

# WEIGHT WATCHERS INTERNATIONAL INC

## FORM 10-Q (Quarterly Report)

Filed 11/12/2003 For Period Ending 9/27/2003

Address	175 CROSSWAYS PARK WEST WOODBURY, New York 11797
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CIK	0000105319
Industry	Personal Services
Sector	Services
Fiscal Year	12/30

**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM 10-Q**

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

For the quarterly period ended September 27, 2003

Commission File No. 000-03389

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**Weight Watchers International, Inc.**  
(Exact name of Registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction of  
incorporation or organization)

**11-6040273**  
(I.R.S. Employer  
Identification No.)

**175 Crossways Park West, Woodbury, New York**  
(Address of principal executive offices)

**11797-2055**  
(Zip code)

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

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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  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes  No

The number of common shares outstanding as of October 31, 2003 was 106,963,802.

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES  
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**ITEM 1. FINANCIAL STATEMENTS**

**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES  
UNAUDITED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)**

	September 27, 2003	December 28, 2002
	_____	_____
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 61,057	\$ 57,530
Receivables, net	24,093	19,106
Inventories, net	31,339	38,583
Prepaid expenses and other current assets	22,461	30,219
	_____	_____
<b>TOTAL CURRENT ASSETS</b>	138,950	145,438
Property and equipment, net	16,027	12,490
Franchise rights acquired	463,804	284,815
Goodwill	23,735	23,384
Trademarks and other intangible assets, net	2,423	2,353

Deferred income taxes	115,068	131,487
Deferred financing costs and other noncurrent assets	7,229	9,936
<b>TOTAL ASSETS</b>	<b>\$ 767,236</b>	<b>\$ 609,903</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Portion of long-term debt due within one year	\$ 15,554	\$ 18,361
Accounts payable	21,482	20,247
Accrued interest	2,497	8,598
Accrued liabilities	57,510	46,474
Income taxes	11,199	14,269
Deferred revenue	28,286	15,432
<b>TOTAL CURRENT LIABILITIES</b>	<b>136,528</b>	<b>123,381</b>
Long-term debt	461,161	436,319
Deferred income taxes	3,241	3,256
Other	132	399
<b>TOTAL LONG-TERM DEBT AND OTHER LIABILITIES</b>	<b>464,534</b>	<b>439,974</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, \$0 par; 1,000,000 shares authorized; 111,988 shares issued; 106,928 shares outstanding at September 27, 2003 and 106,277 shares outstanding at December 28, 2002	—	—
Treasury stock, at cost, 5,060 shares at September 27, 2003 and 5,711 shares at December 28, 2002	(20,432)	(23,061)
Deferred compensation	(119)	—
Retained earnings	184,287	73,482
Accumulated other comprehensive income (loss)	2,438	(3,873)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>166,174</b>	<b>46,548</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 767,236</b>	<b>\$ 609,903</b>

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

**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

	Three Months Ended	
	September 27, 2003	September 28, 2002
Meeting fees, net	\$ 141,364	\$ 123,210
Product sales and other, net	76,134	65,962
Revenues, net	217,498	189,172
Cost of revenues	107,347	85,617
Gross profit	110,151	103,555
Marketing expenses	18,176	14,392
Selling, general and administrative expenses	17,957	14,756
Operating income	74,018	74,407

Interest expense, net	8,008	10,576
Other expenses, net	958	3,526
Early extinguishment of debt	47,368	—
	<hr/>	<hr/>
Income before income taxes and minority interest	17,684	60,305
Provision for income taxes	6,251	23,464
	<hr/>	<hr/>
Income before minority interest	11,433	36,841
Minority interest	(49)	9
	<hr/>	<hr/>
Net income	\$ 11,482	\$ 36,832
	<hr/>	<hr/>
Net income per share:		
Basic	\$ 0.11	\$ 0.35
	<hr/>	<hr/>
Diluted	\$ 0.10	\$ 0.34
	<hr/>	<hr/>
Weighted average common shares outstanding:		
Basic	106,856	106,094
	<hr/>	<hr/>
Diluted	109,780	109,567
	<hr/>	<hr/>

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

**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

	Nine Months Ended	
	September 27, 2003	September 28, 2002
	<hr/>	<hr/>
Meeting fees, net	\$ 463,559	\$ 399,007
Product sales and other, net	264,287	220,561
	<hr/>	<hr/>
Revenues, net	727,846	619,568
Cost of revenues	336,757	277,646
	<hr/>	<hr/>
Gross profit	391,089	341,922
Marketing expenses	85,491	60,852
Selling, general and administrative expenses	54,530	45,086
	<hr/>	<hr/>
Operating income	251,068	235,984
Interest expense, net	28,892	31,795
Other expenses, net	3,180	15,701
Early extinguishment of debt	47,368	—
	<hr/>	<hr/>
Income before income taxes and minority interest	171,628	188,488
Provision for income taxes	65,833	73,134
	<hr/>	<hr/>
Income before minority interest	105,795	115,354

Minority interest		(42)		18
Net income	\$	105,837	\$	115,336
Preferred stock dividends		—		254
Net income available to common shareholders	\$	105,837	\$	115,082
Net income per share:				
Basic	\$	0.99	\$	1.09
Diluted	\$	0.96	\$	1.05
Weighted average common shares outstanding:				
Basic		106,668		105,872
Diluted		109,782		109,553

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

**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN**  
**SHAREHOLDERS' EQUITY (DEFICIT) AND COMPREHENSIVE INCOME**  
**(IN THOUSANDS)**

	Common Stock		Treasury Stock		Deferred Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
	Shares	Amount	Shares	Amount				
Balance at December 29, 2001	111,988	\$ —	6,488	\$ (26,196)	\$ —	\$ (13,323)	\$ (73,998)	\$ (113,517)
Comprehensive Income:								
Net income							143,694	143,694
Translation adjustment, net of taxes						8,205		8,205
Change in fair value of derivatives accounted for as hedges, net of taxes						1,245		1,245
Total Comprehensive Income								153,144
Preferred stock dividend							(254)	(254)
Stock options exercised			(777)	3,135			(1,441)	1,694
Tax benefit of stock options exercised							6,331	6,331
Cost of secondary public equity offering							(850)	(850)
Balance at December 28, 2002	111,988	\$ —	5,711	\$ (23,061)	\$ —	\$ (3,873)	\$ 73,482	\$ 46,548
Comprehensive Income:								
Net income							105,837	105,837
Translation adjustment, net of taxes						4,065		4,065
Change in fair value of derivatives accounted for as hedges, net of taxes						2,246		2,246
Total Comprehensive Income								112,148
Stock options exercised			(651)	2,629			(1,105)	1,524
Tax benefit of stock options exercised							5,914	5,914
Restricted stock issued to employees					(159)		159	—

Compensation expense for restricted stock issued to employees

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Balance at September 27, 2003

111,988 \$ — 5,060 \$ (20,432) \$ (119) \$ 2,438 \$ 184,287 \$ 166,174

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

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(IN THOUSANDS)**

	Nine Months Ended	
	September 27, 2003	September 28, 2002
Cash provided by operating activities	\$ 210,156	\$ 166,399
Investing activities:		
Capital expenditures	(3,308)	(3,425)
Repayments from equity investment	5,000	—
Cash paid for acquisitions	(181,860)	(68,148)
Other items, net	(956)	(355)
Cash used for investing activities	(181,124)	(71,928)
Financing activities:		
Net decrease in short-term borrowings	(2,276)	(1,253)
Proceeds from borrowings	85,000	—
Payment of dividends	—	(1,249)
Payments of long-term debt	(50,670)	(31,666)
Proceeds from new term loan	227,326	—
Repayment of high yield loan	(244,919)	—
Premium paid on extinguishment of debt and other costs	(42,980)	—
Settlement of hedge	2,710	—
Redemption of redeemable preferred stock	—	(25,000)
Proceeds from stock options exercised	1,524	1,392
Cost of public equity offering	—	(262)
Deferred financing costs	(2,366)	—
Cash used for financing activities	(26,651)	(58,038)
Effect of exchange rate changes on cash/cash equivalents and other	1,146	2,128
Net increase in cash and cash equivalents	3,527	38,561
Cash and cash equivalents, beginning of period	57,530	23,338
Cash and cash equivalents, end of period	\$ 61,057	\$ 61,899

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

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

**1. Basis of Presentation**

The accompanying consolidated financial statements include the accounts of Weight Watchers International, Inc. and subsidiaries (the "Company"). The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include amounts that are based on management's best estimates and judgments. While all available information has been considered, actual amounts could differ from those estimates. The consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation.

The Management's Discussion and Analysis of Financial Condition and Results of Operations which follows these notes contains additional information on the results of operations, the financial position and cash flows of the Company. Those comments should be read in conjunction with these notes. The Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2002 includes additional information about the Company, its results of operations, its financial position and its cash flows, and should be read in conjunction with this Quarterly Report on Form 10-Q.

*Significant Event:*

During the third quarter 2003, the Company completed a tender offer for its 13% Senior Subordinated Notes due 2009 and refinanced the Company's Credit Facility (as defined in Note 4). The total expense associated with this early extinguishment of debt was \$47,368 and was recorded in the third quarter 2003. As a result of this tender offer and refinancing, the effective interest rate for the Company's debt has declined significantly and the Company's 2003 effective tax rate has also been reduced. (See Note 4 and the Liquidity and Capital Resources section of Management's Discussion and Analysis.)

*Recently Issued Accounting Standards:*

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB No. 13 and Technical Corrections." SFAS No. 145 rescinds SFAS No. 4, which required all gains and losses from the extinguishment of debt to be classified as an extraordinary item, and amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The provisions of SFAS No. 145 were effective for the Company beginning December 29, 2002. The adoption of SFAS No. 145 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of commitment to an exit or disposal plan. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. The adoption of SFAS No. 146 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In November 2002, the FASB issued Interpretation No. ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires the disclosure of certain guarantees and requires the recognition of a liability for the fair value of the obligation of qualifying guarantee activities. The Company has applied the recognition

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provisions of FIN 45 to guarantee activities initiated after December 31, 2002. The adoption of FIN 45 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure," an amendment of SFAS No. 123. SFAS No. 148 provides two additional alternative transition methods for recognizing an entity's voluntary decision to change its method of accounting for stock-based employee compensation to the fair value method. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 so that entities under the intrinsic value method of Accounting Principles Board Opinion ("APB") No. 25 will be required to disclose the pro forma effect of using the fair value method for any period for which an income statement is presented. The disclosures are required to be made in annual financial statements and in quarterly information provided to shareholders without regard to whether the entity has adopted SFAS No. 123 for recognition purposes. SFAS No. 148's transition guidance and provisions for annual disclosures are effective for fiscal years ending after December 15, 2002. The Company continues to apply the recognition and measurement principles of APB No. 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for those plans. No



compensation expense for employee stock options is reflected in earnings, as all options granted under the plans had an exercise price equal to the market value of the common stock on the date of grant.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires that the assets, liabilities and results of the activity of variable interest entities be consolidated into the financial statements of the company that has the controlling financial interest. The Company has evaluated its relationship and transactions with its franchisees and licensee WeightWatchers.com to determine if a need for consolidation exists under FIN 46. Based upon the criteria in FIN 46, the Company's current relationship and transactions with its franchisees do not require the Company to consolidate its franchisees. However, the Company will continue to monitor the nature of its relationship and transactions with its franchisee to ensure that any changes are appropriately evaluated under the provisions of FIN 46. The Company has completed its evaluation of its relationship with WeightWatchers.com and the applicability of FIN 46. Based upon the Company's analysis of the fair value of WeightWatchers.com's equity and its expected losses (as defined by FIN 46), although the Company is considered the primary beneficiary, WeightWatchers.com has sufficient fair value equity and therefore consolidation is not required. The Company will continue to evaluate its relationship with WeightWatchers.com and the possible need for consolidation in the future if certain changes in the relationship with and financial results of WeightWatchers.com were to occur. FIN 46 also provides the framework for determining whether a variable interest entity should be consolidated based on voting interest or significant financial support provided to it. FIN 46 has been delayed and will become effective for the Company beginning the first interim or annual period ending after December 15, 2003. The adoption of FIN 46 will not impact the Company's consolidated financial statements.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments." This statement amends and clarifies financial accounting and reporting for derivative instruments including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement is effective for contracts entered into or modified after June 30, 2003 and hedging relationships designated after June 30, 2003. The Company has applied the provisions of SFAS No. 149 and its adoption has not had a material impact on the Company's consolidated financial position, results of operations or cash flows.

In May 2003, the Emerging Issue Task Force ("EITF") reached a consensus on EITF Issue No. 01-8, "Determining Whether an Arrangement Contains a Lease." EITF 01-8 requires companies to perform a review of all arrangements or contracts that traditionally were not viewed as leases to determine if they contain features that would require them to be accounted for under FASB No. 13,

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"Accounting for Leases." For calendar year-end companies, EITF 01-8 was effective July 1, 2003. The assessment of whether an arrangement contains a lease should be determined at inception of the arrangement based on all of the facts and circumstances surrounding the arrangement and also is required when any modification or change is made to an existing contractual arrangement. The adoption of EITF 01-8 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

*Reclassification:*

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

**2. Acquisitions**

All 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.

During fiscal 2003 and 2002, the Company acquired certain assets of its franchises as outlined below.

Effective March 30, 2003, the Company completed the acquisition of certain assets of eight of the fifteen franchises of The WW Group, Inc. and its affiliates (the "WW Group") pursuant to the terms of an Asset Purchase Agreement executed on March 31, 2003 among the WW Group, The WW Group East L.L.C., The WW Group West L.L.C., Cuida Kilos, S.A. de C.V., Weight Watchers North America, Inc. and the Company. The purchase price for the acquisition was \$180,700 plus acquisition costs of \$820. Assets acquired, which are currently recorded at net book value, include inventory (\$2,416), prepaid expenses (\$365) and property and equipment (\$3,624). The purchase price allocation has been finalized except for the allocation relating to operating leases acquired for meeting locations. The excess of the aggregate purchase price over the assets acquired was allocated to an indefinite lived intangible asset. The acquisition was financed through cash and additional borrowings of \$85,000 under a new Term Loan D under the Company's Credit Facility, as amended on April 1, 2003 (as defined in Note 4).

The following table presents unaudited pro forma financial information that reflects the consolidated operations of the Company and the acquired franchises of the WW Group as if the acquisition had occurred as of the beginning of the respective periods. The pro forma financial information does not give effect to any synergies that might result nor any discontinued expenses from the acquisition of the WW Group. Such discontinued expenses are estimated by management to be approximately \$3,300, \$10,200 and \$2,800 for the nine months ended September 27, 2003 and September 28, 2002 and for the three months ended September 28, 2002, respectively. These expenses relate to corporate expenses of

the owners of the WW Group and other indirect expenses of non-acquired franchises for the periods detailed below. This pro forma information does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the consolidated companies.

	Pro Forma		
	For the nine months ended		For the three months ended
	September 27, 2003	September 28, 2002	September 28, 2002
Revenue	\$ 747,558	\$ 678,918	\$ 207,175
Net Income	\$ 107,095	\$ 119,041	\$ 37,798
Diluted earnings per share	\$ 0.98	\$ 1.09	\$ 0.35

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On September 1, 2002, the Company completed the acquisition of the assets of one of its franchisees, AZIS Properties of Raleigh Durham, Inc. (d/b/a Weight Watchers of Raleigh Durham), pursuant to the terms of an Asset Purchase Agreement among Weight Watchers of Raleigh Durham, the Company and Weight Watchers North America, Inc., a wholly owned subsidiary of the Company. Substantially the entire purchase price in excess of the net assets acquired has been recorded as goodwill. The purchase price for the acquisition was \$10,600 and was financed through cash from operations.

On July 2, 2002, the Company completed the acquisition of the assets of one of its franchisees, Weight Watchers of San Diego and The Inland Empire, Inc., pursuant to the terms of an Asset Purchase Agreement among Weight Watchers of San Diego, the Company and Weight Watchers North America, Inc. Substantially the entire purchase price in excess of the net assets acquired has been recorded as goodwill. The purchase price for the acquisition was \$11,000 and was financed through cash from operations.

On January 18, 2002, the Company completed the acquisition of the assets of one of its franchisees, Weight Watchers of North Jersey, Inc., pursuant to the terms of an Asset Purchase Agreement executed on December 31, 2001 among Weight Watchers of North Jersey, Inc., the Company and Weight Watchers North America, Inc. Substantially all of the purchase price in excess of the net assets acquired has been recorded as goodwill. The purchase price for the acquisition was \$46,500. The acquisition was financed through additional borrowings from the Company's Credit Facility under its Amended and Restated Credit Agreement, (as defined in Note 4). This additional borrowing was subsequently repaid by the end of the second quarter of 2002.

For 2002, acquired assets totaled \$461, which included inventory (\$155), property and equipment (\$282) and other assets (\$24). The excess of the aggregate purchase price over the assets acquired was allocated to goodwill.

### 3. Goodwill and Intangible Assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," the Company no longer amortizes goodwill or other indefinite lived intangible assets. The Company performed a fair value impairment test as of December 28, 2002 on its goodwill and other indefinite lived intangible assets and determined that no impairment loss was necessary. Unamortized goodwill is due mainly to the acquisition of the Company by the H.J. Heinz Company in 1978. Unamortized franchise rights acquired is due to acquisitions of the Company's franchised territories. For the nine months ended September 27, 2003, franchise acquisition costs increased mainly due to the acquisition of certain of the assets of the WW Group.

Also, in accordance with SFAS No. 142, aggregate amortization expense for definite lived intangible assets was recorded in the amounts of \$259 and \$772 for the three and nine months ended September 27, 2003, respectively. Aggregate amortization expense of definite lived intangible assets for the three and nine months ended September 28, 2002 was \$234 and \$725, respectively.

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The carrying amount of amortized intangible assets was as follows:

September 27, 2003		December 28, 2002	
Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization

Deferred software cost	\$ 9,959	\$ 9,337	\$ 9,488	\$ 9,097
Trademarks	7,470	6,817	7,223	6,674
Non-compete Agreement	1,200	800	1,200	575
Other	3,995	3,247	3,985	3,197
	<u>\$ 22,624</u>	<u>\$ 20,201</u>	<u>\$ 21,896</u>	<u>\$ 19,543</u>

Estimated amortization expense of definite lived intangible assets for the next five fiscal years is as follows:

Remainder of 2003	\$ 324
2004	\$ 809
2005	\$ 391
2006	\$ 231
2007	\$ 145

#### 4. Long-Term Debt

The Company's Credit Agreement, as amended on January 16, 2001, December 21, 2001, April 1, 2003 and August 21, 2003 (the "Credit Facility") consists of Term Loans, Revolving Credit Facility and transferable loan certificate ("TLC").

On April 1, 2003, in connection with the acquisition of certain of the assets of the WW Group, the Company borrowed \$85,000 under a new Term Loan D pursuant to the Credit Facility, as amended on that date. This loan was repaid and replaced as part of the August 21, 2003 refinancing.

On July 21, 2003, the Company commenced a cash tender offer and consent solicitation to purchase any and all of its \$150,000 USD denominated (the "Dollar Notes") and 100,000 EUR denominated (the "Euro Notes") principal amount of 13% Senior Subordinated Notes due 2009. In conjunction with the tender offer, the Company also solicited consents to eliminate substantially all of the restrictive covenants and certain default provisions in the indentures pursuant to which the Notes were issued. On July 30, 2003, the Company amended the tender offer by increasing the consideration and extending the consent date to August 6, 2003. On August 7, 2003, the Company announced receipt of requisite consents and tenders for over 90% of its Senior Subordinated Notes. On August 18, 2003, the Company announced the successful completion of its tender offer and consent solicitation, and on August 21, 2003 payment was made.

USD 144,870, or 96.6%, of the Dollar Notes, and EUR 91,612, or 91.6%, of the Euro Notes were validly tendered and not withdrawn. The tender offer consideration for those holders who tendered prior to midnight August 6, 2003, New York City time, including consent fee and accrued interest through the payment date, was \$1.229 per \$1.000 principal amount of Dollar Notes and EUR 1.218 per EUR 1.000 principal amount of Euro Notes. Consideration for Notes tendered after that time, including accrued interest through the payment date was \$1.209 per \$1.000 principal amount of Dollar Notes and EUR 1.186 per EUR 1.000 principal amount of Euro Notes. At September 27, 2003, the balance of the Company's Senior Subordinated Notes was \$14,759.

The consideration for the tender offer and consent solicitation was funded from cash from operations of \$57,292 and additional borrowings under the Credit Facility of \$227,326. Due to this early

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extinguishment of debt, the Company recognized expenses of \$47,368 in the three and nine months ended September 27, 2003, which included tender premiums of \$42,619, the write-off of unamortized debt issuance costs of \$4,387 and \$362 of fees associated with the transaction. On August 21, 2003, in conjunction with the tender offer, the Company refinanced its Credit Facility as follows: Term Loans B and D and the TLC in the aggregate amount of \$204,674 were repaid and replaced with a new Term Loan B in the amount of \$382,851 and a new TLC in the amount of \$49,149. Term Loan A in the amount of \$29,956 remained in place along with a Revolving Credit Facility with borrowings up to \$45,000. At September 27, 2003, total debt under the Company's Credit Facility was \$461,956, and including the balance of untendered Senior Subordinated Notes, total debt was \$476,715.

#### 5. Earnings Per Share

Basic earnings per share ("EPS") computations are calculated utilizing the weighted 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:

	Three Months Ended		Nine Months Ended	
	September 27, 2003	September 28, 2002	September 27, 2003	September 28, 2002
<b>Numerator:</b>				
Net income	\$ 11,482	\$ 36,832	\$ 105,837	\$ 115,336
Preferred stock dividends	—	—	—	254
Numerator for basic and diluted EPS— income available to common shareholders	\$ 11,482	\$ 36,832	\$ 105,837	\$ 115,082
<b>Denominator:</b>				
Weighted-average shares	106,856	106,094	106,668	105,872
Effect of dilutive securities: stock options	2,924	3,473	3,114	3,681
Denominator for diluted EPS—weighted- average shares	109,780	109,567	109,782	109,553
<b>EPS:</b>				
Basic EPS	\$ 0.11	\$ 0.35	\$ 0.99	\$ 1.09
Diluted EPS	\$ 0.10	\$ 0.34	\$ 0.96	\$ 1.05

## 6. Stock Plans

The Company has stock-based employee compensation plans and continues to apply the recognition and measurement principles of APB No. 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for those plans. No compensation expense for employee stock options is reflected in earnings, as all options granted under the plans had an exercise price equal to the market value of the common stock on the date of grant.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123:

	Three Months Ended		Nine Months Ended	
	September 27, 2003	September 28, 2002	September 27, 2003	September 28, 2002
Net income, as reported	\$ 11,482	\$ 36,832	\$ 105,837	\$ 115,336
<b>Deduct:</b>				
Total stock-based employee compensation expense determined under the fair value method for all stock options awards, net of related tax effect	527	175	1,503	513
Pro forma net income	\$ 10,955	\$ 36,657	\$ 104,334	\$ 114,823
<b>Earnings per share:</b>				
Basic—as reported	\$ 0.11	\$ 0.35	\$ 0.99	\$ 1.09
Basic—pro forma	\$ 0.10	\$ 0.35	\$ 0.98	\$ 1.08
Diluted—as reported	\$ 0.10	\$ 0.34	\$ 0.96	\$ 1.05
Diluted—pro forma	\$ 0.10	\$ 0.33	\$ 0.95	\$ 1.05

## **7. Income Taxes**

The effective tax rate for the three and nine months ended September 27, 2003 was 35.3% and 38.4%, respectively. The effective tax rate for the three and nine months ended September 28, 2002 was 38.9% and 38.8%, respectively. For the three and nine months ended September 27, 2003 and September 28, 2002, the primary differences between the U.S. federal statutory tax rate and the Company's effective tax rate were state income taxes, offset by lower statutory tax rates in certain foreign jurisdictions. The early extinguishment of debt recorded during the three months ended September 27, 2003 caused a change in the mix of domestic and foreign earnings, resulting in a reduction to the effective tax rate for the three and nine months ended September 27, 2003.

## **8. WeightWatchers.com**

### *Loan Agreement:*

Pursuant to the amended loan agreement dated September 10, 2001 between the Company and WeightWatchers.com, through fiscal 2001 the Company provided loans to WeightWatchers.com aggregating \$34,500. The Company has no further obligation to provide funding to WeightWatchers.com. Beginning on January 1, 2002, the loan bears interest at 13% per year, and beginning March 31, 2002, interest has been and shall be paid to the Company semi-annually. All principal outstanding under the agreement is payable in six semi-annual installments commencing on March 31, 2004. The Company recorded interest income on the loan for the three and nine months ended September 27, 2003 of \$956 and \$3,189, respectively, as compared to the three and nine months ended September 28, 2002 of \$1,118 and \$3,336, respectively. The interest receivable balance as of September 27, 2003 and December 28, 2002 was \$1,902 and \$1,106, respectively, and is included within receivables, net. As WeightWatchers.com is an equity investee, and the Company was the only entity providing funding through fiscal 2001, the Company reduced its loan receivable balances by 100% of WeightWatchers.com's losses. Additionally, the remaining loan receivable balances were reviewed for impairment on a quarterly basis and, accordingly, during fiscal 2001, the Company recorded a full

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valuation allowance against the remaining balances. In the second quarter of 2003, the Company recorded in other (income) expense, net a voluntary loan repayment of \$5,000.

### *Intellectual Property License:*

The Company entered into an amended and restated intellectual property license agreement dated September 29, 2001 with WeightWatchers.com. In fiscal 2002, the Company began earning royalties pursuant to the agreement. For the three and nine months ended September 27, 2003, the Company recorded royalty income of \$1,842 and \$5,322, respectively, and for the three and nine months ended September 28, 2002, the Company recorded \$1,192 and \$2,898, respectively, which is included in product sales and other, net. The royalty receivable balance as of September 27, 2003 and December 28, 2002 was \$1,845 and \$1,280, respectively, and is included within receivables, net.

### *Service Agreement:*

Simultaneous with the signing of the amended and restated intellectual property license agreement, the Company entered into a service agreement with WeightWatchers.com under which WeightWatchers.com provides certain types of services. 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. The Company recorded service expense for the three and nine months ended September 27, 2003 of \$472 and \$1,270, respectively, and \$549 and \$1,303 for the three and nine months ended September 28, 2002, respectively, all of which was included in marketing expenses. The accrued service payable at September 27, 2003 and December 28, 2002 was \$1,265 and \$484, respectively, and is netted against receivables, net.

## **9. Legal**

Due to the nature of its activities, the Company is, at times, subject to pending and threatened legal actions that arise out of the normal course of business. 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, financial condition or cash flows.

## **10. Derivative Instruments and Hedging**

The Company enters into forward and swap contracts to hedge transactions denominated in foreign currencies in order to reduce currency risk associated with fluctuating exchange rates. These contracts are used primarily to hedge certain foreign currency cash flows and for payments arising from some of the Company's foreign currency denominated debt obligations. In addition, the Company enters into interest rate swaps to hedge a substantial portion of its variable rate debt. As of September 27, 2003 and September 28, 2002, the Company held currency and interest rate swap contracts to purchase certain foreign currencies with notional amounts totaling \$55,156 and \$209,481,

respectively. The Company also held separate currency and interest rate swap contracts to sell foreign currencies of \$55,628 and \$214,845, respectively.

As of September 27, 2003, cumulative losses of \$852 (\$430 net of taxes) for qualifying hedges were reported as a component of accumulated other comprehensive loss. For the three and nine months ended September 27, 2003 and September 28, 2002, respectively, the ineffective portion of changes in fair values of cash flow hedges was not material. For the three months ended September 27, 2003, reclassification from accumulated other comprehensive loss resulted in a decrease to net income of \$1,142 (\$1,872 before taxes) due to unwinding of swaps and hedges as a result of the tender offer. For the nine months ended September 27, 2003, reclassification from accumulated other comprehensive loss resulted in an increase to net income of \$311 (\$508 before taxes) due to marking to market of the Company's swaps and hedges of \$1,453 (\$2,380 before taxes) offset by a decrease to net income of

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\$1,142 (\$1,872 before taxes) due to unwinding of swaps and hedges as a result of the tender offer. For the three and nine months ended September 28, 2002, reclassification to earnings from accumulated other comprehensive loss resulted in a reduction of net income of \$159 (\$252 before taxes) and an increase to net income of \$1,381 (\$2,192 before taxes), respectively.

## 11. Comprehensive Income

Comprehensive income for the Company includes net income, the effects of foreign currency translation and changes in the fair value of derivative instruments. Comprehensive income is as follows:

	Three Months Ended		Nine Months Ended	
	September 27, 2003	September 28, 2002	September 27, 2003	September 28, 2002
Net income	\$ 11,482	\$ 36,832	\$ 105,837	\$ 115,336
Foreign currency translation adjustment	92	162	4,065	7,676
Current period changes in fair value of derivatives	1,228	22	2,246	292
Comprehensive income	\$ 12,802	\$ 37,016	\$ 112,148	\$ 123,304

## 12. Subsequent Event

On October 9, 2003, the Company's Board of Directors authorized a program to repurchase up to \$250,000 of the Company's outstanding stock. The repurchase program, effective immediately, allows for shares to be purchased from time to time in the open market or through privately negotiated transactions. No shares will be purchased from Artal Luxembourg or its affiliates under the program.

## 13. Guarantor Subsidiaries

The Company's payment obligations under the 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 & Publication) 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.; 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 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 regarding 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.

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL UNAUDITED CONSOLIDATING BALANCE SHEET**  
**AS OF SEPTEMBER 27, 2003**  
**(IN THOUSANDS)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 11,212	\$ 37,191	\$ 12,654	\$ —	\$ 61,057
Receivables, net	5,447	14,804	3,842	—	24,093
Inventories, net	—	22,060	9,279	—	31,339
Prepaid expenses and other current assets	(1,217)	19,803	3,875	—	22,461
Intercompany (payables) receivables	(195,861)	183,209	12,652	—	—
<b>TOTAL CURRENT ASSETS</b>	<b>(180,419)</b>	<b>277,067</b>	<b>42,302</b>	<b>—</b>	<b>138,950</b>
Investment in consolidated subsidiaries	671,104	—	—	(671,104)	—
Property and equipment, net	1,318	12,859	1,850	—	16,027
Franchise rights acquired	3,387	459,570	847	—	463,804
Goodwill	23,385	350	—	—	23,735
Trademarks and other intangible assets, net	1,232	1,191	—	—	2,423
Deferred income taxes	37,456	77,612	—	—	115,068
Deferred financing costs and other noncurrent assets	5,676	1,097	456	—	7,229
<b>TOTAL ASSETS</b>	<b>\$ 563,139</b>	<b>\$ 829,746</b>	<b>\$ 45,455</b>	<b>\$ (671,104)</b>	<b>\$ 767,236</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Portion of long-term debt due within one year	\$ 15,062	\$ 492	\$ —	\$ —	\$ 15,554
Accounts payable	796	15,408	5,278	—	21,482
Accrued interest	2,319	178	—	—	2,497
Accrued liabilities	21,818	28,125	7,567	—	57,510
Income taxes	(58,050)	67,977	1,272	—	11,199
Deferred revenue	36	25,637	2,613	—	28,286
<b>TOTAL CURRENT LIABILITIES</b>	<b>(18,019)</b>	<b>137,817</b>	<b>16,730</b>	<b>—</b>	<b>136,528</b>
Long-term debt	412,503	48,658	—	—	461,161
Deferred income taxes	2,481	—	760	—	3,241
Other	—	101	31	—	132
<b>TOTAL LONG-TERM DEBT AND OTHER LIABILITIES</b>	<b>414,984</b>	<b>48,759</b>	<b>791</b>	<b>—</b>	<b>464,534</b>
Shareholders' equity	166,174	643,170	27,934	(671,104)	166,174
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 563,139</b>	<b>\$ 829,746</b>	<b>\$ 45,455</b>	<b>\$ (671,104)</b>	<b>\$ 767,236</b>

**AS OF DECEMBER 28, 2002**  
**(IN THOUSANDS)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 34,694	\$ 14,808	\$ 8,028	\$ —	\$ 57,53
Receivables, net	3,467	13,972	1,667	—	19,10
Inventories, net	—	30,021	8,562	—	38,58
Prepaid expenses and other current assets	2,453	21,054	6,712	—	30,21
Intercompany (payables) receivables	(228,146)	218,449	9,697	—	—
<b>TOTAL CURRENT ASSETS</b>	<b>(187,532)</b>	<b>298,304</b>	<b>34,666</b>	<b>—</b>	<b>145,43</b>
Investment in consolidated subsidiaries	556,952	—	—	(556,952)	—
Property and equipment, net	1,380	9,401	1,709	—	12,49
Franchise rights acquired	3,385	280,660	770	—	284,81
Goodwill	23,384	—	—	—	23,38
Trademarks and other intangible assets, net	897	1,456	—	—	2,35
Deferred income taxes	39,655	91,832	—	—	131,48
Deferred financing costs and other noncurrent assets	8,722	776	438	—	9,93
<b>TOTAL ASSETS</b>	<b>\$ 446,843</b>	<b>\$ 682,429</b>	<b>\$ 37,583</b>	<b>\$ (556,952)</b>	<b>\$ 609,90</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Portion of long-term debt due within one year	\$ 17,632	\$ 729	\$ —	\$ —	\$ 18,36
Accounts payable	1,217	14,679	4,351	—	20,24
Accrued interest	8,125	473	—	—	8,59
Accrued liabilities	17,084	21,265	8,125	—	46,47
Income taxes	(25,544)	39,363	450	—	14,26
Deferred revenue	100	14,118	1,214	—	15,43
<b>TOTAL CURRENT LIABILITIES</b>	<b>18,614</b>	<b>90,627</b>	<b>14,140</b>	<b>—</b>	<b>123,38</b>
Long-term debt	379,200	57,119	—	—	436,31
Deferred income taxes	2,481	—	775	—	3,25
Other	—	325	74	—	39
<b>TOTAL LONG-TERM DEBT AND OTHER LIABILITIES</b>	<b>381,681</b>	<b>57,444</b>	<b>849</b>	<b>—</b>	<b>439,97</b>
Shareholders' equity	46,548	534,358	22,594	(556,952)	46,54
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 446,843</b>	<b>\$ 682,429</b>	<b>\$ 37,583</b>	<b>\$ (556,952)</b>	<b>\$ 609,90</b>



(IN THOUSANDS)

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	\$ 3,071	\$ 180,920	\$ 33,507	\$ —	\$ 217,498
Cost of revenues	—	87,161	20,186	—	107,347
Gross profit	3,071	93,759	13,321	—	110,151
Marketing expenses	570	14,585	3,021	—	18,176
Selling, general and administrative expenses	2,618	11,983	3,356	—	17,957
Operating (loss) income	(117)	67,191	6,944	—	74,018
Interest expense (income), net	6,537	1,641	(170)	—	8,008
Other expenses (income), net	3,204	(2,244)	(2)	—	958
Early extinguishment of debt	47,368	—	—	—	47,368
Equity in income of consolidated subsidiaries	40,204	—	—	(40,204)	—
Franchise commission income (loss)	18,057	(15,396)	(2,661)	—	—
Income before income taxes and minority interest	1,035	52,398	4,455	(40,204)	17,684
(Benefit from) provision for income taxes	(10,447)	15,657	1,041	—	6,251
Income before minority interest	11,482	36,741	3,414	(40,204)	11,433
Minority interest	—	—	(49)	—	(49)
Net income	\$ 11,482	\$ 36,741	\$ 3,463	\$ (40,204)	\$ 11,482

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 28, 2002**  
**(IN THOUSANDS)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	\$ 2,150	\$ 159,626	\$ 27,396	\$ —	\$ 189,17
Cost of revenues	(971)	70,228	16,360	—	85,61
Gross profit	3,121	89,398	11,036	—	103,55
Marketing expenses	—	10,767	3,625	—	14,39
Selling, general and administrative expenses	1,954	10,091	2,711	—	14,75
Operating income	1,167	68,540	4,700	—	74,40
Interest expense (income), net	8,611	2,164	(199)	—	10,57
Other expenses (income), net	2,587	941	(2)	—	3,52
Equity in income of consolidated subsidiaries	39,911	—	—	(39,911)	—
Franchise commission income (loss)	14,619	(13,558)	(1,061)	—	—
Income before income taxes and minority					

interest	44,499	51,877	3,840	(39,911)	60,30
Provision for income taxes	7,667	14,350	1,447	—	23,46
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income before minority interest	36,832	37,527	2,393	(39,911)	36,84
Minority interest	—	—	9	—	
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income	\$ 36,832	\$ 37,527	\$ 2,384	\$ (39,911)	\$ 36,83
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 27, 2003**  
**(IN THOUSANDS)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenues, net	\$ 9,276	\$ 598,307	\$ 120,263	\$ —	\$ 727,846
Cost of revenues	—	268,534	68,223	—	336,757
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Gross profit	9,276	329,773	52,040	—	391,089
Marketing expenses	1,590	65,062	18,839	—	85,491
Selling, general and administrative expenses	9,564	34,438	10,528	—	54,530
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Operating (loss) income	(1,878)	230,273	22,673	—	251,068
Interest expense (income), net	23,303	6,154	(565)	—	28,892
Other expenses (income), net	5,500	(2,290)	(30)	—	3,180
Early extinguishment of debt	47,368	—	—	—	47,368
Equity in income of consolidated subsidiaries	131,327	—	—	(131,327)	—
Franchise commission income (loss)	57,793	(50,489)	(7,304)	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income before income taxes and minority interest	111,071	175,920	15,964	(131,327)	171,628
Provision for income taxes	5,234	55,233	5,366	—	65,833
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Income before minority interest	105,837	120,687	10,598	(131,327)	105,795
Minority interest	—	—	(42)	—	(42)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net income	\$ 105,837	\$ 120,687	\$ 10,640	\$ (131,327)	\$ 105,837
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 28, 2002**  
**(IN THOUSANDS)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenues, net	\$ 6,271	\$ 527,629	\$ 85,668	\$ —	\$ 619,56
Cost of revenues	(852)	230,294	48,204	—	277,64
Gross profit	7,123	297,335	37,464	—	341,92
Marketing expenses	—	48,814	12,038	—	60,85
Selling, general and administrative expenses	6,520	30,826	7,740	—	45,08
Operating income	603	217,695	17,686	—	235,98
Interest expense (income), net	25,345	7,065	(615)	—	31,79
Other expenses (income), net	14,468	1,255	(22)	—	15,70
Equity in income of consolidated subsidiaries	123,744	—	—	(123,744)	—
Franchise commission income (loss)	48,512	(44,051)	(4,461)	—	—
Income before income taxes and minority interest	133,046	165,324	13,862	(123,744)	188,48
Provision for income taxes	17,710	50,420	5,004	—	73,13
Income before minority interest	115,336	114,904	8,858	(123,744)	115,35
Minority interest	—	—	18	—	1
Net income	\$ 115,336	\$ 114,904	\$ 8,840	\$ (123,744)	\$ 115,33

**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL UNAUDITED CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 27, 2003**  
**(IN THOUSANDS)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash provided by operating activities	\$ 95,809	\$ 233,425	\$ 12,249	\$ (131,327)	\$ 210,156
Investing activities:					
Capital expenditures	(271)	(2,415)	(622)	—	(3,308)
Repayments from equity investment	5,000	—	—	—	5,000
Cash paid for acquisitions	(3)	(181,857)	—	—	(181,860)
Other items, net	(715)	(284)	43	—	(956)
Cash provided by (used for) investing activities	4,011	(184,556)	(579)	—	(181,124)
Financing activities:					
Net decrease in short-term borrowings	(476)	(1,800)	—	—	(2,276)
Proceeds from borrowings	85,000	—	—	—	85,000
Parent company investment in subsidiaries	(114,152)	—	—	114,152	—
Payment of dividends	—	(16,475)	(8,659)	25,134	—
Payments of long-term debt	(41,971)	(8,699)	—	—	(50,670)

Proceeds from new term loan	227,326	—	—	—	227,326
Repayment of high yield loan	(244,919)	—	—	—	(244,919)
Premium paid on extinguishment of debt and other costs	(42,980)	—	—	—	(42,980)
Settlement of hedge	2,710	—	—	—	2,710
Proceeds from stock options exercised	1,524	—	—	—	1,524
Deferred financing costs	(2,366)	—	—	—	(2,366)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash used for financing activities	(130,304)	(26,974)	(8,659)	139,286	(26,651)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Effect of exchange rate changes on cash/cash equivalents and other	7,002	489	1,614	(7,959)	1,146
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net (decrease) increase in cash and cash equivalents	(23,482)	22,384	4,625	—	3,527
Cash and cash equivalents, beginning of period	34,694	14,807	8,029	—	57,530
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash and cash equivalents, end of period	\$ 11,212	\$ 37,191	\$ 12,654	\$ —	\$ 61,057
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**  
**SUPPLEMENTAL UNAUDITED CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 28, 2002**  
**(IN THOUSANDS)**

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash provided by operating activities	\$ 173,199	\$ 112,457	\$ 4,487	\$ (123,744)	\$ 166,399
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Investing activities:					
Capital expenditures	(378)	(2,481)	(566)	—	(3,425)
Cash paid for acquisitions	—	(68,148)	—	—	(68,148)
Other items, net	(276)	(106)	27	—	(355)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash used for investing activities	(654)	(70,735)	(539)	—	(71,928)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Financing activities:					
Net decrease in short-term borrowings	(741)	(512)	—	—	(1,253)
Parent company investment in subsidiaries	(112,425)	—	—	112,425	—
Payment of dividends	(1,249)	(18,723)	—	18,723	(1,249)
Payments of long-term debt	(25,660)	(6,006)	—	—	(31,666)
Redemption of redeemable preferred stock	(25,000)	—	—	—	(25,000)
Proceeds from stock options exercised	1,392	—	—	—	1,392
Cost of public equity offering	(262)	—	—	—	(262)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cash used for financing activities	(163,945)	(25,241)	—	131,148	(58,038)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Effect of exchange rate changes on cash/cash equivalents and other	6,542	1,637	1,353	(7,404)	2,128
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net increase in cash and cash equivalents	15,142	18,118	5,301	—	38,561
Cash and cash equivalents, beginning of period	6,230	8,804	8,304	—	23,338

Cash and cash equivalents, end of period	\$ 21,372	\$ 26,922	\$ 13,605	\$ —	\$ 61,899
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## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 28, 2002 that includes additional information about us, our results of operations, our financial position and our cash flows. Except for historical information contained herein, the matters discussed in this Quarterly Report on Form 10-Q include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 including, in particular, statements about our plans, strategies and prospects under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." We have used the words "may," "will," "expect," "anticipate," "believe," "estimate," "plan," "intend," and similar expressions in this Quarterly Report on Form 10-Q and the documents incorporated by reference in this Quarterly Report on Form 10-Q to identify forward-looking statements. We have based these forward-looking statements on our 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 competition from self-help, pharmaceutical, surgical, dietary supplement and meal replacement products, and other weight and exercise-related programs and products;
- risks associated with the relative success of our marketing and advertising;
- risks associated with the continued attractiveness of our programs;
- risks associated with our ability to meet our obligations related to our 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 our results to differ materially from those expressed or suggested in any forward-looking statements. Except as required by law, we do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances that occur after the date of this Quarterly Report or to reflect the occurrence of unanticipated events.

### Critical Accounting Policies

For a discussion of the critical accounting policies affecting us, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Significant Accounting Policies" beginning on page 17 of our Annual Report on Form 10-K for the fiscal year ended December 28, 2002. The critical accounting policies affecting us have not changed since December 28, 2002.

### Results of Operations

Figures are rounded to the nearest one hundred thousand; percentage changes are based on rounded figures. Attendance percentage changes are based on rounded figures to the nearest thousand.

At the beginning of the second quarter of 2003, we acquired certain assets of The WW Group, Inc. and its affiliate franchises (the "WW Group") consisting of eight territories and adding

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approximately 5 million attendances on an annual basis (based on 2002 actuals as reported by the WW Group). The information reported here for the three and nine months ended September 27, 2003 includes the results of the WW Group since the date of acquisition.

Net revenues were \$217.5 million for the three months ended September 27, 2003, an increase of \$28.3 million, or 15.0%, from \$189.2 million for the three months ended September 28, 2002. The 15.0% increase in net revenues was partially the result of worldwide attendance growth of 11.1% driving an \$18.2 million increase in classroom meeting fees. The other major components of the \$28.3 million increase in net revenues this quarter versus third quarter 2002 were \$10.2 million of product sales and \$2.4 million of advertising revenues and licensing and publication royalties. Franchise commissions declined by \$2.4 million. The \$28.3 million increase includes a benefit of more favorable foreign exchange rates in 2003 of approximately \$7.2 million, or 25% of the total increase.

For the three months ended September 27, 2003, total classroom meeting fees were \$141.4 million, an increase of \$18.2 million, or 14.8%, from \$123.2 million for the three months ended September 28, 2002. Total attendances reached 14.2 million versus 12.8 million in the prior year quarter. In North American company-owned operations (NACO), third quarter 2003 classroom meeting fees were \$93.9 million, up 12.2% from \$83.7 million in last year's third quarter. Including all acquisitions, NACO attendance grew 13.9% in the quarter over the prior year comparable period. Excluding the impact of the WW Group franchise acquisition, which was purchased at the beginning of the second quarter 2003, and North Carolina which was acquired during the third quarter of 2002, NACO organic attendance declined 2.4%. This was due to the impact in July and August of the planned delay of the launch of the NACO program innovation *FlexPoints* (from January 2003 to late August), and the impact in the marketplace from "low-carb/high-fat" self-help diets.

In our international geographies, the recent innovation in the UK (January 2003) was well received. In this highly competitive market, attendances grew 13.7% in the third quarter 2003 over the same period in 2002. Elsewhere, in Continental Europe, attendance grew 7.1%. On an overall basis, international company-owned attendances grew 7.6% and classroom meeting fees of \$47.5 million for the three months ended September 27, 2003, increased \$8.0 million, or 20.3%, from \$39.5 million for the three months ended September 28, 2002. More favorable foreign exchange rates in 2003 accounted for approximately half of the increase in meeting fees.

Product sales were \$64.0 million for the three months ended September 27, 2003, an increase of \$10.2 million, or 19.0%, from \$53.8 million for the three months ended September 28, 2002. Product sales increased 15.3% to \$37.0 million domestically and 24.5% to \$26.9 million internationally as a result of attendance growth in combination with higher product sales per individual attendance.

Franchise royalties were \$3.9 million domestically and \$1.4 million internationally for the three months ended September 27, 2003. In total, franchise royalties of \$5.3 million decreased \$2.4 million or 31.2%, down from \$7.7 million in the third quarter 2002. The decrease resulted primarily from the impact of having three fewer franchises in the third quarter 2003 versus the prior year quarter (San Diego and North Carolina were acquired during the third quarter of 2002 and the WW Group franchises were acquired in the second quarter of 2003).

Revenues from publications, licensing and other royalties were \$6.9 million for the three months ended September 27, 2003, an increase of \$2.4 million, or 53.3%, from \$4.5 million for the three months ended September 28, 2002. Advertising revenues from our publications, most notably *Weight Watchers Magazine*, accounted for \$1.2 million of the increase, with the remainder a combination of higher licensing revenues and an increase in the royalty received from *WeightWatchers.com*, directly related to its increase in revenue.

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Cost of revenues was \$107.3 million for the three months ended September 27, 2003, an increase of \$21.7 million, or 25.4%, from \$85.6 million for the three months ended September 28, 2002. Gross profit margin was 50.7% of sales in the three months ended September 27, 2003, a decrease from the 54.7% level in last year's third quarter. The decrease in gross margin resulted mainly from factors relating to the timing of our Fall 2003 NACO innovation, which includes the decision to keep more meetings open than we normally would have during the lower attendance summer months in anticipation of the expected volumes for the innovation, significant expenses in the third quarter 2003 relating to the countrywide innovation training meetings held with our meeting room staff and the write-off of some unused program material.

Marketing expenses increased \$3.8 million, or 26.4%, to \$18.2 million in the three months ended September 27, 2003 from \$14.4 million in the three months ended September 28, 2002. As a percentage of net revenues, marketing expenses were 8.4% in this year's third quarter up from 7.6% in the comparable period last year as a result of the launch of the *FlexPoints* innovation throughout NACO and the inclusion of the WW Group territories.

Selling, general and administrative expenses were \$18.0 million for the three months ended September 27, 2003, an increase of \$3.2 million, or 21.6%, from \$14.8 million for the three months ended September 28, 2002. The increase includes the impact of the WW Group acquisition, as well as normal increases for salaries. Currency translation accounted for approximately 20% of the overall increase in selling, general and administrative expenses. Other increases of note included higher insurance and facilities costs and staff increases above the prior year level to support the business and its additional regulatory and compliance requirements. Selling, general and administrative expenses as a percentage of revenues were 8.3% in the three months of 2003 as compared to 7.8% in the three months of 2002.

Operating income was \$74.0 million for the three months ended September 27, 2003, a decrease of \$0.4 million, or 0.5%, from \$74.4 million for the three months ended September 28, 2002. The operating income margin in the third quarter of 2003 was 34.0%, as compared to 39.3% in the third quarter of 2002.

For the three months ended September 27, 2003, other expenses, net were \$1.0 million as compared to \$3.5 million for the three months ended September 28, 2002. In the third quarter 2002, we recorded \$2.8 million of unrealized losses on our foreign currency denominated debt and other obligations, net of hedges. Most of the EUR 100.0 million of 13% Senior Subordinated Notes (91.6%) which gave rise to these unrealized losses, were repurchased and then retired (as outlined below), therefore we do not anticipate any further material unrealized currency gains or losses.

In this year's third quarter, we successfully completed a tender offer and consent solicitation to purchase 96.6% of our \$150.0 million USD denominated (\$144.9 million) and 91.6% of our 100.0 million EUR denominated (EUR 91.6 million) 13% Senior Subordinated Notes. The consideration for the tender offer and consent solicitation was funded from cash on hand and additional borrowings under our Credit Facility, which was refinanced concurrently (as defined in Footnote 4). Due to this early extinguishment of debt, we recognized expenses of \$47.4 million in the third quarter 2003 which included tender premiums of \$42.6 million, the write-off of unamortized debt issuance costs of \$4.4 million and \$0.4 million of fees associated with the transaction.

*Comparison of the nine months ended September 27, 2003 to the nine months ended September 28, 2002*

Net revenues were \$727.8 million for the nine months ended September 27, 2003, an increase of \$108.2 million, or 17.5%, from \$619.6 million for the nine months ended September 28, 2002. The 17.5% increase in net revenues was partially the result of worldwide attendance growth of 10.1% driving a \$64.6 million increase in classroom meeting fees. The other major components of the \$108.2 million increase in net revenues this period over the comparable period in 2002 were

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\$38.3 million of product sales and \$10.9 million of advertising revenues and licensing and publication royalties. Franchise commissions were \$5.5 million lower in the 2003 period. The \$108.2 million increase includes a benefit of more favorable exchange rates in 2003 of approximately \$34.4 million, or 32% of the total increase.

Total classroom meeting fees were \$463.6 million for the nine months ended September 27, 2003, an increase of \$64.6 million, or 16.2%, from \$399.0 million for the nine months ended September 28, 2002. Total attendances reached 47.2 million versus 42.9 million in the prior year period. In NACO operations, classroom meeting fees were \$300.1 million in the nine months ended September 27, 2003, up 10.2% from \$272.2 million in last year's nine month period. Including all acquisitions, NACO attendance in the nine months grew 11.3% over the prior year comparable period. Excluding the impact of franchise acquisitions, NACO organic attendance declined 1.8%. A combination of factors impacted NACO's attendances, including some which were external and non-business related such as severe winter weather, the war and the shortened spring diet season because of a late Easter. In addition, the planned delay of the NACO program innovation launch from January to late summer 2003 and the intensified promotion of "low-carb/high-fat" self-help diets were also contributing factors.

International company-owned classroom meeting fees were \$163.4 million for the nine months ended September 27, 2003, an increase of \$36.6 million, or 28.9%, from \$126.8 million for the nine months ended September 28, 2002. International meeting fees grew 12.2% on a local currency basis on attendance growth of 8.6%. Continental Europe attendances were up 10.4% in the nine months this year versus last. Despite the impact of bad weather in the first quarter and the highly competitive nature of its market, the UK, which innovated in January 2003, sustained growth of 10.4% through the nine months of 2003.

Product sales were \$220.6 million for the nine months ended September 27, 2003, an increase of \$38.3 million, or 21.0%, from \$182.3 million for the nine months ended September 28, 2002. Domestically, product sales increased 12.6% to 126.3 million, and internationally, product sales rose 34.5% to \$94.3 million. Growth in attendances and in product sales per individual attendance drove the increase.

Franchise royalties were \$15.4 million domestically and \$4.8 million internationally for the nine months ended September 27, 2003. In total, franchise royalties decreased \$5.5 million, or 21.4%, from \$25.7 million for the nine months ended September 28, 2002, to \$20.2 million for the comparable period this year, primarily the result of having three fewer franchises in the nine months of 2003 due to the franchise acquisitions.

Revenues from publications, licensing and other royalties were \$23.5 million for the nine months ended September 27, 2003, an increase of \$10.9 million, or 86.5%, from \$12.6 million for the nine months ended September 28, 2002. Licensing royalty income from WeightWatchers.com increased by \$2.4 million to \$5.3 million. Increased advertising revenues accounted for \$4.3 million and strong growth in international royalties from our publishing and licensing businesses accounted for the remainder of the increase.

Cost of revenues was \$336.8 million for the nine months ended September 27, 2003, an increase of \$59.2 million, or 21.3%, from \$277.6 million for the nine months ended September 28, 2002. Gross profit margin was 53.7% of sales in the nine months ended September 27, 2003, a decrease from the 55.2% level in last year's comparable period. The change primarily resulted from NACO's third quarter gross margin decline versus the third quarter last year. The decrease in gross margin resulted mainly from factors relating to the timing of our Fall 2003 NACO innovation, which includes the decision to keep more meetings open than we normally would have during the lower attendance summer months in anticipation of the expected volumes for the innovation, significant expenses in the third quarter 2003 relating to the countrywide

Marketing expenses increased \$24.6 million, or 40.4%, to \$85.5 million in the nine months ended September 27, 2003 from \$60.9 million in the nine months ended September 28, 2002. As a percentage of net revenues, marketing expenses were 11.7% in the period versus 9.8% last year. In the nine months of 2003, we increased our marketing investment in certain international geographies to increase brand awareness and spur growth, with good results. In NACO, we increased our advertising to support our *Winning Points* program which was in its third year, we supported the launch of *FlexPoints* in September and, earlier in the year, we extended our media campaign to counter the impact of unusually prolonged and intense bad weather during the first quarter.

Selling, general and administrative expenses were \$54.5 million for the nine months ended September 27, 2003, an increase of \$9.4 million, or 20.8%, from \$45.1 million for the nine months ended September 28, 2002. The increase includes the impact of the WW Group acquisition, as well as normal increases for salaries. Currency translation accounted for approximately 30% of the overall increase in selling, general and administrative expenses, while insurance costs and legal fees accounted for slightly more than 35% of the total rise. The remaining increase is a result of staff increases to support the business and normal increases in other costs. Selling, general and administrative expenses as a percentage of revenues were roughly on par with last year, at 7.5% in the nine months of 2003 compared to 7.3% in the nine months of 2002.

Operating income was \$251.1 million for the nine months ended September 27, 2003, an increase of \$15.1 million, or 6.4%, from \$236.0 million for the nine months ended September 28, 2002. The operating income margin in the nine months of 2003 was 34.5%, down from 38.1% in the nine months of 2002.

For the nine months ended September 27, 2003, other expenses, net were \$3.2 million, and included a \$5.0 million voluntary loan repayment from WeightWatchers.com, as compared to \$15.7 million for the nine months ended September 28, 2002. In the first six months of 2003, we recorded \$7.8 million of unrealized currency losses on foreign currency denominated debt and other obligations net of hedges, as compared to \$12.8 million in the nine months of 2002. Most of the EUR 100.0 million 13% Senior Subordinated Notes (91.6%) which gave rise to these unrealized losses, were repurchased and then retired (as outlined below), therefore we do not anticipate any further material unrealized currency gains or losses.

In this year's third quarter, we successfully completed a tender offer and consent solicitation to purchase 96.6% of our \$150.0 million USD denominated (\$144.9 million) and 91.6% of our 100.0 million EUR denominated (EUR 91.6 million) 13% Senior Subordinated Notes. The consideration for the tender offer and consent solicitation was funded from cash on hand and additional borrowings under the Credit Facility, which was refinanced concurrently. Due to this early extinguishment of debt, we recognized expenses of \$47.4 million in the third quarter 2003 which included tender premiums of \$42.6 million, the write-off of unamortized debt issuance costs of \$4.4 million and \$0.4 million of fees associated with the transaction.

## Liquidity and Capital Resources

For the nine months ended September 27, 2003, cash and cash equivalents increased \$3.5 million to \$61.1 million and cash flows provided by operating activities were \$210.2 million. Funds used for investing and financing activities in the nine months of 2003 totaled \$207.8 million. Investing activities of \$181.1 million consisted primarily of the acquisition of certain assets of the WW Group for \$181.9 million. Cash used for financing activities totaled \$26.7 million. Third quarter 2003 financing activities associated with the tender offer and repurchase of the 13% Senior Subordinated Notes and concurrent refinancing of our Credit Facility represented a net use of \$60.3 million while other long term borrowing proceeds net of payment provided cash.

For the nine months ended September 28, 2002, cash and cash equivalents increased \$38.6 million to \$61.9 million and cash flows provided by operating activities were \$166.4 million. Cash used for investing activities was \$71.9 million primarily attributable to the \$68.1 million paid for the acquisitions of our North Jersey, San Diego and North Carolina franchises. Cash used for financing activities of \$58.0 million included repayments of \$31.7 million in principal on our Credit Facility and the repurchase of one million shares of our preferred stock held by H.J. Heinz Company for \$25.0 million.

Working capital at September 27, 2003 was \$2.5 million compared to \$22.0 million at December 28, 2002. The change in working capital of \$19.5 million was primarily attributable to a decrease of \$6.4 million in current assets, mainly driven by a \$7.2 million decrease in inventory as a result of higher levels of inventory at year end in preparation for our winter diet season, and a decrease in prepaid expenses and other assets of \$7.7 million due to the timing of advertising, meeting materials and insurance payments, offset by increases in net receivables of \$5.0 million and \$3.5 million in cash. Current liabilities increased \$13.1 million as a result of higher deferred revenue of \$12.9 million due to increased sales of prepayment plans and magazine subscriptions, increases in accrued liabilities of \$11.0 million mainly attributable to seasonal timing, and increases in accounts payable of \$1.2 million, offset by decreases in income taxes of \$3.1 million, accrued interest of \$6.1 million



and long term debt due within one year of \$2.8 million.

At September 27, 2003, our total debt was \$476.7 million as compared to \$454.7 million at December 28, 2002. During the third quarter of 2003, we successfully completed a tender offer and consent solicitation to purchase 96.6% of our \$150.0 million USD denominated (\$144.9 million) and 91.6% of our 100.0 million EUR denominated (EUR 91.6 million) 13% Senior Subordinated Notes. The consideration for the tender offer and consent solicitation was funded from cash on hand of \$57.3 million and \$227.3 million of additional borrowings under the Credit Facility, which we refinanced as follows: Term Loans B and D and the transferable loan certificate ("TLC") in the aggregate amount of \$204.7 million were repaid and replaced with a new Term Loan B in the amount of \$382.9 million and a new TLC in the amount of \$49.1 million. Term Loan A in the amount of \$30.0 million remained in place, along with a Revolving Credit Facility with borrowings up to \$45.0 million. The total debt balance at September 27, 2003 under our Credit Facility was \$462.0 million, and including the balance of untendered Senior Subordinated Notes, total debt was \$476.7 million. In conjunction with the tender offer, we solicited consents to eliminate substantially all of the restrictive covenants and certain default provisions in the indentures pursuant to which the Notes were issued.

Our debt consists of both fixed and variable-rate instruments. At September 27, 2003 and December 28, 2002, fixed-rate debt constituted approximately 3.1% and 56.0% of our total debt, respectively. As a result of our retirement of more than 90% of our 13% Senior Subordinated Notes, the average interest rate on our debt dropped to approximately 3.7% at September 27, 2003 from approximately 9.1% at December 28, 2002.

The following schedule sets forth our long-term debt obligations (and interest rates):

**Long-Term Debt  
As of September 27, 2003**

	Balance	Interest Rate
	(in millions)	
Balance on EURO 100.0 million 13% Senior Subordinated Notes Due 2009	\$ 9.6	13.00%
Balance on US \$150.0 million 13% Senior Subordinated Notes Due 2009	5.1	13.00%
Term A Loan due 2005	30.0	2.93%
Term B Loan due 2009	382.9	3.38%
Transferable Loan Certificate Due 2009	49.1	3.83%
Total Debt	476.7	
Less Current Portion	15.6	
Total Long-Term Debt	\$ 461.1	

The Term Loan A facility, the Term Loan B facility, the TLC 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 our option, the alternate base rate (as defined in the Credit Facility) plus 0.75% and (b) in the case of the Term Loan B facility and the TLC facility, LIBOR plus 2.25% or, at our option, the alternate base rate plus 1.50%. In addition to paying interest on outstanding principal under the Credit Facility, we are 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.

Our Credit Facility contain covenants that restrict our ability to incur additional indebtedness, pay dividends on and redeem capital stock, make other restricted payments, including investments, sell our assets and enter into consolidations, mergers and transfers of all or substantially all of our assets. Our Credit Facility also requires us to maintain specified financial ratios and satisfy financial condition tests.

Our obligations under the Notes are subordinate and junior in right of payment to all of our existing and future indebtedness, including all indebtedness under the Credit Facility. We or our affiliates, including entities related to Artal Luxembourg, may from time to time, depending on market conditions purchase the Notes in the open market or by other means.

On July 24, 2003, Standard & Poor's confirmed its "BB" rating for corporate credit and Credit Facility and its "B+" rating for the Senior Subordinated Notes. On July 24, 2003, Moody's confirmed its "Ba2" rating for the Senior Subordinated Notes and its "Ba1" rating for the Credit Facility.

The following schedule sets forth our year-by-year long-term debt obligations:

**Long-Term Debt Obligations**  
(Including Current Portion)  
**As of September 27, 2003**  
(in millions)

Remainder of 2003	\$ 7.7
2004	16.7
2005	16.3
2006	4.3
2007	4.3
Thereafter	427.4
	<hr/>
Total	\$ 476.7
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Debt obligations due to be repaid in the next 12 months are expected to be satisfied with operating cash flows. We believe that cash flows from operating activities, together with borrowings available under our Revolving Credit Facility, will be sufficient for the next 12 months to fund currently anticipated capital expenditure requirements, debt service requirements and working capital requirements.

On January 18, 2002, we completed the acquisition of the assets of our North Jersey franchise for a purchase price of \$46.5 million. The acquisition was financed through additional borrowings from our Credit Facility, which were subsequently repaid by the end of the second quarter of 2002.

On July 2, 2002, we completed the acquisition of the assets of our San Diego franchise for a purchase price of \$11.0 million. The acquisition was financed through cash from operations.

On September 1, 2002, we completed the acquisition of the assets of our eastern North Carolina franchise for a purchase price of \$10.6 million. The acquisition was financed through cash from operations.

On March 30, 2003, we completed the acquisition of the assets of eight of the franchises of the WW Group for a purchase price of \$180.7 million. The acquisition was financed through cash from operations and through additional borrowings under our Credit Facility (amended on April 1, 2003) of \$85.0 million under a new Term Loan D.

On October 9, 2003, our Board of Directors authorized a program to repurchase up to \$250.0 million of our outstanding stock. The repurchase program, effective immediately, allows for shares to be purchased from time to time in the open market or through privately negotiated transactions. No shares will be purchased from Artal Luxembourg or its affiliates under the program.

Any future acquisitions, joint ventures or other similar transactions could require additional capital and we cannot be certain that any additional capital will be available on acceptable terms or at all. Our ability to fund our capital expenditure requirements, interest, principal and dividend payment obligations and working capital requirements and to comply with all of the financial covenants under our debt agreements depends on our 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 our control.

#### **Off-Balance Sheet Transactions**

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships established for the purpose of facilitating

## Related Party Transactions

For a discussion of related party transactions affecting us, see "Item 13. Certain Relationships and Related Transactions" beginning on page 37 of our Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Other than during the normal course of business, the related party transactions affecting us have not changed since December 28, 2002.

## Seasonality

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

## Accounting Standards

In April 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB No. 13 and Technical Corrections." SFAS No. 145 rescinds SFAS No. 4, which required all gains and losses from the extinguishment of debt to be classified as an extraordinary item, and amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The provisions of SFAS No. 145 were effective for us beginning December 29, 2002. The adoption of SFAS No. 145 did not have a material impact on our consolidated financial position, results of operations or cash flows.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of commitment to an exit or disposal plan. The provisions of SFAS No. 146 are effective for exit or disposal activities that are initiated after December 31, 2002. The adoption of SFAS No. 146 did not have a material impact on our consolidated financial position, results of operations or cash flows.

In November 2002, the FASB issued Interpretation No. ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires the disclosure of certain guarantees and requires the recognition of a liability for the fair value of the obligation of qualifying guarantee activities. We have applied the recognition provisions of FIN 45 to guarantee activities initiated after December 31, 2002. The adoption of FIN 45 did not have a material impact on our consolidated financial position, results of operations or cash flows.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure," an amendment of SFAS No. 123. SFAS No. 148 provides two additional alternative transition methods for recognizing an entity's voluntary decision to change its method of accounting for stock-based employee compensation to the fair value method. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 so that entities under the intrinsic value method of Accounting Principles Board Opinion ("APB") No. 25 will be required to disclose the pro forma effect of using the fair value method for any period for which an income statement is presented. The disclosures are required to be made in annual financial statements and in quarterly information provided to shareholders without regard to whether the entity has adopted SFAS No. 123 for recognition purposes. SFAS No. 148's transition guidance and provisions for annual disclosures are

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effective for fiscal years ending after December 15, 2002. We continue to apply the recognition and measurement principles of APB No. 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for those plans. No compensation expense for employee stock options is reflected in earnings, as all options granted under the plans had an exercise price equal to the market value of the common stock on the date of grant.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities." FIN 46 requires that the assets, liabilities and results of the activity of variable interest entities be consolidated into the financial statements of the company that has the controlling financial interest. Interpretation No. 46 also provides the framework for determining whether a variable interest entity should be consolidated based on voting interest or significant financial support provided to it. We have evaluated our relationship and transactions with our franchisees and licensee WeightWatchers.com to determine if a need for consolidation exists under FIN 46. Based upon the criteria in FIN 46, our current relationship and transactions with our franchisees do not require us to consolidate our franchisees. However, we will continue to monitor the nature of our relationship and transactions with our franchisee to ensure that any changes are appropriately evaluated under the provisions of FIN 46. We have completed our evaluation of our relationship with WeightWatchers.com and the applicability of FIN 46. Based upon our analysis of the fair value of WeightWatchers.com's equity and its expected losses (as defined by FIN 46), although we are considered the primary beneficiary, WeightWatchers.com has sufficient fair value equity and therefore consolidation is not required. We will continue to evaluate our relationship with WeightWatchers.com and the possible need for consolidation in the future if certain changes in the relationship with and financial results of WeightWatchers.com were to occur. FIN 46 has been delayed and will become effective for us beginning the first interim or annual period ending after December 15, 2003. The adoption of FIN 46 will not impact our consolidated financial statements.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments." This statement amends and clarifies financial accounting and reporting for derivative instruments including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement is effective for contracts entered into or modified after June 30, 2003 and hedging relationships designated after June 30, 2003. We have applied the provisions of SFAS No. 149 and its adoption has not had a material impact on our consolidated financial position, results of operations or cash flows.

In May 2003, the Emerging Issue Task Force ("EITF") reached a consensus on EITF Issue No. 01-8, "Determining Whether an Arrangement Contains a Lease." EITF 01-8 requires companies to perform a review of all arrangements or contracts that traditionally were not viewed as leases to determine if they contain features that would require them to be accounted for under FASB No. 13, "Accounting for Leases." For calendar year-end companies, EITF 01-8 was effective July 1, 2003. The assessment of whether an arrangement contains a lease should be determined at inception of the arrangement based on all of the facts and circumstances surrounding the arrangement and also is required when any modification or change is made to an existing contractual arrangement. The adoption of EITF 01-8 did not have a material impact on our consolidated financial position, results of operations or cash flows.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Based on the overall interest rate exposure on our fixed rate borrowings at September 27, 2003, a 10% change in market interest rates would have less than a 5% impact on the fair value of our long-term debt. Based on variable rate debt levels at September 27, 2003, a 10% change in market interest rates would have less than a 5% impact on our net interest expense.

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We use foreign currency forward contracts to more properly align the underlying sources of cash flow with our debt servicing requirements. At September 27, 2003, we had a long-term foreign currency forward contract receivable with a notional amount of EUR 8.4 million, offset by a foreign currency forward contract payable with a notional amount of \$9.2 million.

For a more detailed discussion of our quantitative and qualitative disclosures about market risks that affect us, see Item 7A "Quantitative and Qualitative Disclosure About Market Risk" beginning on page 27 of our Annual Report on Form 10-K for the fiscal year ended December 28, 2002. Our exposure to market risks has not changed materially since December 28, 2002.

### **ITEM 4. CONTROLS AND PROCEDURES**

Based on their evaluation, as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded our disclosure controls and procedures (as defined in Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934) are effective. There have been no changes in our internal control over financial reporting or in other factors that materially affected or are reasonably likely to materially affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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## **WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES PART II—OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

Nothing to report under this item.

### **ITEM 2. CHANGES IN SECURITIES**

Nothing to report under this item.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Nothing to report under this item.

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

Nothing to report under this item.

#### **ITEM 5. OTHER INFORMATION**

Effective as of November 3, 2003, the Company amended the terms of its Stockholders' Rights Agreement. Pursuant to the terms of the amendment, the definition of "Acquiring Person" was amended such that FMR Corp. and its affiliates (collectively, "Fidelity Investments") will not be considered an Acquiring Person (and thus not trigger the provisions of the Rights Agreement) unless Fidelity Investments becomes the beneficial owner of 20% or more of the Company's outstanding common stock. The exclusion of Fidelity Investments as an Acquiring Person will exist only for so long as Fidelity Investments does not state any intention to or reserve the right to control or influence the management or policies of the Company or engage in any of the actions specified in Item 4 of Schedule 13D under the Securities Exchange Act of 1934, as amended, nor to take any action in connection with or as a participant in any transaction having such purpose or effect.

#### **ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits

- Exhibit 4.1 Supplemental Indenture, dated as of August 7, 2003, to the Senior Subordinated Dollar Notes Indenture, dated as of September 29, 1999, between Weight Watchers International, Inc. and Wells Fargo Bank Minnesota, National Association (formerly known as Norwest Bank Minnesota, National Association)
- Exhibit 4.2 Supplemental Indenture, dated as of August 7, 2003, to the Senior Subordinated Euro Notes Indenture, dated as of September 29, 1999, between Weight Watchers International, Inc. and Wells Fargo Bank Minnesota, National Association (formerly known as Norwest Bank Minnesota, National Association)
- Exhibit 4.3 First Amendment dated as of November 4, 2003, to the Rights Agreement, dated as of November 15, 2001 by and between Weight Watchers International, Inc. and EquiServe Trust Company, N.A.

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- Exhibit 10.1 Amendment No. 5 to Credit Agreement, dated as of August 20, 2003, among Weight Watchers International, Inc., WW Funding Corp., and Various Financial Institutions, as the Lenders (with annexed Fourth Amended and Restated Credit Agreement, dated as of August 20, 2003 among Weight Watchers International, Inc., WW Funding Corp., Various Financial Institutions, as the Lenders, Credit Suisse First Boston, BHF (USA) Capital Corporation, Fortis (USA) Finance LLC and The Bank of Nova Scotia)
- Exhibit 31.1 Certification Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 31.2 Certification Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

On August 6, 2003, the Company furnished a Report on Form 8-K to report under Item 12. *Results of Operations and Financial Condition*

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### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 12, 2003

By: /s/ LINDA HUETT

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Linda Huett  
*President, Chief Executive Officer and Director*  
*(Principal Executive Officer)*

Date: November 12, 2003

By: /s/ ANN M. SARDINI

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Ann M. Sardini  
*Vice President and Chief Financial Officer*  
*(Principal Financial and Accounting Officer)*

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### EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description</b>
Exhibit 4.1	Supplemental Indenture, dated as of August 7, 2003, to the Senior Subordinated Dollar Notes Indenture, dated as of September 29, 1999, between Weight Watchers International, Inc. and Wells Fargo Bank Minnesota, National Association (formerly known as Norwest Bank Minnesota, National Association)
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WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES INDEX

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WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)  
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WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES SUPPLEMENTAL UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 28, 2002 (IN THOUSANDS)  
WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES SUPPLEMENTAL UNAUDITED CONSOLIDATING STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 27, 2003 (IN THOUSANDS)  
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Long-Term Debt Obligations (Including Current Portion) As of September 27, 2003 (in millions)

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK  
ITEM 4. CONTROLS AND PROCEDURES

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ITEM 2. CHANGES IN SECURITIES  
ITEM 3. DEFAULTS UPON SENIOR SECURITIES  
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS  
ITEM 5. OTHER INFORMATION  
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

SIGNATURES  
EXHIBIT INDEX

**Exhibit 4.1**

SUPPLEMENTAL INDENTURE, dated as of August 7, 2003, to the Indenture, dated as of September 29, 1999 (the "Indenture"), between Weight Watchers International, Inc., a corporation duly organized and existing under the laws of Virginia (the "Company"), and Wells Fargo Bank Minnesota, National Association (formerly known as Norwest Bank Minnesota, National Association), a national banking association, as trustee (the "Trustee").

WITNESSETH:

WHEREAS, the Company and the Trustee have heretofore executed and delivered the Indenture, and the Company has issued pursuant to the Indenture \$150,000,000 aggregate principal amount of 13% Senior Subordinated Notes Due 2009 (the "Securities");

WHEREAS, Section 9.02 of the Indenture provides that the Company and the Trustee may amend the Indenture or the Securities without notice to any Securityholder but with the written consent of the Holders of at least a majority in principal amount of the Securities then outstanding;

WHEREAS, the Company has offered to purchase for cash any and all of the outstanding Securities upon the terms and subject to the conditions set forth in the Offer to Purchase and Consent Solicitation Statement, dated July 21, 2003, as the same may be amended, supplemented or modified (the "Offer");

WHEREAS, the Offer is conditioned upon, among other things, certain proposed amendments to the Securities and the Indenture (the "Proposed Amendments") having been approved by at least a majority in outstanding principal amount of the Securities (and a supplemental indenture in respect thereof having been executed and delivered), with the effectiveness of such Proposed Amendments being subject only to the acceptance for payment by the Company pursuant to the Offer of a majority in aggregate principal amount of the outstanding Securities (the "Acceptance");

WHEREAS, the Company has received and delivered to the Trustee the requisite consents to effect the Proposed Amendments under the Indenture;

WHEREAS, the Company has been authorized by a resolution of its Board of Directors to enter into this Supplemental Indenture; and

WHEREAS, all other acts and proceedings required by law, by the Indenture and by the articles of incorporation and by-laws of the Company to make this Supplemental Indenture a valid and binding agreement for the purposes expressed herein, in accordance with its terms, have been duly done and performed;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration the receipt of which is hereby acknowledged, the Company and the Trustee hereby agree as follows:

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## ARTICLE ONE

### SECTION 1.01. Definitions .

Capitalized terms used in this Supplemental Indenture and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

## ARTICLE TWO

### SECTION 2.01. Elimination of Certain Definitions in Article One .

(a) Effective upon, and subject only to, the Acceptance, Section 1.01 of the Indenture is amended by deleting the definitions “Affiliate Transaction”, “Average Life”, “Designated Noncash Consideration”, “Excluded Contributions”, “Net Available Cash”, “Net Cash Proceeds”, “Refinancing Indebtedness”, “Restricted Payment” and “Successor Company” contained therein in their entirety.

(b) Effective upon, and subject only to, the Acceptance, Section 1.02 of the Indenture is amended by deleting the defined terms “Affiliate Transaction”, “Change of Control Offer” and “Successor Company”.

### SECTION 2.02. Elimination of Certain Provisions of Article Four .

Effective upon, and subject only to, the Acceptance, Sections 4.01, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11 and 4.13 of the Indenture are amended by deleting the text of these Sections in their entirety and inserting in lieu thereof the phrase “[intentionally omitted]”.

### SECTION 2.03. Elimination of Certain Provisions of Article Five .

Effective upon, and subject only to, the Acceptance, Article Five of the Indenture is amended by deleting the text of the Article in its entirety and inserting in lieu thereof the phrase “[intentionally omitted]”.

### SECTION 2.04. Elimination of Certain Provisions of Article Six .

Effective upon, and subject only to, the Acceptance, Section 6.01 of the Indenture is amended by:

(1) inserting the word “or” before number (2) in Section 6.01; and

(2) deleting the text of Sections 6.01(3), 6.01(4), 6.01(5), 6.01(6), 6.01(7), 6.01(8), 6.01(9) and 6.01(10) in their entirety and inserting in lieu thereof the phrase “[intentionally omitted]”.

## ARTICLE THREE

### SECTION 3.01. Continuing Effect of Indenture .

Except as expressly provided herein, all of the terms, provisions and conditions of the Indenture and the Securities outstanding thereunder shall remain in full force and effect.

SECTION 3.02. Construction of Supplemental Indenture.

The Supplemental Indenture is executed as and shall constitute an indenture supplemental to the Indenture and shall be construed in connection with and as part of the Indenture. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.03. Trust Indenture Act Controls.

If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision of this Supplemental Indenture or the Indenture that is required to be included by the Trust Indenture Act of 1939 as in force at the date as of which this Supplemental Indenture is executed, the provision required by said Act shall control.

SECTION 3.04. Trustee Disclaimer.

The recitals contained in this Supplemental Indenture shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.05. Counterparts.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, as of the day and year first above written.

WEIGHT WATCHERS INTERNATIONAL, INC.

By           /s/ Robert W. Hollweg            
Name: Robert W. Hollweg  
Title: Vice President, General Counsel and Secretary

WELLS FARGO MINNESOTA BANK,  
NATIONAL ASSOCIATION, as Trustee

By           /s/ Michael T. Lechner            
Name: Michael T. Lechner  
Title: Assistant Vice President

**Exhibit 4.2**

SUPPLEMENTAL INDENTURE, dated as of August 7, 2003, to the Indenture, dated as of September 29, 1999 (the “Indenture”), between Weight Watchers International, Inc., a corporation duly organized and existing under the laws of Virginia (the “Company”), and Wells Fargo Bank Minnesota, National Association (formerly known as Norwest Bank Minnesota, National Association), a national banking association, as trustee (the “Trustee”).

W I T N E S S E T H :

WHEREAS, the Company and the Trustee have heretofore executed and delivered the Indenture, and the Company has issued pursuant to the Indenture €100,000,000 aggregate principal amount of 13% Senior Subordinated Notes Due 2009 (the “Securities”);

WHEREAS, Section 9.02 of the Indenture provides that the Company and the Trustee may amend the Indenture or the Securities without notice to any Securityholder but with the written consent of the Holders of at least a majority in principal amount of the Securities then outstanding;

WHEREAS, the Company has offered to purchase for cash any and all of the outstanding Securities upon the terms and subject to the conditions set forth in the Offer to Purchase and Consent Solicitation Statement, dated July 21, 2003, as the same may be amended, supplemented or modified (the “Offer”);

WHEREAS, the Offer is conditioned upon, among other things, certain proposed amendments to the Securities and the Indenture (the “Proposed Amendments”) having been approved by at least a majority in outstanding principal amount of the Securities (and a supplemental indenture in respect thereof having been executed and delivered), with the effectiveness of such Proposed Amendments being subject only to the acceptance for payment by the Company pursuant to the Offer of a majority in aggregate principal amount of the outstanding Securities (the “Acceptance”);

WHEREAS, the Company has received and delivered to the Trustee the requisite consents to effect the Proposed Amendments under the Indenture;

WHEREAS, the Company has been authorized by a resolution of its Board of Directors to enter into this Supplemental Indenture; and

WHEREAS, all other acts and proceedings required by law, by the Indenture and by the articles of incorporation and by-laws of the Company to make this Supplemental Indenture a valid and binding agreement for the purposes expressed herein, in accordance with its terms, have been duly done and performed;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration the receipt of which is hereby acknowledged, the Company and the Trustee hereby agree as follows:

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## ARTICLE ONE

### SECTION 1.01. Definitions .

Capitalized terms used in this Supplemental Indenture and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

## ARTICLE TWO

### SECTION 2.01. Elimination of Certain Definitions in Article One .

(a) Effective upon, and subject only to, the Acceptance, Section 1.01 of the Indenture is amended by deleting the definitions “Affiliate Transaction”, “Average Life”, “Designated Noncash Consideration”, “Excluded Contributions”, “Net Available Cash”, “Net Cash Proceeds”, “Refinancing Indebtedness”, “Restricted Payment” and “Successor Company” contained therein in their entirety.

(b) Effective upon, and subject only to, the Acceptance, Section 1.02 of the Indenture is amended by deleting the defined terms “Affiliate Transaction”, “Change of Control Offer” and “Successor Company”.

### SECTION 2.02. Elimination of Certain Provisions of Article Four .

Effective upon, and subject only to, the Acceptance, Sections 4.01, 4.03, 4.04, 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11 and 4.13 of the Indenture are amended by deleting the text of these Sections in their entirety and inserting in lieu thereof the phrase “[intentionally omitted]”.

### SECTION 2.03. Elimination of Certain Provisions of Article Five .

Effective upon, and subject only to, the Acceptance, Article Five of the Indenture is amended by deleting the text of the Article in its entirety and inserting in lieu thereof the phrase “[intentionally omitted]”.

### SECTION 2.04. Elimination of Certain Provisions of Article Six .

Effective upon, and subject only to, the Acceptance, Section 6.01 of the Indenture is amended by:

(1) inserting the word “or” before number (2) in Section 6.01; and

(2) deleting the text of Sections 6.01(3), 6.01(4), 6.01(5), 6.01(6), 6.01(7), 6.01(8), 6.01(9) and 6.01(10) in their entirety and inserting in lieu thereof the phrase “[intentionally omitted]”.

## ARTICLE THREE

### SECTION 3.01. Continuing Effect of Indenture .

Except as expressly provided herein, all of the terms, provisions and conditions of the Indenture and the Securities outstanding thereunder shall remain in full force and effect.

SECTION 3.02. Construction of Supplemental Indenture.

The Supplemental Indenture is executed as and shall constitute an indenture supplemental to the Indenture and shall be construed in connection with and as part of the Indenture. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.03. Trust Indenture Act Controls.

If any provision of this Supplemental Indenture limits, qualifies or conflicts with another provision of this Supplemental Indenture or the Indenture that is required to be included by the Trust Indenture Act of 1939 as in force at the date as of which this Supplemental Indenture is executed, the provision required by said Act shall control.

SECTION 3.04. Trustee Disclaimer.

The recitals contained in this Supplemental Indenture shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

SECTION 3.05. Counterparts.

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, as of the day and year first above written.

WEIGHT WATCHERS INTERNATIONAL, INC.

By         /s/ Robert W. Hollweg          
Name: Robert W. Hollweg  
Title: Vice President, General Counsel and Secretary

WELLS FARGO MINNESOTA BANK,  
NATIONAL ASSOCIATION, as Trustee

By         /s/ Michael T. Lechner          
Name: Michael T. Lechner  
Title: Assistant Vice President

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**Exhibit 4.3**

**FIRST AMENDMENT**  
**to**  
**RIGHTS AGREEMENT**

FIRST AMENDMENT, dated as of November 4, 2003 (the "Amendment"), to the Rights Agreement, dated as of November 15, 2001 (the "Agreement"), by and between Weight Watchers International, Inc., a Virginia corporation (the "Company"), and EquiServe Trust Company, N.A., a federally chartered trust company (the "Rights Agent") . Capitalized terms used herein and not otherwise defined herein have the meanings ascribed to such terms in the Agreement.

W I T N E S S E T H:

WHEREAS, on November 14, 2001 the Board of Directors of the Company approved the adoption of the Agreement in order to protect the Company and its shareholders from certain non-negotiated takeover attempts (or the acquisition of a substantial percentage of the common equity of the Company) which present the risk of a change of control or related risks on terms which may be less favorable to the Company's shareholders than would be available in a transaction negotiated with and approved by the Company ;

WHEREAS, pursuant to Section 27 of the Agreement, the Company and the Rights Agent may from time to time supplement or amend any provision of the Agreement in accordance with the terms of such Section 27; and

WHEREAS, in furtherance of the foregoing , the parties to the Agreement believe it is in the best interests of the holders of Rights under the Rights Agreement and the Company to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, covenants, representations and warranties contained herein, the parties, intending to be legally bound, agree as follows:

Section 1. Amendment of Rights Agreement.

(a) Effective as of the date of this Amendment, the parties to this Amendment hereby amend Section 1(a) of the Agreement to read in its entirety as follows:

"Acquiring Person" shall mean any Person who or which, together with all Associates and Affiliates of such Person, shall be the Beneficial Owner of ten percent (10%) or more of the then outstanding Common Stock, but shall not include (i) any Exempted Entity, (ii) the Company, (iii) any Subsidiary of the Company, (iv) any employee benefit plan of the Company, or of any Subsidiary of the Company, or any Person or entity organized, appointed or established by the Company for or pursuant to the terms

of any such plan, (v) FMR Corp., together with all of its Affiliates and Associates (“FMR”), but only so long as (A) FMR is the Beneficial Owner of less than twenty percent (20%) of the Common Stock then outstanding and (B) FMR reports or is required to report such ownership on Schedule 13G under the Securities and Exchange

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Act of 1934, as amended (the “Exchange Act”), or Schedule 13D under the Exchange Act (or any comparable or successor report) which Schedule 13D does not state any intention to or reserve the right to control or influence the management or policies of the Company or engage in any of the actions specified in Item 4 of such schedule , nor to take any action in connection with or as a participant in any transaction having such purpose or effect, (vi) any Person who becomes the Beneficial Owner of ten percent (10%) or more (or twenty percent (20%) or more in the case of FMR) of the shares of Common Stock then outstanding as a result of a reduction in the number of shares of Common Stock outstanding due to the repurchase of shares of Common Stock by the Company unless and until such Person, after becoming aware that such Person has become the Beneficial Owner of ten percent (10%) or more (or twenty percent (20%) or more in the case of FMR ) of the then outstanding shares of Common Stock, acquires beneficial ownership of additional shares of Common Stock representing one percent (1%) or more of the shares of Common Stock then outstanding or (vii) if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an “Acquiring Person” has become such inadvertently (including, without limitation, because (A) such Person was unaware that it beneficially owned a percentage of Common Stock that would otherwise cause such Person to be an “Acquiring Person” or (B) such Person was aware of the extent of its Beneficial Ownership of Common Stock but had no actual knowledge of the consequences of such Beneficial Ownership under this Agreement) and without any intention of changing or influencing control of the Company, and such Person, as promptly as practicable, divested or divests himself or itself of Beneficial Ownership of a sufficient number of shares of Common Stock so that such Person would no longer be an Acquiring Person.”

Section 2. Governing Law . This Amendment shall be deemed to be a contract made under the laws of the Commonwealth of Virginia and for all purposes shall be governed by, and construed in accordance with, the laws of such Commonwealth.

Section 3. Additional Acts and Documents . Each party hereto agrees to do such things, take all such actions, and make, execute and deliver such other documents and instruments, as shall be reasonably requested to carry out the provisions, intent and purpose of this Amendment, in each case, at the sole expense of the Company.

Section 4. Counterparts . This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 5. Descriptive Headings . Descriptive headings of the several sections of this Amendment are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 6. Effect of Amendment . Except as expressly modified by this Amendment, the remaining terms of the Rights Agreement shall remain unmodified and in full force and effect.



IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to the Rights Agreement to be duly executed, all as of the day and year first above written.

WEIGHT WATCHERS INTERNATIONAL, INC.

By /s/ Robert W. Hollweg  
Name: Robert W. Hollweg  
Title: Vice President, General Counsel & Secretary

EQUISERVE TRUST COMPANY, N.A.

By /s/Katherine Anderson  
Name: Katherine Anderson  
Title: Managing Director

## AMENDMENT NO. 5

This AMENDMENT NO. 5, dated as of August 20, 2003 (this “Amendment Agreement”), is among WEIGHT WATCHERS INTERNATIONAL, INC., a Virginia corporation (“WWI”), WW FUNDING CORP., a Delaware corporation (the “SP1 Borrower”; the SP1 Borrower, together with WWI, are collectively referred to as the “Borrowers”), the Lenders (such term, and other terms used in this Amendment Agreement, to have the meanings set forth or incorporated by reference in Part I below) and the Agents.

WITNESSETH:

WHEREAS, pursuant to the terms of the Third Amended and Restated Credit Agreement, dated as of April 1, 2003 (as further amended, supplemented or otherwise modified prior to the date hereof, the “Existing Credit Agreement”), among the Borrowers, the various financial institutions party thereto (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, Paying Agent and Registration Agent for the TLCs, and as a Lead Arranger, the Lenders made Credit Extensions to the Borrowers; and

WHEREAS, the Borrowers have requested the Lenders and the Agents to amend and restate the Existing Credit Agreement in its entirety in the form attached hereto as Annex I and to amend the Existing Deed Poll as set forth herein;

NOW, THEREFORE, in consideration of the agreements herein contained, the Borrowers, the Lenders and the Agents hereby agree as follows:

PART I  
DEFINITIONS

SUBPART 1.1. Certain Definitions. The following terms (whether or not underscored) when used in this Amendment Agreement shall have the following meanings (such meanings to be equally applicable to the singular and plural form thereof):

“Amendment Agreement” is defined in the preamble.

“Credit Agreement” is defined in Subpart 2.1.

“Existing Credit Agreement” is defined in the first recital.

“Existing Deed Poll” means the TLC Deed Poll, dated as of September 29, 1999, among the SP1 Borrower and each TLC Holder (as defined therein) as amended, amended and restated, supplemented or otherwise modified prior to the date hereof.

“Fifth Amendment Effective Date” is defined in Subpart 3.1.

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“ Pro Forma Balance Sheet ” is defined in Subpart 3.1.6.

SUBPART 1.2. Other Definitions. Terms for which meanings are provided in the Existing Credit Agreement are, unless otherwise defined herein or the context otherwise requires, used in this Amendment Agreement with such meanings.

PART II  
AMENDMENT AND RESTATEMENT OF THE  
EXISTING CREDIT AGREEMENT AND AMENDMENT OF EXISTING DEED POLL

SUBPART 2.1. Amendment and Restatement of Existing Credit Agreement. Effective on (and subject to the occurrence of) the Fifth Amendment Effective Date, the Existing Credit Agreement shall be and is hereby amended and restated in its entirety to read as set forth in Annex I (the Existing Credit Agreement, as so amended and restated by this Amendment Agreement, being referred to as the “ Credit Agreement ”), and as so amended and restated is hereby ratified, approved and confirmed in every respect. The rights and obligations of the parties to the Existing Credit Agreement with respect to the period prior to the Fifth Amendment Effective Date shall not be affected by such amendment and restatement.

SUBPART 2.2. Amendment of Existing Deed Poll. Effective on (and subject to the occurrence of) the Fifth Amendment Effective Date, the Existing Deed Poll is hereby amended as set forth in this Subpart.

(a) The definition of “Floating Rate” appearing in Section 1.1 of the Existing Deed Poll is amended by deleting each occurrence of the phrase “Term-B Loan” appearing therein and inserting in its place the phrase “Additional Term B Loan”.

(b) The definition of “TLC Holder” appearing in Section 1.1 of the Existing Deed Poll is amended in its entirety to read as follows:

“ TLC Holder ” means , in respect of a TLC at any time, each TLC Lender, Additional TLC Lender and/or the person whose name is inscribed in the Register as the holder of that TLC and who has rights against the SPI Borrower under, and has the benefit of, this Deed Poll in respect of that TLC

PART III  
CONDITIONS TO EFFECTIVENESS

SUBPART 3.1. Effective Date. This Amendment Agreement (and the resulting amendment and restatement of the Existing Credit Agreement) shall become effective on the date (the “ Fifth Amendment Effective Date ”) when all of the conditions set forth in this Part have been satisfied.

SUBPART 3.1.1 Execution of Counterparts. The Administrative Agent shall have received counterparts of this Amendment Agreement executed on behalf of the Borrowers, the

Required Lenders and each Lender with a Commitment to make Additional Term B Loans and the Additional TLCs pursuant to (and as defined in) the Credit Agreement.

SUBPART 3.1.2 Resolutions, etc. The Administrative Agent shall have received from each Borrower a certificate, dated the Fifth Amendment Effective Date, of its Secretary or Assistant Secretary (or Authorized Officer serving a similar function, in the case of other than a corporation) as to:

(a) resolutions of such Borrower's Board of Directors (or other similar governing body) then in full force and effect authorizing, as applicable, the execution, delivery and performance of this Amendment Agreement, the Additional Term B Notes and the Additional TLCs (as defined in the Credit Agreement) and each other Loan Document to be executed by such Borrower; and

(b) the incumbency and signatures of such Borrower's Authorized Officers authorized to execute and deliver this Amendment Agreement, the Additional Term B Notes and the Additional TLC Purchase Requests (as defined in the Credit Agreement) and each other Loan Document to be executed by such Borrower;

upon which certificate each Lender may conclusively rely until each such Lender shall have received a further certificate of such Borrower canceling or amending the prior certificate.

SUBPART 3.1.3 Effective Date Certificate. The Administrative Agent shall have received a certificate substantially in the form of Exhibit A hereto, dated the Fifth Amendment Effective Date and duly executed and delivered by the chief executive, financial or accounting (or equivalent) Authorized Officer of each Borrower.

SUBPART 3.1.4 Delivery of Notes and Purchase Requests. The Administrative Agent shall have received, for the account of each Lender that has requested an Additional Term B Note, if any, such Lender's Additional Term B Note, duly executed and delivered by an Authorized Officer of WWI.

SUBPART 3.1.5 Affirmation and Consent. The Administrative Agent shall have received an affirmation and consent, dated as of the Fifth Amendment Effective Date and duly executed by an Authorized Officer of each Guarantor, in form and substance satisfactory to the Administrative Agent.

SUBPART 3.1.6 Financial Information, Compliance Certificate etc. The Administrative Agent shall have received a (a) pro forma unaudited condensed consolidated balance sheet of WWI and its Subsidiaries, as of June 30, 2003 for WWI (the "Pro Forma Balance Sheet"), certified by the chief financial or accounting Authorized Officer of WWI, giving effect to the consummation of the Transaction (as defined in the Credit Agreement) and (b) Compliance Certificate for the four full Fiscal Quarters immediately preceding the Transaction giving pro forma effect to the consummation of the Transaction and evidencing compliance with the financial covenants set forth in Sections 7.2.4 and 7.2.6 of the Credit Agreement, which, in each case, shall be satisfactory in all respects to the Agents.

SUBPART 3.1.7 Opinions of Counsel. The Administrative Agent shall have received opinions, dated the Fifth Amendment Effective Date and addressed to the Administrative Agent and all Lenders, from:

(a) Simpson Thacher & Bartlett LLP, special New York counsel to the Borrowers and each Obligor, in form and substance satisfactory to the Administrative Agent; and

(b) Hunton & Williams, special Virginia counsel to WWI, in form and substance satisfactory to the Administrative Agent.

SUBPART 3.1.8 Transaction Documents; Consummation of Transaction. The Administrative Agent shall have received (a) upon request, all documents and instruments delivered in connection with the consummation of the Transaction and all agreements related thereto (collectively, the “Transaction Documents”), all which shall be in form and substance satisfactory to the Agents and (b) evidence satisfactory to the Agents that all actions necessary to consummate the Transaction shall have been taken in accordance with all applicable laws and in accordance with the terms of each applicable Transaction Document, without amendment or waiver of any material provision thereof and that the Transaction was in fact consummated on terms and conditions satisfactory to the Agents.

SUBPART 3.1.9 Required Approvals. The Administrative Agent shall be satisfied that all material governmental and third party approvals necessary or advisable in connection with the Transaction, the financing contemplated hereby and the continuing operations of WWI and its Subsidiaries have been duly obtained and are in full force and effect, and that all applicable waiting periods have expired without any action being taken or threatened by any competent authority which would restrain, prevent or otherwise impose adverse conditions on the Transaction or the financing thereof.

SUBPART 3.1.10 Litigation; Proceedings. The Administrative Agent shall be satisfied that there does not exist any restraining order, injunction or other pending or threatened litigation, proceedings or investigations which (a) contests any aspect of the Transaction or (b) could reasonably be expected to have a material adverse effect on any of the consolidated business, financial conditions or results of operations of WWI and its Subsidiaries, taken as a whole.

#### PART IV REPRESENTATIONS AND WARRANTIES

To induce the Lenders and the Agents to enter into this Amendment Agreement (and the resulting amendment and restatement of the Existing Credit Agreement), continue the Credit Extensions outstanding on the Fifth Amendment Effective Date as Credit Extensions under (and as defined in) the Credit Agreement and to make additional Credit Extensions (including the Additional Term B Loans and the Additional TLCs) from time to time on and after the Fifth Amendment Effective Date under the terms of the Credit Agreement, the Borrowers represent and warrant to the Lenders and the Agents as set forth below.

SUBPART 4.1. Validity, etc. This Amendment Agreement (and the resulting amendment and restatement of the Existing Credit Agreement in the form attached hereto as Annex I hereto) constitutes the legal, valid and binding obligation of each Borrower enforceable 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.

SUBPART 4.2. Representations and Warranties, etc. Both before and after giving effect to this Amendment Agreement, the representations and warranties contained in Section 5.2.1 of the Credit Agreement are true and correct in all material respects, as of the date hereof with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date).

SUBPART 4.3. Liens Unimpaired. After giving effect to this Amendment Agreement and the incurrence of the Additional Term B Loans and the Additional TLCs, neither the modification of the Existing Credit Agreement effected pursuant to this Amendment Agreement nor the execution, delivery, performance or effectiveness of this Amendment Agreement and the incurrence of the Debt represented by the Additional Term B Loans and the Additional TLCs:

(a) impairs the validity, effectiveness or priority of the Liens granted in favor of the Secured Parties pursuant to the Loan Documents, and such Liens continue unimpaired with the same priority to secure repayment of all Obligations (including any Obligations arising in connection with the making of the Additional Term B Loans and the Additional TLCs), whether heretofore or hereafter incurred; or

(b) requires that any new filings be made or other action taken to perfect or to maintain the perfection of such Liens.

## PART V MISCELLANEOUS

SUBPART 5.1. Cross-References. References in this Amendment Agreement to any Part or Subpart are, unless otherwise specified or otherwise required by the context, to such Part or Subpart of this Amendment Agreement.

SUBPART 5.2. Loan Document Pursuant to Existing Credit Agreement. This Amendment Agreement is a Loan Document executed pursuant to the Existing Credit Agreement and shall be construed, administered and applied in accordance with all of the terms and provisions of the Existing Credit Agreement and, after the Fifth Amendment Effective Date, the Credit Agreement.

SUBPART 5.3. Successors and Assigns. This Amendment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SUBPART 5.4. Counterparts. This Amendment Agreement may be executed by the parties hereto in several counterparts, each of which when executed and delivered shall be deemed to be an original and all of which together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Amendment Agreement.

SUBPART 5.5. Governing Law. THIS AMENDMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH 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).





THE BANK OF NOVA SCOTIA

By:     /s/ Brian S. Allen      
Name: Brian S. Allen  
Title: Managing Director

CREDIT SUISSE FIRST BOSTON, acting through  
its Cayman Islands Branch

By:     /s/ Bill O'Daly      
Name: Bill O'Daly  
Title: Director

By:     /s/ Jay Chall      
Name: Jay Chall  
Title: Director

STEIN ROE & FARNHAM CLO I LTD.

By: Columbia Management Advisors, Inc.  
(f/k/a Stein Roe & Farnham Incorporated), as  
Portfolio Manager

By:     /s/ Kathleen A. Zarn      
Name: Kathleen A. Zarn  
Title: Senior Vice President

AURUM CLO 2002-1 LTD.

By: Columbia Management Advisors, Inc.  
(f/k/a Stein Roe & Farnham Incorporated), as  
Investment Manager

By:     /s/ Kathleen A. Zarn      
Name: Kathleen A. Zarn  
Title: Senior Vice President

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VENTURE II CDO 2002, LIMITED

By: Barclays Bank PLC, New York Branch, its  
Investment Advisor

By:           /s/ Michael G. Regan            
Name: Michael G. Regan  
Title: Director

NATIONAL CITY

By:           /s/ Gavin D. Young            
Name: Gavin D. Young  
Title: Account Officer

FORTIS CAPITAL CORP.

By:           /s/ Douglas Riani            
Name: Douglas Riani  
Title: Vice President

By:           /s/ John Reneta            
Name: John Reneta  
Title: Executive Vice President

METROPOLITAN LIFE INSURANCE  
COMPANY

By:           /s/ James R. Dingler            
Name: James R. Dingler  
Title: Director

MADISON AVENUE CDO I, LIMITED

By: Metropolitan Life Insurance Company as  
Collateral Manager

By:           /s/ David W. Farrell            
Name: David W. Farrell  
Title: Director

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CITADEL HILL 2000-1 LTD.

By: /s/ Alex Clarke  
Name: Alex Clarke  
Title: Authorized Signatory

TRUMBULL THC, LTD.

By: /s/ David G. Parker  
Name: David G. Parker  
Title: Attorney-in-Fact

THE PROVIDENT BANK

By: /s/ Marshall M. Stuart  
Name: Marshall M. Stuart  
Title: Vice President

SEQUILS I, LTD.

By: TCW Advisors, Inc., as its Collateral Agent

By: /s/ Richard F. Kurth  
Name: Richard F. Kurth  
Title: Senior Vice President

By: /s/ Jonathan R. Insull  
Name: Jonathan R. Insull  
Title: Managing Director

SEQUILS IV, LTD.

By: TCW Advisors, Inc., as its Collateral Agent

By: /s/ Richard F. Kurth  
Name: Richard F. Kurth  
Title: Senior Vice President

By: /s/ Jonathan R. Insull  
Name: Jonathan R. Insull  
Title: Managing Director

---

C-SQUARED CDO LTD.

By: TCW Advisors, Inc., as its Portfolio Manager

By: /s/ Richard F. Kurth

Name: Richard F. Kurth

Title: Senior Vice President

THE SUMITOMO TRUST & BANKING CO.,  
LTD., New York Branch

By: /s/ Elizabeth A. Quirk

Name: Elizabeth A. Quirk

Title: Vice President

APEX (IDM) CDO I, LTD.

ELC (CAYMAN) LTD.

ELC (CAYMAN) LTD. CDO SERIES 1999-I

ELC (CAYMAN) LTD. 1999-II

ELC (CAYMAN) LTD. 1999-III

ELC (CAYMAN) LTD. 2000-I

TRYON CLO LTD. 2000-I

By: David L. Babson & Company Inc., as  
Collateral Manager

By: /s/ Glenn Duffy

Name: Glenn Duffy

Title: Managing Director

BANK OF MONTREAL

By: /s/ S. Valia

Name: S. Valia

Title: Managing Director

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GULF STREAM-COMPASS CLO 2002-1, LTD.

By: Gulf Stream Asset Management LLC, as  
Collateral Manager

By: /s/ Barry K. Love  
Name: Barry K. Love  
Title: Chief Credit Officer

PB CAPITAL CORPORATION

By: /s/ Tyler J. McCarthy  
Name: Tyler J. McCarthy  
Title: Vice President

By: /s/ Andrew Shipman  
Name: Andrew Shipman  
Title: Assistant Vice President

PPM SHADOW CREEK FUNDING LLC

By: /s/ Anne E. Morris  
Name: Anne E. Morris  
Title: Assistant Vice President

PPM SPYGLASS FUNDING TRUST

By: /s/ Anne E. Morris  
Name: Anne E. Morris  
Title: Authorized Agent

VAN KAMPEN SENIOR INCOME TRUST

By: Van Kampen Investment Advisory Corp.

By: /s/ Brad Langs  
Name: Brad Langs  
Title: Executive Director

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VAN KAMPEN CLO II, LIMITED

By: Van Kampen Investment Advisory Corp., as  
Collateral Manager

By:           /s/ William Lenga            
Name: William Lenga  
Title: Vice President

BAVARIA TRR CORPORATION

By:           /s/ Lori Gehron            
Name: Lori Gehron  
Title: Vice President

KZH CNC LLC

By:           /s/ Hi Hua            
Name: Hi Hua  
Title: Authorized Agent

KZH CRESCENT LLC

By:           /s/ Hi Hua            
Name: Hi Hua  
Title: Authorized Agent

KZH CRESCENT-2 LLC

By:           /s/ Hi Hua            
Name: Hi Hua  
Title: Authorized Agent

KZH CRESCENT-3 LLC

By:           /s/ Hi Hua            
Name: Hi Hua  
Title: Authorized Agent

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FOURTH AMENDED AND RESTATED CREDIT AGREEMENT,

dated as of August 20, 2003

(amending and restating the Third Amended and Restated  
Credit Agreement, dated as of April 1, 2003),

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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FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDED AND RESTATED CREDIT AGREEMENT, dated as of August 20, 2003 (amending and restating the Third Amended and Restated Credit Agreement, dated as of April 1, 2003), 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 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.

WITNESSETH:

WHEREAS, pursuant to the Third Amended and Restated Credit Agreement, dated as of April 1, 2003 (as amended or otherwise modified 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 made or continued the following extensions of credit to the Borrowers which currently remain outstanding on the Effective Date in the amounts set forth below:

(a) the term A loans existing on the date thereof (the “Existing Term A Loans”) continued to remain outstanding as Term A Loans thereunder and are outstanding on the Effective Date in an aggregate principal amount of \$29,956,466.33;

(b) the term B facility existing on the date thereof consisting of (i) a tranche of term B loans (the “Existing Term B Loans”) which continued to remain outstanding as Term B Loans thereunder and are outstanding on the Effective Date in an aggregate principal amount of \$82,938,709.10 and (ii) TLCs (the “Existing TLCs”) which continued to remain outstanding as TLCs thereunder and are outstanding on the Effective Date in an aggregate principal amount of \$49,148,865.02;

(c) a new term D loan was made (the “Existing Term D Loans”) of which an aggregate principal amount of \$72,585,908.10 is outstanding on the Effective Date;

(d) the continuation of the revolving loans (the “Existing Revolving Loans”) and the swing line loans (the “Existing Swing Line Loans”); together with the Existing Term A Loans, the Existing Term B Loans, the Existing Term D Loans, the Existing Revolving Loans and the Existing TLCs, the “Existing Loans”) to the Borrowers;

WHEREAS, WWI intends to consummate the tender (the “Tender Offer”) of up to all of the Senior Subordinated Notes;

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WHEREAS, in connection with the Tender Offer and 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 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. 5 (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 the Amendment 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, 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 \$29,956,466.33;

(b) the Existing Term B Loans, Existing Term D Loans and Existing TLCs shall be refinanced (the “Current Refinancing”; and together with the Tender Offer, the “Transaction”) with a new term B facility consisting of (i) a tranche of Additional Term B Loans hereunder in an aggregate principal amount of \$382,851,135.00 and (ii) Additional TLCs in an aggregate principal amount of \$49,148,865.00;

(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 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 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):

“ Acquisition ” means the acquisition by WWI or one of its Subsidiaries of certain of the business and assets of The WW Group Inc., a Pennsylvania corporation, The WW Group West L.L.C., a Delaware limited liability company and The WW Group East L.L.C., a Michigan limited liability company (collectively, the “ Sellers ”), which will include Weight Watchers franchise numbers 11, 23, 39, 40, 60, 64, 73, 77 and 302 and was consummated on April 1, 2003.

“ Additional Term B Loan ” is defined in clause (b) of Section 2.1.1 .

“ Additional Term B Loan Commitment ” is defined in clause (b) of Section 2.1.1 .

“ Additional Term B Loan Commitment Amount ” means \$382,851,135.00.

“ Additional Term B Loan Lender ” means any Lender which has a Percentage of the Additional Term B Loan Commitment Amount.

“ Additional Term B Note ” means a promissory note of WWI, payable to the order of any Lender, in the form of Exhibit A-5 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 Additional Term B Loans (including Designated Additional Term B Loans), and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

“ Additional TLC ” is defined in Section 2.9 .

“ Additional TLC Commitment ” is defined in Section 2.9 .

“ Additional TLC Commitment Amount ” means \$49,148,865.00.

“ Additional TLC Lender ” means any Lender which has a Percentage of the Additional TLC Commitment Amount.

“ Additional TLC Purchase Request ” means an Additional TLC purchase request and certificate duly executed by an Authorized Officer of the applicable Borrower, substantially in the form of Exhibit B-1 hereto.

“ 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, 1.25% per annum; and
  - (ii) LIBO Rate Loan, 2.25% 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 :

<u>Debt to EBITDA Ratio</u>	<u>Applicable Margin for Base Rate Loans</u>	<u>Applicable Margin for LIBO Rate Loans</u>
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-1 by S&P or P-1 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 the Effective Date 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; or
- (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.

“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.

“Current Refinancing” is defined in the fifth recital.

“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, the Acquisition and the Tender Offer,

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, in the case of assignments of a Revolving Loan and/or a Revolving Loan Commitment, 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 Loans” is defined in clause (d) of the first recital.

“Existing Revolving Loans” is defined in clause (d) of the first recital.

“Existing Swing Line Loans” is defined in clause (d) of the first recital.

“Existing Term A Loans” is defined in clause (a) of the first recital.

“Existing Term B Loans” is defined in clause (b) of the first recital.

“Existing Term D Loans” is defined in clause (c) of the first recital.

“Existing TLCs” is defined in clause (b) of the first recital.

“Extension Request” is defined in Section 2.10.

“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, (b) the confidential fee letter, dated as of December 21, 2001, among WWI, the Administrative Agent and the Syndication Agent, (c) the confidential fee letter, dated as of March 31, 2003, among WWI, the Administrative Agent and the Syndication Agent and (d) the confidential fee letter, dated as of August , 2003, among WWI, the Administrative Agent and the Syndication Agent.

“Final Termination Date” means the later of (i) the Stated Maturity Date with respect to Additional Term B Loans and the Additional TLCs, and (ii) 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 “ 2002 Fiscal Year ” refers to the Fiscal Year ending on December 28, 2002).

“ 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 Subsidiaries.

“ 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:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}}$$

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), an Additional 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.

of “Net Disposition Proceeds” means, with respect to a Permitted Disposition of the assets of WWI or any of its Subsidiaries, the excess

(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.

“Nonextending Lender” is defined in Section 2.10.

“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 Term A Loans, Additional Term B Loans, Designated New Term Loans, Swing Line Loans, Revolving Loans 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.

“ 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) WWI 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 Indebtedness” means Indebtedness that Refinances any Indebtedness of WWI or any of its Subsidiaries existing on the Effective Date 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 or managed by the same investment advisor as 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.

“Replacement Lender” is defined in Section 2.10.

“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 Lender” is defined in clause (a) of Section 2.1.2.

“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 or the date on which such date has been extended pursuant to Section 2.10;

(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 The McGraw-Hill Companies, 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.

“Sellers” is defined in the second recital.

“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 initial aggregate principal amount of \$150,000,000 and its 13% Senior

Subordinated Notes in an initial 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 or Additional TLC, December 31, 2009; and

(d) 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.

“Tender Offer” is defined in the second recital.

“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 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 Designated Additional Term A Loans), and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

“TLC” means the Indebtedness of the SP1 Borrower with respect to any Additional TLC arising under and pursuant to the terms of this Agreement and the TLC Deed Poll, which may be represented by an instrument executed by the SP1 Borrower which acknowledges such Indebtedness 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 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.

“Transaction” is defined in the fifth recital.

“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 SPI 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 28, 2002. 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 to make Credit Extensions as set forth below.

SECTION 2.1.1. Continuation of Existing Term A 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 or 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;

(b) in a single Borrowing occurring on the Effective Date, each Lender that has an Additional Term B Loan Commitment will make loans (relative of such Lender, its “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”); and

- (c) no amounts paid or prepaid with respect to Term Loans or Additional TLCs 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 (a “Revolving Lender”) 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.

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 Commitment 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, 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 \$200,000,000 in commitments to provide (i) (A) additional Revolving Loan Commitments or (B) loans to be provided under a new tranche of revolving loans which have terms and conditions (including interest rate and maturity date), as mutually agreed to by WWI, the Administrative Agent, the Syndication Agent and the Person(s) providing such new tranche of Loans (in either case, "Designated Additional Revolving Loan Commitments"), (ii) additional Term A Loans ("Designated Additional Term A Loans"), (iii) additional 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 Administrative Agent, the Syndication Agent and the Person(s) 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 of the type set forth in (i)(A) above, 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 Administrative Agent, the Syndication Agent 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 of the type set forth in (i)(A) above 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, 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 presentation 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 that has an Additional TLC Commitment shall purchase, on the Effective Date, TLCs (the "Additional TLCs") from the SP1 Borrower equal to such Additional TLC Lender's Percentage of the Additional TLC Commitment Amount (with the commitment of each such Additional TLC Lender to purchase Additional TLCs being its "Additional TLC Commitment"). No amounts paid or prepaid with respect to Additional TLCs may be reborrowed. No Additional TLC Lender shall be permitted or required to, and WWI shall not request that any Additional TLC Lender, purchase an Additional TLC if, after giving effect thereto, the aggregate original principal amount of all the Additional TLCs of all the Additional TLC Lenders would exceed the

Additional TLC Commitment Amount or, for such Additional TLC Lender, would exceed such Additional TLC Lender's Percentage of the Additional TLC Commitment Amount.

SECTION 2.10. Extension of Revolving Loan Commitment Termination Date. Subject to the terms set forth in this Section, the Revolving Loan Commitment Termination Date may be extended for any time period at the request of WWI with the express consent of each Revolving Lender that wishes to extend its Revolving Loan Commitment beyond the then effective Revolving Loan Commitment Termination Date. Not later than the date 90 days prior to the Revolving Loan Commitment Termination Date, WWI shall, at its option, in a written notice to the Administrative Agent request (an "Extension Request") that the Revolving Loan Commitment Termination Date be extended for such period as it may request. The Administrative Agent shall promptly distribute such Extension Request to the Revolving Lenders. Each Revolving Lender may consent to such Extension Request by delivering to the Administrative Agent its express written consent thereto no later than 60 days prior to such Revolving Loan Commitment Termination Date. WWI acknowledges that each such Revolving Lender's decision to consent to or reject an Extension Request shall be a new credit determination by each such Revolving Lender and as such each Revolving Lender may withhold its consent, or condition its consent upon additional or different terms, in each case in its sole and absolute discretion. If (i) any Revolving Lender notifies the Administrative Agent in writing on or before the 60th day prior to such Revolving Loan Commitment Termination Date that it will not consent to such Extension Request or (ii) none of the Revolving Lenders have expressly consented in writing to any such Extension Request on or before the 60th day prior to such Revolving Loan Commitment Termination Date, then the Administrative Agent shall immediately notify WWI and WWI, at its option, may (x) withdraw such Extension Request at any time prior to the date 10 days prior to such Revolving Loan Commitment Termination Date, or (y) attempt to replace each such Revolving Lender which has not agreed to such Extension Request (a "Nonextending Lender") with another commercial lending institution reasonably satisfactory to the Administrative Agent or another Revolving Lender (a "Replacement Lender") by giving notice (not later than the date 20 days prior to such Revolving Loan Commitment Termination Date) of the name of such Replacement Lender to the Administrative Agent; provided, that unless the Revolving Lenders (including Replacement Lenders) have agreed to such Extension Request on or before the 20th day prior to such Revolving Loan Commitment Termination Date, such Extension Request shall be automatically withdrawn. Unless the Administrative Agent shall object to the identity of such proposed Replacement Lender prior to the date 10 days prior to such Revolving Loan Commitment Termination Date, upon notice from the Administrative Agent, each Nonextending Lender shall promptly (but in no event later than such Revolving Loan Commitment Termination Date) assign all of its interests hereunder to such Replacement Lender in consideration for an amount equal to such Nonextending Lender's pro rata share of the outstanding principal amount of the Revolving Loans and Letter of Credit Outstandings, plus accrued but unpaid interest thereon, plus accrued but unpaid fees and all other amounts owing to such Nonextending Lender under the Loan Documents, all in accordance with the provisions of Section 11.10 hereof. In the event that only a portion of the Revolving Lenders agree to such Extension Request in accordance with this Section, the Revolving Loan Commitment Termination Date shall be extended in accordance with such Extension Request with respect to those Revolving Lenders; provided, however, that with respect to each Nonextending Lender that has not been replaced in accordance with the terms of this Section, the Commitment of each such Nonextending Lender shall terminate on the original Revolving Loan

Commitment Termination Date (as such date may have been previously extended), and WWI shall pay to the Administrative Agent for the account of each such Nonextending Lender on or before the then current Revolving Loan Commitment Termination Date, such Nonextending Lender's pro rata share of the principal of and interest on all outstanding Revolving Loans and Letter of Credit Outstandings, plus accrued but unpaid fees and all other amounts owing to such Nonextending Lender under the Loan Documents, and the sum of the aggregate Revolving Loan Commitment Amounts shall be irrevocably reduced by an amount equal to the sum of the aggregate Revolving Loan Commitment Amounts of all Nonextending Lenders. If all of the Revolving Lenders (other than the Nonextending Lenders) consent to any such Extension Request (or if all Nonextending Lenders are replaced in accordance with this Section 2.10), then as of 5:00 p.m. New York time on the Revolving Loan Commitment Termination Date, the Revolving Loan Commitment Termination Date shall be deemed to have been extended for, and shall be the date, set forth in the Extension Request.

### 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 Term 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 OMITTED];

(d) [INTENTIONALLY OMITTED];

(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:

09/30/03 through (and including) 09/30/04	\$2,808,418.73
10/01/04 through (and including) Stated Maturity Date	\$3,978,593.17, or one-quarter of the then outstanding principal amount of all Term A Loans, if different (with the remaining amount due in full on the Stated Maturity Date for Term A Loans);

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:



09/30/03 through (and including)  
12/31/08

\$957,127.84

01/01/09 through (and including)  
Stated Maturity Date

\$90,448,580.63, or one-quarter of the then outstanding principal amount of all Additional Term B Loans, if different (with the remaining amount due in full on the Stated Maturity Date for Additional Term B Loans);

provided, that each remaining amortization amount of Additional 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):

09/30/03 through (and including)  
12/31/08

\$122,872.16

01/01/09 through (and including)  
Stated Maturity Date

\$11,611,419.36, or one-quarter of the then outstanding principal amount of all Additional TLCs, if different (with the remaining amount due in full on the Stated Maturity Date for Additional TLCs);

(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), (h) and (i) 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 and Additional TLCs comprising a Borrowing accrue interest at a rate per annum:

- (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.

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) two duly completed copies of either (x) Internal Revenue Service Form W-8BEN or (y) 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; 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 and to make the Additional Term B Loans and the Additional TLCs were satisfied in full on the date hereof.

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 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 in connection with the Transaction and 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, et c. 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, each such Obligor’s participation in the consummation of the Transaction 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, or for each Obligor’s participation in the consummation of the Transaction, 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 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 28, 2002 and the related consolidated statements of earnings and cash flow of WWI; copies of which have been furnished to the Administrative Agent and each Lender, have been prepared in accordance with GAAP consistently applied 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.

SECTION 6.6. No Material Adverse Change. Since December 28, 2002, 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 Transaction 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 Transaction and 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 of 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. §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 Transaction, 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 Four" 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 SPI 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 Revolving Loans shall be applied by WWI (i) to fund the Transaction and (ii) to finance the payment of the fees and expenses related to the Transaction; 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 including the redemption or repurchase of Senior Subordinated Notes.

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 the Effective Date 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 SPI 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, less the amount of such Subordinated Debt redeemed on the Effective Date pursuant to the Tender Offer;

(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 the Effective Date, 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 the Effective Date,

- (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 66.67% of Net Income from December 2, 2001, 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 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) other than in connection with the Tender Offer, or (B) 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 (C) 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, (x) other than in connection with the Tender Offer or (y) unless, so long as, both before and after giving effect to any such redemption, purchase or defeasance, (1) 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 (2) 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 Acquisition 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:

<u>Fiscal Year</u>		<u>Maximum Capital Expenditures</u>
2002	\$	9,600,000
2003	\$	12,000,000
2004	\$	13,500,000
2005 and thereafter	\$	15,000,000

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 the Effective Date, 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 the Purchase 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 this 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. §502(b) and §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, teletype, 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 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 TLC, or reduce the principal amount of or rate of interest on any Lender's Loan or 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 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, 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, Rowe & Maw LLP, 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, (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, (iii) such minimum assignment amounts shall not apply to assignments among Lenders, their Affiliates and Related Funds and (iv) with respect to assignments of Additional Term B Loans or Additional TLCs, the assigning Lender must assign a pro rata portion of its Additional Term B Loans or Additional TLCs, as applicable; 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 or other creditor, as provided below; provided however that for purposes of paying such processing fee, same-day assignments to Affiliates and/or Related Funds of a Lender shall be treated as a single assignment. 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) or other creditor in support of borrowings made by such Lender from such Federal Reserve Bank or other creditor.

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.

DISCLOSURE SCHEDULE

ITEM 5.1.9 Lien Search Jurisdictions

ITEM 6.1 Good Standing.

ITEM 6.7 Litigation.

Description of Proceeding

Action or Claim Sought

ITEM 6.8 Existing Subsidiaries.

ITEM 6.11 Employee Benefit Plans.

ITEM 6.12 Environmental Matters.

ITEM 7.2.2(c) Ongoing Indebtedness.

Creditor

Outstanding Principal Amount

ITEM 7.2.5(a) Ongoing Investments.

ITEM 7.2.11 Affiliate Transactions.



COMMITMENTS AND PERCENTAGES

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NOTICE INFORMATION,  
DOMESTIC OFFICES AND LIBOR OFFICES

[On File with the Administrative Agent]

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**EXHIBIT 31.1**

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Linda Huett, President and Chief Executive Officer of Weight Watchers International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weight Watchers International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

By: /s/ LINDA HUETT

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Linda Huett  
*President, Chief Executive Officer and Director*  
*(Principal Executive Officer)*

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EXHIBIT 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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**EXHIBIT 31.2**

**CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)  
AS ADOPTED PURSUANT TO SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Ann M. Sardini, Vice President and Chief Financial Officer of Weight Watchers International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Weight Watchers International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

By: /s/ ANN M. SARDINI

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Ann M. Sardini  
Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

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CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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**EXHIBIT 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Weight Watchers International, Inc. (the "Company") on Form 10-Q for the period ended September 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Linda Huett, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2003

By: /s/ LINDA HUETT

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Linda Huett  
*President, Chief Executive Officer and Director  
(Principal Executive Officer)*

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*

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[EXHIBIT 32.1](#)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

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**EXHIBIT 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Weight Watchers International, Inc. (the "Company") on Form 10-Q for the period ended September 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ann M. Sardini, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2003

By: /s/ ANN M. SARDINI

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Ann M. Sardini  
Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*

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[EXHIBIT 32.2](#)

[CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002](#)

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