were made. The Tax Deferred Contributions so returned shall be distributed in cash to those Members for whom those contributions were made.

4.03 CHANGE IN TAX DEFERRED CONTRIBUTIONS. Subject to the provisions of paragraph 4.02, a Member may change the percentage elected pursuant to paragraph 4.02, in accordance with procedures described by the Committee. A Member shall be permitted to change such Tax Deferred Contribution Percentage effective with the first of any month by giving

the Employer adequate notice in accordance with procedures prescribed by the Committee.

4.04 SUSPENSION OF TAX DEFERRED CONTRIBUTIONS.
(a) In accordance with procedures prescribed by the Committee, a Member may suspend Tax Deferred Contributions under paragraph 4.02. During such a period of suspension, the Employer shall make no monthly contributions on behalf of such Member to the Matching Account of such Member pursuant to paragraph 4.09(c).
(b) In accordance with procedures prescribed by the Committee, a Member who has suspended Tax Deferred Contributions may elect resumption thereof in accordance with paragraph 4.02.
(c) A Member who is granted an authorized leave of absence by the Employer shall be deemed to have suspended Tax Deferred Contributions pursuant to subparagraph
(a) of this paragraph 4.04 and immediately upon completion of his leave of absence Tax Deferred Contributions shall resume in accordance with the election previously in effect unless changed by the Member in accordance with paragraph 4.03.

4.05 LIMITATION ON TAX DEFERRED CONTRIBUTIONS. Notwithstanding paragraph 4.02, the limitations of this paragraph 4.05 shall apply with respect to Highly Compensated Employees.

The actual deferral percentage for Highly Compensated Employees who are Members, or eligible to become Members, for a Plan Year shall not exceed the greater of
(i) or (ii) below:

(i) The actual deferral percentage for all other Employees who are Members, or eligible to become Members, for such Plan Year multiplied by 1.25;

(ii) The lesser of (A) or (B) below:

(A) the actual deferral percentage for all other Employees who are Members, or eligible to become Members, for such Plan Year multiplied by 2.0

(B) the actual deferral percentage for all other Employees who are Members, or eligible to become Members, for such Plan Year increased by two percentage points

(or such lesser amount as may be applicable pursuant to paragraph 4.12).

(b) For purposes of this paragraph 4.05, the actual deferral percentage for a specified group of eligible Employees for a Plan Year shall be the average (calculated to the nearest hundredth of a percentage point) of the ratios (calculated separately to the nearest hundredth of a percentage point for each Employee in the group) of:

(i) The sum of the amount of Tax Deferred Contributions (and, if applicable, Qualified Nonelective Contributions) actually paid to the Trust Fund on behalf of each such Employee for such Plan Year (if the Employee is a Highly Compensated Employee, whether or not such contributions are returned to the Member pursuant to the rules on excess tax deferred contributions in paragraph 4.02(c)), to
(ii) The Employee's Compensation for the Plan Year, taking into account for this purpose only the portion of the Plan Year after the Employee has become eligible for the Plan.

(c) The Committee may implement rules, consistent with regulations under the Code, whereby Tax Deferred Contributions by any Member or group of Members may be limited in advance to a lesser percentage than the otherwise allowable maximum, whereby Tax Deferred Contributions may be decreased, suspended or otherwise modified to meet the requirements of this paragraph 4.05, or whereby Tax Deferred Contributions may be disposed of by distribution to some or all Highly Compensated Employees, in accordance with the following rules, so that the limitation set forth in this paragraph 4.05 is satisfied.

(i) With respect to any Plan Year in which Tax Deferred Contributions made on behalf of Members who are Highly Compensated Employees exceed the applicable limit set forth in this paragraph 4.05, the Committee may reduce the amount of excess Tax Deferred Contributions made on behalf of such Highly Compensated Employees as described. Any distribution of excess Tax Deferred Contributions for any Plan Year shall be made to Highly Compensated Employees on the basis of the Highly Compensated Employee who had the greatest dollar amount of Tax Deferred Contributions to the extent necessary to satisfy the actual deferral percentage test. This process shall be repeated until the actual deferral percentage test is satisfied, in accordance with applicable legal guidance.

(ii) Excess contributions subject to reduction under (i) above ("excess contributions"), together with income attributable to the excess contributions, shall be paid to the Member before the close of the Plan Year following the Plan Year in which the excess contributions were made and, to the extent practicable, within 2 1/2 months of the close of the Plan Year in which the excess contributions were made. Any excess contributions for any Plan Year shall be reduced by any Tax Deferred Contributions previously returned to the Member under paragraph 4.02 (c) for that Plan Year. If any Matching Contributions have been allocated with respect to excess contributions, they shall be forfeited and applied as provided in paragraph 5.07.

(d) The amount of income attributable to the excess contributions for a Plan Year shall be determined by any reasonable method consistent with regulations pursuant to section 401(k) of the Code.

4.06 MATCHING CONTRIBUTIONS. In addition to contributions pursuant to paragraphs 4.01 and 4.02, the Employer shall make contributions in accordance with the following:

(a) The Employer shall contribute to the Trustee an amount equal to the aggregate of the Tax Deferred Contributions under paragraph 4.02 on behalf of all Members for the Payroll Period ending in or with a month (disregarding the portion of the Tax Deferred Contributions for any Member which is in excess of 3% of the Member's Eligible Earnings). Contributions pursuant to this subparagraph shall be made by the Employer to the Trustee in cash following the end of the month to which such contributions relate and are subject to the limitations of paragraph 4.05(c)(ii) and paragraph 4.08.
(b) The Employer shall contribute to the Trustee not later than September 15, 1999 an additional amount for each Member who was a participant in the H.J. Heinz Company SAVER Plan on October 3, 1999, is an Employee on December 31, 1999 and whose Eligible Earnings from the Employer and from the H.J. Heinz Company for the 1999 Plan Year exceed $15,000. Such additional amount shall be equal to the aggregate of the Member's Tax Deferred Contributions under Section 4.02 of the H.J. Heinz SAVER Plan for the 1999 Plan Year (disregarding the portion of such Tax Deferred Contributions in excess of 3% of the Member's Eligible Earnings from the H.J. Heinz Company for such Plan Year). Contributions pursuant to this subparagraph are subject to the limitations of paragraph 4.08 and shall be credited to the Member's Matching Account.
(c) In addition, the Employer shall contribute from time to time such amounts as may be required for restoration of forfeitures pursuant to paragraph 5.06.
(d) In addition, the Employer may in its discretion contribute from time to time such amounts which meet the requirements for "qualified nonelective contributions" under regulations pursuant to sections 401(k) and (m) of the Code as it shall determine to be appropriate to enable the Plan to satisfy the limitations of paragraphs 4.05 and/or 4.08.

Notwithstanding the foregoing, the Employer may determine that an Affiliate that adopts the Plan shall make Matching Contributions at a rate different than the rate specified above, or make no Matching Contributions. WeightWatchers.com, Inc. shall make no Matching Contributions for its Employees who are Members.

4.07 ROLLOVER CONTRIBUTIONS. With the permission of the Committee and without regard to any limitations on contribution percentages for Highly Compensated Employees in paragraphs 4.05 and 4.08 or limitations on Annual Additions in paragraph 4.10, the Plan may receive from a Member or from another plan which is qualified under section 401(a) of the Code, any amount which qualifies as an Eligible Rollover Distribution or otherwise qualifies for rollover treatment under Code section 408(d)(3)(A)(ii), provided that the Member provides evidence satisfactory to the

Committee that such amount so qualifies. Rollover contributions which are not directly transferred from another qualified plan must be paid to the Trustee on or before the 60th day after having been received by the Member. Direct transfers may be accomplished by wire transfer to the Trustee or by delivery to the Trustee of a check made out to the Plan or to the Trustee, as prescribed by the Committee.

4.08 LIMITATION BASED ON CONTRIBUTION PERCENTAGE. After application of the provisions of paragraph 4.05 above, the regular contribution percentage for Highly Compensated Employees shall be subject to the limitations of this paragraph 4.08.

(a) The regular contribution percentage for Highly Compensated Employees who are Members, or eligible to become Members, for a Plan Year shall not exceed the greater of (i) or (ii) below:

(i) The regular contribution percentage for all other Employees who are Members, or eligible to become Members, for such Plan Year multiplied by 1.25;

(ii) The lesser of (A) or (B) below:

(A) the regular contribution percentage for all other Employees who are Members, or eligible to become Members, for such Plan Year multiplied by 2.0

(B) the regular contribution percentage for all other Employees who are Members, or eligible to become Members, for such Plan Year increased by two percentage points

(or such lesser amount as may be applicable pursuant to paragraph 4.12).

(b) For purposes of this paragraph 4.08, the regular contribution percentage for a specified group of eligible Employees for a Plan Year shall be the average (calculated to the nearest hundredth of a percentage point) of the ratios (calculated separately to the nearest hundredth of a percentage point for each Employee in the group) of:

(i) The sum of the amounts allocable under paragraph 4.09 to the Employee's Matching Account for that Plan Year (plus Qualified Nonelective Contributions, if applicable), to
(ii) The Employee's Compensation for the Plan Year, taking into account for this purpose only the portion of the Plan Year after the Employee has become eligible for the Plan.

(c) In the event the Committee determines that the limitation under subparagraph
(a) of this paragraph 4.08 would be exceeded in any Plan Year, the following provisions shall apply:

(i) With respect to any Plan Year in which Matching Contributions made on behalf of Members who are Highly Compensated Employees exceed the applicable limit set forth in this paragraph 4.08, the Committee may reduce the amount of excess Matching Contributions made on behalf of such Highly Compensated Employees as described. Any distribution of excess Matching Contributions for any Plan Year shall be made to Highly Compensated Employees on the basis of the Highly Compensated Employee who had the greatest dollar amount of Matching Contributions to the extent necessary to satisfy the actual contribution percentage test. This process shall be repeated until the actual contribution percentage test is satisfied, in accordance with applicable legal guidance.
(ii) Matching Contributions subject to reduction under this paragraph ("excess aggregate contributions"), together with income attributable to the excess aggregate contributions, shall be reduced as follows:
(A) By distributing to the Member his excess aggregate contributions. (B) Any distribution of excess aggregate contributions shall be made before the close of the Plan Year following the Plan Year for which those contributions were made; to the extent practicable any distribution shall be made within 2 1/2 months of the close of the Plan Year in which the contributions were made.
(C) The amount of income attributable to the excess aggregate contributions shall be determined by any reasonable method consistent with regulations pursuant to section 401(m) of the Code.

4.09 ALLOCATION TO MEMBER ACCOUNTS. Allocations shall be made to the Accounts of Members in accordance with this paragraph 4.09, subject to the limitations on Annual Additions set forth in paragraph 4.10.

(a) Profit Sharing Contributions pursuant to paragraph 4.01 on behalf of each Member shall be allocated to the Profit Sharing Contribution Account of such Member.
(b) Tax Deferred Contributions pursuant to a Member's election under paragraph 4.02 shall be allocated to the Tax Deferred Account of each Member on whose behalf such contribution is made, subject to the limitations on Tax Deferred Contributions in paragraphs 4.02 and 4.05 and the aggregate limit on Tax Deferred Contributions and Matching Contributions specified in paragraph 4.12.
(c) Matching Contributions that are made pursuant to paragraph 4.06(a) shall be allocated to the Matching Account of each Member in an amount equal to 100% of the Tax Deferred Contributions (not in excess of 3% of the Member's Eligible Earnings) under paragraph 4.02 on behalf of each Member for the month for which such contribution is made. Contributions made pursuant to paragraph 4.06(b) shall be allocated to the Member's Matching Account.

4.10 MAXIMUM ANNUAL ADDITIONS.
(a) The Annual Additions made by or on behalf of and allocated to any Member for any Plan Year to this Plan and any other defined contribution plan which is qualified under section 401(a) of the Code and which is maintained by the Employer or any Affiliate shall not be greater than an amount equal to the lesser of (i) and (ii):

(i) 25% of the Member's Compensation for such Plan Year (determined without regard to the last sentence of paragraph 2.13).
(ii) $30,000.

As of January 1 of each calendar year on and after the date the dollar limitation under section 415 of the Code for defined benefit plans reaches $120,000, the dollar limitation set forth above for each such year shall be adjusted to 25% of the defined benefit plan dollar limitation and shall become effective as the maximum permissible dollar limitation for that calendar year, in lieu of the $30,000 limitation set forth above.

(b) In the case of a Member who is totally and permanently disabled (within the meaning of section 22(e)(3) of the Code), Compensation for a Plan Year for purposes of this paragraph 4.10 shall be deemed to be the amount which the Member would have received for such Plan Year if he was paid at the rate of compensation in effect immediately before becoming totally and permanently disabled.
(c) In order to prevent excess Annual Additions, the Committee shall limit contributions and/or allocations to a Member's Accounts in the following order of priority:

(i) Tax Deferred Contributions;
(ii) Profit Sharing Contributions;
(iii) Matching Contributions.

(d) If, as a result of a reasonable error in estimating a Member's Compensation or in determining the amount of Tax Deferred Contributions that may be made with respect to a Member, or other circumstances permitted pursuant to regulations under the Code, amounts are contributed with respect to a calendar year by or on behalf of a Member in excess of the amount that can be allocated under subparagraph (a), such excess shall be subject to the following rules:

(i) Contributions in excess of the limitations shall be distributed to the Member to the extent consisting of Tax Deferred Contributions;
(ii) Any remaining excess amounts, which shall be chargeable first against Profit Sharing Contributions on behalf of a Member and thereafter against Matching Contributions, may be allocated to a suspense account and used to reduce contributions on behalf of the Member in the next calendar year (and

treated as Annual Additions in such next year) if the Member is entitled to an allocation of contributions in such next year or, in the direction of the Committee, may be applied to reduce subsequent contributions by the Employer for the current calendar year and allocated and reallocated to the Accounts of other Members for the current calendar year, provided that if such allocation and reallocation should cause the Accounts of all Members to exceed the limitations of this paragraph 4.10 the excess shall be credited to a suspense account and allocated to Member Accounts for succeeding calendar years before any further contributions are made under the plan.

4.11 PARTICIPATION IN OTHER PLANS. If any Highly Compensated Employee is a participant in another qualified plan of the Employer or an Affiliate under which deferred cash contributions or matching contributions are made on behalf of the Highly Compensated Employee or under which the Highly Compensated Employee makes participant contributions, in applying the limitations of paragraphs 4.05, 4.08 and 4.12 the Committee shall implement rules, which shall be uniformly applicable to all Employees similarly situated, to take into account all such contributions under all such plans to the extent required by Code sections 401(k) and (m).

4.12 AGGREGATE LIMIT. In no event shall the sum of the actual deferral percentage of the group of eligible Highly Compensated Employees and regular contribution percentage of such group, after applying the provisions of paragraphs 4.05 and 4.08, exceed the "aggregate limit" as such term is defined in regulations and rulings implementing section 401(m)(9) of the Code. In the event the aggregate limit is exceeded for any Plan Year, the contribution percentages of the Highly Compensated Employees shall be reduced to the extent necessary to satisfy the aggregate limit in accordance with the procedure set forth in paragraph 4.08.

4.13 RETURN OF CONTRIBUTIONS. A contribution made by the Employer under a mistake of fact shall be returned to the Employer upon its written request within one year after the contribution was made. Contributions by the Employer are conditional on deductibility under the Code and accordingly any contribution for which a deduction is disallowed shall be returned to the Employer upon its written request within one year of disallowance. Contributions returned to the Employer pursuant to this subparagraph shall be without earnings thereon but shall be reduced for any investment losses.

ARTICLE V: ELIGIBILITY FOR BENEFITS

5.01 VESTING. A Member's interest in the Profit Sharing Contribution Account and Matching Account shall be fully vested when the Member's aggregate Service totals at least 5 years or, if earlier, upon the Member's attainment of age 65, death, Disability or Discharge without Cause by the Employer. For a Member who has an Hour of Service on or after January 1, 2002, his interest in the Matching Account shall be fully vested when the Member's aggregate Service totals at least 3 years or, if earlier, upon the Member's attainment of age 65, death, Disability or Discharge Without Cause by the Employer. The value of the Member's Tax Deferred Account, After Tax Account and Rollover Account will be fully vested at all times.

5.02 RETIREMENT. A Member may elect Retirement on the first day of the month coincident with or next following the date on which he attains age 65 or the first day of any subsequent month by application in accordance with procedures prescribed by the Committee specifying a desired date of Retirement not less than 30 nor more than 90 days following the date such application is made.

5.03 DEATH. Upon the death of a Member, his Accounts shall be distributable to his Beneficiary in accordance with the provisions of Article VIII.

5.04 DISABILITY.
In the event of a Member's Disability, his After Tax Account, Tax Deferred Account and Matching Account shall be distributable in accordance with the provisions of Article VIII.

5.05 DISCHARGE WITHOUT CAUSE. Upon a Member's Discharge without Cause, his Accounts shall be distributable in accordance with the provisions of Article VIII.

5.06 OTHER TERMINATION OF EMPLOYMENT. In the case of termination of employment of a Member for any reason other than Retirement, death, Disability or Discharge without Cause by the Employer, the Member's vested Accounts as described in paragraph 5.01 shall be distributable in accordance with the provisions of Article VIII.

(a) Such a Member shall forfeit his non-vested interest in the Matching Account and Profit Sharing Contribution Account upon the payment of his Account or when he incurs a 5 year Break in Service, if later, subject to the rules in subparagraphs (b) and (c) below.

(b) If such a Member forfeits an amount to the credit of his Profit Sharing Contribution Account before he has a period of Break in Service of 5 years, such amount shall be restored to his Profit Sharing Contribution Account provided he is reemployed by the Employer or an Affiliate before the occurrence of a Break in Service of 5 years.
(c) If such a Member forfeits an amount to the credit of his Matching Account before he has a period of Break in Service of 5 years, such amount shall be restored to his Matching Account, provided (i) he is reemployed by the Employer or an Affiliate and (ii) after resumption of employment he repays to the Trust Fund an amount equal to the full amount, if any, distributed to him from the Trust Fund as a result of his termination of employment. Any repayment under this paragraph must be made in a lump sum before the earlier of 5 years after the date he is reemployed or the occurrence of a Break in Service of 5 years.

5.07 APPLICATION OF FORFEITURES. Forfeitures under paragraph 5.06(a) shall be applied as provided in this paragraph.

(a) Any portion of the Profit Sharing Contribution Account forfeited during a Plan Year in accordance with paragraph 5.06(a) shall be used as required to make restorations required by paragraph 5.06(b) to Members' Profit Sharing Contribution Accounts for such Plan Year, to defray Plan administrative expenses, or to reduce subsequent Employer contributions under paragraphs 4.01 and/or 4.06.
(b) Any portion of the Matching Account forfeited during a Plan Year in accordance with paragraph 5.06(a) shall be used as required to make restorations required by paragraph 5.06(c) to Members' Matching Accounts for such Plan Year, to defray Plan administrative expenses, or to reduce subsequent Employer contributions under paragraphs 4.01 and/or 4.06.

ARTICLE VI: WITHDRAWALS

6.01 IN GENERAL. Except as provided in paragraph 10.07 in the case of a Qualified Domestic Relations Order, withdrawals may be made from a Member's Accounts before the occurrence of a distribution event described in paragraph 8.01 only as provided in this Article VI.

6.02 AFTER TAX ACCOUNT AND ROLLOVER ACCOUNT. A Member or the Beneficiary of a deceased Member may withdraw a specific dollar amount or the entire amount credited to the Member's After Tax Account and Rollover Account.

6.03 MATCHING ACCOUNT. A Member or the Beneficiary of a deceased Member may withdraw a specific dollar amount or the entire amount from the vested balance credited to the Member's Matching Account, provided that a Member may make such withdrawals only if:

(a) the Member has at least 60 months of Continuous Membership, or
(b) the withdrawal satisfies the "hardship" withdrawal rules of paragraph 6.06, or
(c) the Member has attained age 59-1/2.

6.04 TAX DEFERRED ACCOUNT. A Member or the Beneficiary of a deceased Member may withdraw a specific dollar amount or the entire amount of the Member's Tax Deferred Account, provided that a Member may make such a withdrawal only if:

(a) the withdrawal satisfies the "hardship" withdrawal rules of paragraph 6.06,or
(b) the Member has attained age 59-1/2.

A withdrawal under this paragraph 6.04 shall not exceed (i) the amount credited to the Member's Tax Deferred Account under the H.J. Heinz Company Savings Plan as of December 31, 1988, (ii) increased by the Member's Tax Deferred Contributions under such plan after such date and decreased by the amounts, if any, withdrawn by the Member under paragraph 6.04 of such plan after such date, and (iii) increased by the Member's Tax Deferred Contributions under this Plan and decreased by any prior withdrawal by the Member under this paragraph 6.04. Except as provided in this paragraph 6.04, a Member shall not be permitted to withdraw any amount from his Tax Deferred Account prior to Retirement, Disability, death or other separation from Service.

6.05 PROFIT SHARING CONTRIBUTION ACCOUNT. Withdrawals from a Member's Profit Sharing Contribution Account are permitted only as provided in Article VIII.

6.06 HARDSHIP WITHDRAWAL. The Committee shall approve an application for a hardship withdrawal by a Member who otherwise qualifies for a hardship withdrawal under this Article VI if the application, made in such form as the Committee shall prescribe, satisfies subparagraphs (a) and (b) of this paragraph 6.06.

(a) As a condition for a hardship withdrawal, the Member must seek a withdrawal on account of any of the following financial needs:

(i) medical expenses described in section 213(d) of the Code previously incurred by the Member, his spouse or any of his dependents (as defined in section 152 of the Code) or necessary for these persons to obtain medical care described in section 213(d) of the Code;
(ii) costs directly related to the purchase of a principal residence of the Member (excluding mortgage payments);
(iii) payment of tuition and related educational fees for the next 12 months of post-secondary education of the Member, his spouse or dependents (as defined in section 152 of the Code); or
(iv) payment of amounts necessary to prevent eviction of the Member from his principal residence or to avoid foreclosure on the mortgage of his principal residence.

(b) As a condition for a hardship withdrawal, the requested withdrawal must be necessary to satisfy the financial need described in subparagraph (a). The Committee will make its determination of the necessity for the withdrawal solely on the basis of the application provided all of the following requirements are met:

(i) the distribution is not in excess of the amount of the immediate and heavy financial need specified according to subparagraph (a), plus any additional amount necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution;
(ii) the Member has obtained all distributions, other than distributions available only on account of hardship, and all nontaxable loans currently available under all plans of the Employer and Affiliates;
(iii) the hardship withdrawal will result in:

(A) suspension under this Plan and all other qualified and nonqualified plans of deferred compensation maintained by the Employer and Affiliates of the Member's elective deferrals and Employee contributions (other than mandatory contributions to a defined benefit plan) for at least 12 months after receipt of the distribution; and

(B) reduction of the limitation under section 402(g) of the Code under this Plan and all other plans of the Employer and Affiliates for the calendar year following the year in which the withdrawal is made by the Member's elective deferrals made in the calendar year of the distribution for hardship.

6.07 ADDITIONAL WITHDRAWAL RULES. The following rules shall apply to withdrawals under this Article VI:

(a) No withdrawal may be made from a Member's Tax Deferred Account unless all amounts then available for withdrawal under paragraphs 6.02 and 6.03 have been withdrawn. No withdrawal may be made from a Member's Matching Account under paragraph 6.03 unless all amounts withdrawable under paragraph 6.02 have been withdrawn.
(b) After there have been two withdrawals under this Article VI in any Plan Year, withdrawals shall be allowed only under the hardship rules of paragraph 6.06, with a maximum of two such hardship withdrawals for any Plan Year.
(c) Funds withdrawn pursuant to this Article VI may not be repaid.
(d) Any withdrawal must be in an amount which is not less than $200 unless such withdrawal consists of the entire balance in the Account from which the withdrawal is being made.
(e) Withdrawals shall be in cash as provided in paragraph 8.03.
(f) Any amounts withdrawn shall be charged against the Investment Funds in proportion to the current balances of the Account in such Investment Funds.
(g) No withdrawal may be made if such withdrawal would cause a violation of the maximum loan limitations prescribed pursuant to paragraph 9.09.
(h) A withdrawal may include an election that a withdrawal which is an Eligible Rollover Distribution be transferred directly to an Eligible Retirement Plan in accordance with procedures described in paragraph 8.02(c).
(i) The amount of any withdrawal paid to the recipient shall be the net amount after reduction for applicable tax withholding.
(j) The effective date of a withdrawal shall be the first Valuation Date occurring after the withdrawal request is approved by the Committee. The amount of the withdrawal shall be paid to the Member as soon as practicable after the effective date.

ARTICLE VII: ACCOUNTS

7.01 MEMBER ACCOUNTS. The Trustee or such other record keeper as the Committee may designate shall maintain in an equitable manner a separate Tax Deferred Account, Matching Account, After Tax Account, Profit Sharing Contribution Account and Rollover Account for each Member. Each separate Account shall be revalued at current market values as of each Valuation Date, and a separate record shall be kept of the share of each such separate Account in each Investment Fund of the Trust Fund. The Committee may instruct the Trustee or such other record keeper to maintain such additional Accounts and such subaccounts as it deems appropriate for administration of the Plan.

7.02 PERIODIC STATEMENTS. The Trustee or such other record keeper as the Committee shall designate shall furnish to each Member or Beneficiary annually or more frequently a statement setting forth the value of his Accounts.

ARTICLE VIII: DISTRIBUTIONS

8.01 IN GENERAL. Distribution of a Member's Accounts shall be in accordance with the Rules of this Article VIII.

(a) Retirement. The method of distribution to be made after Retirement may be elected by the Member in accordance with procedures prescribed by the Committee. The method of distribution shall be any one of the methods in paragraph 8.02. If no such election is made, the distribution shall be made pursuant to the method described in paragraph 8.02(a), subject to paragraph 8.02(c).
(b) Death. Payments to a Beneficiary upon death of the Member shall be made pursuant to subparagraphs (a) or (b) of paragraph 8.02 as specified by election made during the Member's lifetime in accordance with procedures prescribed by the Committee, subject to the right of a Beneficiary who is the Member's Spouse to elect a direct transfer of an Eligible Rollover Distribution under paragraph 8.02(c). A Member may specify that a designated Beneficiary may elect to reduce an installment period previously elected by the Member under paragraph 8.02(b) or accelerate the lump sum payment in paragraph 8.02(a). If no specification of distribution method was made by the Member, distribution shall be made as elected by the Beneficiary. If no Member or Beneficiary election is made, distribution shall be made pursuant to the method described in paragraph 8.02(a), subject to paragraph 8.02(c).
(c) Disability. In cases of Disability, payments from a Member's After Tax Account, Tax Deferred Account and Matching Account upon the Member's election made in accordance with procedures prescribed by the Committee. The provisions of paragraph 8.04(b) shall not apply while such a Member retains Employee status. Distribution pursuant to this paragraph may be pursuant to any one of the methods in paragraph 8.02 as specified by election of the Member in accordance with procedures prescribed by the Committee. If no such election is made, the distribution shall be made pursuant to the method described in paragraph 8.02(a), subject to paragraph 8.02(c).
(d) Discharge without Cause. Payments to a Member because of Discharge without Cause shall be made pursuant to any one of the methods in paragraph 8.02. If no such election is made, the distribution shall be made pursuant to the method described in paragraph 8.02(a), subject to paragraph 8.02(c).

(e) Other Termination of Employment. Payments to Members whose employment is terminated for reasons other than Retirement, death or Discharge without Cause shall be made pursuant to the method described in paragraph 8.02(a), subject to paragraph 8.02(c).
(f) Required Beginning Date. A Member who has attained his "required beginning date" under section 401(a)(9) of the Code may make an election of the method of distribution in accordance with procedures prescribed by the Committee. The method of distribution shall be any one of the methods in

paragraph 8.02. If no such election is made, the distribution shall be made pursuant to the method described in paragraph 8.02(a), subject to paragraph 8.02(c).

8.02 METHODS OF DISTRIBUTION. Methods of distribution which may be available to a Member or Beneficiary pursuant to paragraph 8.01 are the following:

(a) A lump sum.
(b) Installments, over a period which shall not exceed 30 years under such one of the following methods in subparagraph (i) or (ii) as is elected by the Member or Beneficiary in writing to the Committee:

(i) Annual payments, the amounts of which are recalculated annually by dividing the current value of the Member's Accounts by the remaining number of unpaid installments; or
(ii) Annual payments, the amounts of which are calculated by dividing the current value of the Member's Accounts by the number of years over which installments are payable. If the amount of any annual installment so calculated is in excess of the balance to the credit of the Accounts, such balance shall be distributed and no further installments shall be made. Any surplus remaining in the Member's Accounts at the expiration of the period elected by him for receipt of installment payments shall be distributed with the last annual installment.

Notwithstanding the above, an installment arrangement must provide for payment over a period which meets the requirements of paragraph 8.04(e). A Member or Beneficiary may elect in writing to reduce an installment period previously elected.
(c) A direct transfer to the trustee or other custodian of an Eligible Retirement Plan of all or a specified amount that is part of the Member's Accounts distributable under subparagraph (a) or (b) which is an Eligible Rollover Distribution, provided that to invoke this option:

(i) the Member or Beneficiary must specify, in accordance with procedures prescribed by the Committee, the Eligible Retirement Plan to which the distribution is to be paid;
(ii) the Member or Beneficiary must provide, in accordance with procedures prescribed by the Committee, adequate information regarding the designated Eligible Retirement Plan.

Reasonable reliance may be placed on such information concerning a designated Eligible Retirement Plan as is provided by the Member or Beneficiary and independent verification of such information is not required. Notwithstanding the foregoing, an Alternate Payee who is not the Member's Spouse or former Spouse or a Beneficiary who is not the Member's Spouse may not elect a direct

transfer and a Spouse may elect a direct transfer only to an Eligible Retirement Plan which is an individual retirement account.

8.03 MEDIUM OF PAYMENT. All distributions under the Plan shall be made in cash.

8.04 TIMING OF DISTRIBUTIONS. Any provision herein to the contrary notwithstanding, all distributions pursuant to paragraph 8.01 must meet the following rules:

(a) If the value of a Member's Accounts exceeds $5,000, distribution shall not be made or commence before the later of:

(i) the Member's termination of employment, or
(ii) his attainment of age 70-1/2, unless the Member consents to earlier payment.

(b) If the value of the Member's Account is $5,000 or less, a distribution shall be made as soon as is practicable after termination of employment.
(c) Distribution of a Member's Accounts shall be made or shall commence, unless the Member elects otherwise, not later than 60 days after the later of:

(i) the end of the Plan Year in which the Member attains age 65, or
(ii) the end of the Plan Year in which the Member's Retirement occurs.
(d) In the event that a Member ceases to be an Employee because of the disposition by the Employer of substantially all of the assets of a trade or business or the sale of a subsidiary but continues employment with the successor employer, no distribution shall be made with respect to the Tax Deferred Account of an affected member unless the applicable requirements of section 401(k)(2)(B) and section 401(k)(10) of the Code are met.
(e) An installment arrangement under paragraph 8.02(b) must provide for payment over an installment period which does not exceed the life expectancy of the last survivor of the Member and his Beneficiary or if the Member is deceased, the life expectancy of the Beneficiary, with the amount of installments to be calculated in a manner which complies with the requirements of section 401(a)(9) of the Code (including the incidental benefit requirements of Code section
401(a)(9)(G)), and regulations thereunder, which shall override any provision of this Plan inconsistent therewith. In the event of the death of the Member who is receiving installment payments under paragraph 8.02(b) as of his date of death, the benefits shall be distributed at least as rapidly as under the method of payment selected by the Member. No benefit option selected by a Beneficiary shall defer the commencement of distribution beyond one year after the Member's date of death or, if the Beneficiary is the Member's spouse, the April 1 of the calendar year following the calendar year in which the Member would have attained age 70-1/2.

8.05 VALUATION. Valuation of Accounts for purposes of distribution to or on behalf of a Member or Beneficiary shall be made as of the effective date of each payment or transfer. For purposes of the preceding sentence:

(a) the effective date of an immediate distribution of an Account of $5,000 or less pursuant to paragraph 8.04(b) shall be the first Valuation Date occurring after the Committee receives notice of termination of employment; and
(b) the effective date of any distribution with respect to which the consent of a Member or Beneficiary is required shall be the first Valuation Date occurring after the Committee receives the distribution election in accordance with procedures prescribed by the Committee.

8.06 WRITTEN EXPLANATION. Within a reasonable time before a distribution is made from the Plan, the recipient shall, in accordance with procedures prescribed the Committee, be provided with a written explanation of:
(a) the provisions under which the recipient may have the distribution directly transferred to another Eligible Retirement Plan;
(b) the provision which requires the withholding of tax on Eligible Rollover Distributions which are not directly transferred to another Eligible Retirement Plan;
(c) the provisions under which an Eligible Rollover Distribution will not be subject to tax if transferred to an Eligible Retirement Plan within 60 days after receipt; and
(d) the provisions concerning taxation of lump sum distributions and distributions of employer securities.

ARTICLE IX: TRUST FUND

9.01 TRUSTEE AND TRUST AGREEMENT. The Board of Directors shall select one or more organizations or individuals to serve as Trustee and the Employer shall enter into one or more agreements of trust providing for the administration of the Trust Fund in such form and containing such provisions as the Employer deems appropriate, including, but not by way of limitation, provisions with respect to the powers and authority of the Trustee and the authority of the Employer to amend or terminate the Trust Agreement or to change the Trustee and to settle the accounts of the Trustee on behalf of all persons having an interest in the Trust Fund. The principal or the income of the Trust Fund shall not be used for any purpose other than for the exclusive benefit of Members and Beneficiaries or to meet the necessary expenses of the Plan.

9.02 EXPENSES. Brokerage fees, commissions, taxes and expenses incident to the income or assets of the Trust or the purchase or sale of securities by the Trustee shall be deemed to be a charge against such income or assets, or part of the cost of such securities or a deduction in computing the proceeds therefrom, as the case may be. All other expenses of the Plan, including record keeping fees, administrative charges, professional fees, Trustee fees, and expenses and transfer taxes on distribution of shares of stock, may be paid by the Trustee from the assets of the Trust Fund unless paid by the Employer.

9.03 INVESTMENT FUNDS. One or more Investment Funds, as selected by the Investment Committee appointed pursuant to paragraph 10.05, shall be established for the investment and reinvestment of contributions made on behalf of or by Members of the Plan.

(a) Investment Funds selected by the Investment Committee may include, but shall not be limited to, accounts or contracts with insurance companies and accounts with banks, trust companies, mutual funds, investment companies, other equity funds managed by investment managers as defined under section 3(38) of ERISA or by the Investment Committee or a common trust fund operated by the Trustee of the Plan. Any Investment Fund selected by the Investment Committee shall be communicated to Members and Beneficiaries in a timely fashion.
(b) The Plan adopts and includes the provisions of any group or common trust fund in which the Plan's Trust participates, but only as long as such group or common trust fund remains qualified under section 401(a) of the Code and exempt from taxation under section 501(a) of the Code in accordance with Revenue Ruling 81-100.
(c) The Trustee shall reinvest in each of the above Funds the dividends, interest and other distributions received on the assets held by the Trustee in the respective Funds. The Trustee may keep such amounts of cash and short-term

investments as it shall deem necessary or advisable to maintain as a part of such Funds.

9.04 INVESTMENT ELECTIONS BY MEMBERS. Upon enrollment (or as soon as practicable thereafter) a Member shall elect that amounts allocated to his Account be invested entirely in one of the available Funds established pursuant to paragraph 9.03 or in any or all of such Funds in multiples of 1%. Each Member shall assume all investment risks connected with the assets held by the Trustee for his Accounts and is solely responsible for the selection of his investment options. The Trustee, the Investment Committee, the Committee, the Employer, and the officers, supervisors and other employees of the Employer are not empowered to advise a Member as to the manner in which such Accounts shall be invested. The fact that an Investment Fund is available to Members for investment under the Plan shall not be construed as a recommendation for investment in that Investment Fund. In default of any election by a Member, his undirected Accounts shall be invested in such Fund or Funds as the Investment Committee may direct.

9.05 INVESTMENT ELECTION CHANGES. The Committee shall establish procedures whereby a Member may elect to change the investment of future additions to his Account to any combination of selections permitted under paragraph 9.04.

9.06 REALLOCATION AMONG FUNDS. The Committee shall establish procedures whereby a Member or the Beneficiary of a deceased Member may elect to reallocate among the Investment Funds in multiples of 1% the investment of his Account.

9.07 TRANSFERRED AMOUNTS. Amounts allocated to a Member's Account as amounts transferred on behalf of the Member from the Heinz Employee Retirement and Savings Plan, to the extent not consisting of shares of stock of the H.J. Heinz Company, shall be invested entirely in one of the available Funds or in any or all such available Funds as the Member shall elect pursuant to paragraph 9.04. Shares of stock of the H.J. Heinz Company allocated to a Member's Account with respect to such transfer shall be allocated to a separate account for the Member and, as the Member shall so elect with respect to any and all such shares of stock, shall be sold from such separate account and the proceeds of such sale or sales shall be invested entirely in one of the available Funds or in any or all such available Funds as the Member shall elect pursuant to paragraph 9.04; provided, however, that any such shares of stock remaining in such separate account on December 31, 2000 shall be sold from such separate account and the proceeds of such sale invested in the available Fund or Funds in the same proportion as amounts described in paragraph 9.04 are invested in such Funds or Funds.

9.08 INTERIM INVESTMENT FUND. All amounts allocated to a Member's Account, other than shares of stock of the H.J. Heinz Company described in paragraph 9.07, shall, prior to the establishment of Investment Funds as described in paragraph 9.03, be invested as the Investment Committee shall direct.

9.09 MEMBER LOANS. Loans shall be made available to any Member who is an Employee, in accordance with the following provisions of this paragraph 9.09.

(a) Loans shall be made available to all Members on a reasonably equivalent and nondiscriminatory basis and in accordance with section 408 (b)(1) of ERISA and regulations promulgated thereunder. The Committee may suspend at any time authorization for future loans to Members but no such suspension shall affect any loan then outstanding.
(b) Upon the application of a Member who is an Employee, the Committee or its delegate shall instruct the Trustee to make a loan to such Member first from his Tax Deferred Account (if any), and then, if necessary, from his Matching Account (if any), and then, if necessary, from his Rollover Account (if any), and then, if necessary, from his After Tax-Contributions (if any) and provided that such loan meets the requirements of paragraph 9.10. The promissory note executed pursuant to paragraph 9.10(f) shall be held in trust by the Trustee as a Trust asset and allocated solely to the borrower's Accounts, and the value of such promissory note shall be considered to be the outstanding unpaid balance of the note including any accrued interest. No loan shall be made until the Member has completed the appropriate form (whether in one or more separate documents or by undertaking any alternative procedures prescribed by the Committee) and submitted (or otherwise communicated) to the Committee or its delegate such information as deemed appropriate, which shall include, among other items, the Member's promise to repay to the Trustee, as payee, the full amount, the loan term, the repayment schedule, the Member's authorization and direction that the Employer shall withhold each Payroll Period and remit to the Trustee the appropriate installment amounts, and such other terms and conditions as are consistent with this paragraph and paragraph 9.10. If the loan is approved, the Trustee shall have a conditional security interest in the Member's Accounts to the Trustee as security for repayment of the loan. The Committee or its delegate shall inform a Member in writing within a reasonable time of the approval or denial (and the reason(s) for denial) of a loan request.
(c) No more than one (1) loan made to a Member may be outstanding at any time.
(d) If a Member obtains a loan under this paragraph 9.09, his status as a Member and rights with respect to Plan benefits are not affected, except to the extent that the Member has assigned interests in the Accounts pursuant to this paragraph and paragraph 9.10.

9.10 LOAN REQUIREMENTS. A loan pursuant shall meet all of the following requirements:

(a) Minimum Amount. A loan must be in an amount not less than one thousand dollars ($1,000).
(b) Maximum Amount. A loan shall not exceed the least of:

(i) 50% of the value of the Member's vested interest in the Member's Account balance,
(ii) 100% of the value of the Member's Tax Deferred Account, Matching Account, Rollover Account and After Tax Account, and
(iii) $50,000 reduced by the greater of the unpaid balance (if any) of any other loan from the Plan to the Member on the date the loan is made or the highest outstanding balance of loans (if any) from the Plan to the Member during the one-year period ending on the day before the date the loan is made.

(c) Valuation. The value of a Member's Accounts shall be determined as of the last valuation completed immediately prior to the date on which the Member's loan request is received.
(d) Interest and Amortization. A loan shall bear interest that is fixed for the term of the loan, and shall provide for substantially level amortization (within the meaning of section 72(p)(2)(C) of the Code) with payments made through payroll deductions during any period that the Member receives pay for employment by the Employer and otherwise with payments made monthly by the Member's personal check. The rate of interest for loans shall be set for each calendar quarter to apply to all loans made in such quarter. The rate of interest set for a calendar quarter shall be equal to 1% plus the published prime interest rate of a bank selected by the Committee as that rate is published on the tenth business day preceding the end of the preceding quarter; provided, however, that the Committee may direct that the interest rate be changed more frequently than quarterly by reference to such prime rate as published on any date that is not more than 10 days prior to the date such change is first effective. If the rate of interest set pursuant to the preceding sentence exceeds the highest rate which may legally be charged under applicable law, no loans may be made to any Member, notwithstanding any other provision in this paragraph 9.10 to the contrary.
(e) Repayment Term. The principal amount of a loan must be payable no later than the earlier of the following dates:

(i) The expiration of a 5 year term, except for a loan used to acquire any dwelling unit which within a reasonable time is to be used (determined at the time the loan is made) as a principal residence of the Member, which may be for any longer term of whole years not in excess of 15 years.
(ii) The date on which distribution of the Member's Accounts is made or otherwise commences following the Member's Severance from Service Date.

Notwithstanding the foregoing, a Member shall have the right to prepay the full outstanding balance of such loan without penalty, at any time.

(f) Promissory Note. A loan shall be evidenced by a promissory note executed by the Member. Such note shall provide that if the Member receives pay for employment by an Employer, the loan is to be paid by regular deductions from his pay in each pay period in which the loan is outstanding and that if the Member is not receiving pay for employment by an Employer, the loan is to be paid monthly by a Certified or Bank Check. The promissory note shall also contain such other terms as the Committee or its delegate shall in its sole discretion determine.
(g) Written Agreement. A loan shall be made pursuant to a loan agreement executed by the Member and the Trustee (directly, or acting through the Committee or its delegate), on a form containing such terms and provisions as the Committee or its delegate shall determine.
(h) Loan Expenses. Any fees, taxes, charges or other expenses (including without limitation any asset liquidation charge or similar extraordinary expense) incurred in connection with a loan shall be paid or charged against the Accounts of the Member from which the loan is made unless otherwise determined by the Committee.
(i) Allocation Among Investment Funds. A loan shall be allocated on a pro rata or substantially pro rata basis among the Investment Funds in which the Member's Tax Deferred Account, Matching Account, Rollover Account, and After Tax Account (whichever was the source for the loan) is invested.
(j) Repayment. The total amount of principal and interest payments on a Member's loan shall be allocated to the Member's Accounts out of which the loan was funded, in the following order: (1) After Tax Contributions; (2) Rollover Account; (3) Matching Account, (4) Tax Deferred Account. Such payments shall be allocated to such Investment Funds as the Member shall have designated under paragraph 9.04.
(k) Disposition of Loan Upon Certain Events. Subject to the provision of paragraph 9.10(d) authorizing prepayment of a loan, in the event of the death of a Member before the Member repays all outstanding loans, the Trustee shall reduce the value of the Member's Accounts by the amount of the Member's outstanding loan before making a distribution to the Member or his beneficiary.
(l) Default. A loan shall be in default if a scheduled payment of principal or interest is not received by the Committee or its delegate within 90 days following the scheduled payment date. Upon such default, the outstanding principal amount and accrued interest of the loan shall become immediately due and payable, and the Committee or its delegate may direct the Trustee to execute upon the Plan's security interest in the Member's Accounts to satisfy the debt; provided, however, that the execution shall not occur until such time as the Member 's Accounts could be distributed to the Member consistent with the requirements for qualification of the Plan under section 401(k) of the Code. The Committee or its delegate may take any other action he deems appropriate to obtain payment of the outstanding amount of principal and accrued interest,

which may include accepting payments of principal and interest that were not made on schedule and permitting the loan to remain outstanding under its original payment schedule.

ARTICLE X: ADMINISTRATION

10.01 THE COMMITTEE. The general administration and responsibility for carrying out the provisions of the Plan shall be placed with the Committee. The members of the Committee may be eligible to participate in the Plan. The Committee shall have complete control of the administration of the Plan with all powers to enable it to carry out its duties in that respect, subject at all times to the limitations and conditions specified in or imposed by the Plan.

10.02 POWERS. In addition to any implied powers needed to carry out the provisions of the Plan, the Committee shall have the following specific powers:

(a) To make and enforce such rules and regulations as it shall deem necessary or proper for the efficient administration of the Plan, including procedures for enrollment, investment elections, withdrawals and distributions, and to design written forms or other documents to implement such rules, regulations and procedures.
(b) To interpret the Plan and to decide any and all matters arising hereunder, including the right to remedy possible ambiguities, inconsistencies or omissions.
(c) To determine the amount of benefits that shall be payable to a Member or Beneficiary in accordance with the provisions of the Plan.
(d) To authorize disbursements from the Trust Fund and the payment of monies or property, or both, therefrom to a Member or Beneficiary and others; and to arrange for withholding and remittance of such withholding taxes as are required under the Code.
(e) To authorize one or more of its number or any agent to execute or deliver any instrument or make any payment on its behalf; to retain counsel, employ agents and provide for such clerical, accounting, actuarial and consulting services as it may require in carrying out the provisions of the Plan; and to allocate among or delegate to other persons all or such portion of its duties hereunder, other than those granted to the Trustee under the Trust Agreement adopted for use in implementing the Plan, as the Committee in its sole discretion shall decide.
(f) To determine benefit eligibility under this Plan, to interpret Plan provisions and to take any action necessary to execute the provisions of the Plan, and all such authority shall be exercised in a manner consistent with the provisions of the Plan.

All interpretations, determinations and decisions of the Committee in respect of any matter hereunder shall be final, conclusive and binding upon the Employees, Members and Beneficiaries and all other persons claiming an interest under the Plan.

10.03 QUORUM AND COMMITTEE ACTIONS. A majority of the members of the Committee shall have the power to act with or without a meeting and the concurrence of any member may be by letter, wire, cablegram, fax or telephone.

10.04 INVESTMENT COMMITTEE. The Board of Directors shall appoint an Investment Committee which shall consist of three or more members who shall serve at the pleasure of the Board. To the extent not otherwise limited by the provisions of the trust instrument or this Plan, for the purpose of carrying out its duties and responsibilities, the members of the Investment Committee may direct the Trustee in the management of the assets of the Plan; may appoint one or more investment managers to direct the Trustee in the management of the assets of the Plan; may establish procedures to evaluate the investment performance of the Funds of the Plan and its asset managers; and may allocate among themselves or delegate to other persons all or such portion of their duties hereunder, as they, in their sole discretion shall decide.

10.05 LIABILITY INSURANCE AND INDEMNIFICATION. The Employer shall obtain insurance or indemnify the members of the Committee and the Investment Committee for any and all liability, whether joint or several, for their acts and conduct, or the acts or conduct of their agents, in their official capacity, to the fullest extent permitted or authorized by current or future legislation or by current or future judicial or administrative decision.

10.06 QUALIFIED DOMESTIC RELATIONS ORDERS. The Committee shall establish reasonable written procedures consistent with the requirements of section 206(d)(3) of ERISA for determining whether a domestic relations order is a Qualified Domestic Relations Order and to administer any Qualified Domestic Relations Order. Notwithstanding any other provision of the Plan, a Qualified Domestic Relations Order may provide that a lump sum payment (or, if otherwise permitted, a direct transfer of a lump sum amount) of the portion of a Member's Accounts assigned to an Alternate Payee shall be made as soon as administratively feasible whether or not the Member is entitled to a withdrawal or distribution at such time.

10.07 FIDUCIARY STANDARD. The members of the Committee and the Investment Committee shall use that degree of care, skill, prudence and diligence that a prudent man acting in a like capacity and familiar with such matters would use in his conduct in a similar situation.

10.08 FACILITY OF PAYMENT. Whenever, in the Committee's opinion, a person entitled to receive any payment of a benefit or installment thereof hereunder is under legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the

Committee may direct the Trustee to make payments to such person or to his legal representative or to a relative or friend of such person for his benefit or to apply the payment for the benefit of such person in such manner as it considers advisable.

10.09 VALUATION DATES. The Committee shall establish procedures for determining the Valuation Dates which shall apply for withdrawals, distributions or other relevant purposes. Valuation Dates need not be the same for all purposes.

ARTICLE XI: AMENDMENT, TERMINATION, AND MERGER

11.01 RIGHT TO TERMINATE OR AMEND. The Board of Directors reserves the right to terminate, modify, alter or amend this Plan or any Trust Agreement hereunder from time to time to any extent that it may deem advisable including, but without limiting the generality of the foregoing, any amendment deemed necessary to ensure the continued qualification of the Plan under section 401(a) and section 401(k) of the Code, or the appropriate provisions of any subsequent revenue law or any other applicable laws regulating employee plans. No such amendment shall increase the duties or responsibilities of the Trustee without its consent thereto in writing. No such amendment shall have the effect of diverting the whole or any part of the principal or income of the Trust Fund to purposes other than for the exclusive benefit of Members and Beneficiaries. A modification or amendment of the Plan may affect present as well as future Members and Beneficiaries but may not retroactively reduce the Accounts of any Member or Beneficiary.

11.02 TERMINATION PROCEDURES. In the event of termination or partial termination of the Plan or the complete discontinuance of Employer contributions, the Accounts of affected Members shall be fully vested and the Trustee shall:

(a) pay any and all expenses chargeable against the Trust Fund;
(b) determine from the Committee the balance in each Member's Account;
(c) as directed by the Committee, either:

(i) distribute the balance in the affected Members' Accounts in the manner prescribed in Article VIII, provided that no distribution shall be made with respect to the Tax Deferred Account of an affected Member unless the applicable requirements of section 401(k)(2)(B) and 401(k)(10) of the Code are met; or
(ii) continue to maintain the Trust Fund and Plan to pay benefits in accordance with the provisions of Article VIII, except that no Employee shall become a Member on or after the effective date of such termination.

In making any distributions after termination of the Plan, any and all determinations, divisions, appraisals, apportionments and allotments determined by the Committee shall be final and conclusive. If, after all liabilities of the Plan to Members and Beneficiaries have been satisfied or provided for, any assets remain unallocated in the suspense account provided for in paragraph 4.10(d)(ii), then such assets shall be distributed to the Employer.

11.03 MERGER, CONSOLIDATION, OR TRANSFER OF PLAN ASSETS. In the case of any merger or consolidation with, or transfer of assets and liabilities to, any other plan, provisions shall be made so that each Member, former Member and Beneficiary on the date thereof would, if the Plan were then terminated, receive a benefit immediately after the merger, consolidation or

transfer that would be equal to or greater than the benefit he would have been entitled to receive immediately prior to the merger, consolidation or transfer if the Plan had then been terminated.

ARTICLE XII: GENERAL PROVISIONS

12.01 UNIFORM ADMINISTRATION. Whenever the administration of the Plan requires any action by the Employer, the Committee or any member thereof, including action with respect to eligibility or classification of Employees or contributions or benefits, such action shall be uniform in nature, shall apply to all persons similarly situated and shall not discriminate in favor of any Employee.

12.02 SOURCE OF PAYMENT. Benefits under this Plan shall be payable only out of the Trust Fund. Neither the Employer, the Board of Directors or any members thereof, nor the Committee or any member thereof shall have any legal obligation, responsibility or liability to make any direct payment of benefits accrued under the Plan. Neither the Employer, the Trustee, the Board of Directors or any member thereof, nor the Committee or any member thereof guarantees the Trust Fund against any loss or depreciation or guarantees the payment of any benefit hereunder.

12.03 NO RIGHT TO EMPLOYMENT. Nothing herein contained shall be deemed to give any Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge him at any time.

12.04 BENEFITS NOT ASSIGNABLE. Except (a) as provided in a Qualified Domestic Relations Order, no right or interest of any Member or Beneficiary in the Plan, or in the Accounts, shall be assignable or transferable, or subject to any lien, in whole or in part, either directly or by operation of law, or otherwise including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, and no right or interest of any Member of Beneficiary in the Plan or in the Accounts shall be liable for, or be subject to, any obligation or liability of such Member or Beneficiary.

12.05 LAWS APPLICABLE. Subject to the provisions of ERISA, the Plan shall be governed by, and construed in accordance with, the laws of the State of New York.

12.06 ELECTION PROCEDURES. Any elections, designations, withdrawals, authorizations and other actions taken by Employees, Members, or Beneficiaries shall be in accordance with procedures prescribed by the Committee.

12.07 TOP-HEAVY REQUIREMENTS.

(a) The following definitions apply to the terms used in this paragraph:

(i) "applicable determination date" means the last day of the preceding Plan Year;
(ii) "top-heavy ratio" means the ratio of (A) the value of the aggregate of the Accounts under the Plan for Key Employees to (B) the value of the aggregate of the Accounts under the Plan for all Key Employees and non-Key Employees;
(iii) "non-Key Employee" means any Employee who is not a Key Employee;
(iv) "applicable Valuation Date" means the Valuation Date coincident with or immediately preceding the last day of the preceding Plan Year;
(v) "required aggregation group" means any other qualified plan(s) of the Employer or an Affiliate in which there are members who are Key Employees or which enable(s) the Plan to meet the requirements of section 401(a)(4) or 410 of the Code; and
(vi) "permissive aggregation group" means each plan in the required aggregation group and any other qualified plan(s) of the Employer or an Affiliate in which all members are non-Key Employees, if the resulting aggregation group continues to meet the requirements of sections 401 (a)(4) and 410 of the Code.

(b) For purposes of this paragraph, the Plan shall be "top-heavy" with respect to any Plan Year if, as of the applicable determination date the top-heavy ratio exceeds 60%. The top-heavy ratio shall be determined as of the applicable Valuation Date in accordance with section 416(g)(3) and (4) of the Code and Article VII of this Plan. For purposes of determining whether the Plan is top-heavy, the Account balances under the Plan will be combined with the account balances or the present value of accrued benefits under each other plan in the required aggregation group, and, in the Employer's discretion, may be combined with the account balances or the present value of accrued benefits under any other qualified plan in the permissive aggregation group.
(c) The following provisions shall be applicable to Members for any Plan Year with respect to which the Plan is top-heavy:

(i) All Matching Accounts shall become 100% vested and all future contributions to the Plan shall be immediately 100% vested.
(ii) An additional Employer contribution shall be allocated on behalf of each Member (and each Employee eligible to become a Member) who is a Non-Key Employee, and who has not terminated service as of the last day of the Plan Year, to the extent that Profit Sharing Contributions and Matching Contributions on his behalf for the Plan Year which are not needed to meet the contribution percentage test set forth in paragraph 4.08 would otherwise be less than 3% of his Compensation (up to the Compensation Limit). However, if the greatest percentage of Compensation (up to the Compensation Limit) contributed on behalf of a Key Employee for the Plan Year would be less than 3%, such lesser percentage shall be substituted for "3%" in the preceding sentence. Notwithstanding the foregoing provisions of this subparagraph (ii), no minimum contribution shall be made under this Plan with respect to a Member (or an Employee eligible to become a Member) if the required minimum benefit under

section 416(c)(1) of the Code is provided to him by any other qualified pension plan of the Employer or an Affiliate.

12.08 GENDER AND NUMBER. Masculine pronouns used herein shall refer to men or women or both and nouns when stated in the singular shall include the plural and when stated in the plural shall include the singular whenever appropriate.

ARTICLE XIII: CLAIMS PROCEDURE

13.01 FILING A CLAIM. Any Member under the Plan may file a written claim for a benefit with the Committee or with a person named by the Committee to receive claims under the Plan.

13.02 NOTICE OF DENIAL OF CLAIM. In the event of a denial or limitation of any benefit due to or requested by any Member (or his beneficiary) under the Plan, the Member shall be given a written notification containing specific reasons for the denial of his benefit. The written notification shall contain specific reference to the pertinent Plan provisions on which the denial is based. In addition, the written notification shall contain a description of any additional material or information necessary for the Member to perfect a claim, and an explanation of why such material or information is necessary. The written notification shall further provide appropriate information as to the steps to be taken if the Member wishes to submit his claim for review. The written notification shall be given to a Member within ninety (90) days after receipt of his claim by the Committee unless special circumstances require an extension of time, not to exceed ninety (90) days from the end of the initial ninety (90) day period, for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the Member prior to the termination of said initial ninety (90) day period, and such notice shall indicate the special circumstances which make the extension appropriate and the date by which the Committee expects to render the final decision.

13.03 RIGHT OF REVIEW. In the event of a denial or limitation of his claim, the Member or his duly authorized representative shall be permitted to review pertinent documents and to submit to the Committee issues and comments in writing. In addition, the Member or his duly authorized representative may make a written request for a full and fair review of his claim and its denial by the Committee; provided, however that such written request must be received by the Committee within sixty
(60) days after receipt by the claimant of written notification of the denial or limitation of the claim. The sixty (60) day requirement may be waived by the Committee in appropriate cases.

13.04 DECISION ON REVIEW. A decision shall be rendered by the Committee within sixty (60) days after the receipt of the request for review, provided that where special circumstances require an extension of time for processing the decision, it may be postponed on written notice to the Member (prior to the expiration of the initial 60-day period) for an additional sixty (60) days, but in no event shall the decision be rendered more than one hundred twenty (120) days after the receipt of such request for review. Any decision by the Committee shall be furnished to the Member in

writing and shall set forth the specific reasons for the decision and the specific Plan provisions on which the decision is based. Any decision by the Committee shall be final, conclusive, and binding on the Member and all persons.

13.05 COURT ACTION. No Member (or his beneficiary) shall have the right to seek judicial review of a denial of benefits, or to bring any action in any court to enforce a claim for benefits, prior to filing a claim for benefits and exhausting his rights to review under this Article.

ARTICLE XIV: SIGNATURE

To record the adoption of this Plan by the Employer and its Affiliates participating therein, the Employer has caused this Plan to be executed by its duly authorized corporate officer, effective as of the 3rd day of October, 1999.

Weight Watchers International

By: _____

Date: _____