

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): **April 1, 2003**

WEIGHT WATCHERS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Virginia

(State or Other Jurisdiction of Incorporation)

000-03389

(Commission File Number)

11-6040273

(IRS 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**

Item 2. Acquisition or Disposition of Assets.

On April 1, 2003, Weight Watchers International, Inc. (the "Company") completed the acquisition, through its wholly-owned subsidiary Weight Watchers North America, Inc. (the "Buyer"), of eight of the Weight Watchers franchises and certain other business assets of The WW Group, Inc., The WW Group East L.L.C. and The WW Group West L.L.C. pursuant to an Asset Purchase Agreement, dated as of March 31, 2003, by and among The WW Group, Inc., The WW Group East L.L.C., The WW Group West L.L.C., Cuida Kilos, S.A. de C.V. ("Cuida Kilos"), the Buyer and the Company. The closing of the acquisition of the franchise and certain other business assets in Mexico from Cuida Kilos is subject to the completion of appropriate due diligence. The purchase price for all nine franchises is \$181.5 million and was funded with cash and additional borrowings of \$85 million under the Company's senior loan facility pursuant to the Third Amended and Restated Credit Agreement, dated as of April 1, 2003, among the Company, 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.

Item 7. Financial Statements and Exhibits.

- (a) Financial Statements of Businesses Acquired. To be filed by amendment to this Current Report on Form 8-K.
- (b) Pro Forma Financial Information. To be filed by amendment to this Current Report on Form 8-K.
- (c) Exhibits.
 - 2.1 Asset Purchase Agreement, dated as of March 31, 2003, by and among The WW Group, Inc., 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 Weight Watchers International, Inc.
 - 10.1 Amendment No. 4 to Credit Agreement, dated as of April 1, 2003, among Weight Watchers International, Inc., WW Funding Corp., and various financial institutions, as the Lenders (with annexed Third Amended and Restated Credit Agreement, dated as of April 1, 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)

99.1 Press Release dated April 1, 2003

SIGNATURE

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, hereunto duly authorized.

WEIGHT WATCHERS INTERNATIONAL, INC.

DATED: April 15, 2003

By: /s/ ROBERT W. HOLLWEG

Name: Robert W. Hollweg

Title: Vice President, General Counsel and Secretary

Exhibit Index

Exhibit	Description
2.1	Asset Purchase Agreement, dated as of March 31, 2003, by and among The WW Group, Inc., 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 Weight Watchers International, Inc.
10.1	Amendment No. 4 to Credit Agreement, dated as of April 1, 2003, among Weight Watchers International, Inc., WW Funding Corp., and various financial institutions, as the Lenders (with annexed Third Amended and Restated Credit Agreement, dated as of April 1, 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)
99.1	Press Release dated April 1, 2003

QuickLinks

[SIGNATURE](#)

ASSET PURCHASE AGREEMENT

by and among

THE WW GROUP, INC.,

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

WEIGHT WATCHERS INTERNATIONAL, INC.

Dated as of March 31, 2003

TABLE OF CONTENTS

	Page
1. Definitions	1
2. Purchase and Sale of Assets; Assumption of Certain Liabilities	6
2.1 Transfer of Assets	6
2.2 Excluded Assets	8
2.3 Instruments of Conveyance and Transfer	9
2.4 Further Assurances	9
2.5 Assumed Liabilities	9
2.6 Delayed Transfer Assets and Liabilities; Common Contracts	10
(a) Delayed Transfer Assets and Liabilities	10
(b) Subsequent Transfers	10
(c) Separation of Contractual Arrangements	10
2.7 Governmental Approvals and Consents	11
3. Closing; Payment of Purchase Price at Closing	12
3.1 Closing Date	12
3.2 Purchase Price and Payment	12
3.3 Post Closing Adjustment	12
3.4 Prepaid Fees	13
3.5 Guaranty; Consent	14
3.6 Central Inventory	14

3.7	Shared Assets	14
4.	Representations and Warranties	14
4.1	Representations and Warranties of the Companies	14
	(a) Due Organization; Power; Capacity; Good Standing	14
	(b) Authorization and Validity	14
	(c) No Governmental Approvals or Notices Required; No Conflict	15
	(d) Financial Information; Liabilities	15
	(e) Title and Condition of Properties; Absence of Liens	16
	(f) List of Properties, Contracts, Permits and Other Data	16
	(g) Subscriber Information	17
	(h) Legal Proceedings	17
	(i) Insurance	18
	(j) Labor	18
	(k) Intellectual Property	18
	(l) Government Licenses, Permits and Related Approvals	19
	(m) Compliance with Law and Requirements	19
	(n) Employee Benefit Programs	19
	(o) Certain Fees	20
	(p) Absence of Certain Changes or Events	20
	(q) Disclosure	20
	(r) Environmental Matters	20
	(s) Entire Business	21
	(t) Tax Matters	21
	(u) No Subsidiaries	22
	(v) Purchase Price Transfers	22
	(w) Prohibited Payments	22
	(x) Affiliate Transactions	22
	(y) Compensation of Management Employees	22
	(z) Bankruptcy	23
	(aa) Stockholders	23
	(bb) Retained Franchise Ownership	23
	(cc) Affiliates	23
4.2	Representations and Warranties of Buyer and WWI	23
	(a) Due Organization; Good Standing and Power	23
	(b) Authorization and Validity	23
	(c) Governmental Approvals; No Conflict	23
	(d) Brokers' Fees	24
4.3	Survival of Representations	24
5.	Agreements	24
5.1	Access to Information	24
5.2	Conduct of the Business	25
5.3	Further Actions	26
5.4	Antitrust Improvements Act	26
5.5	Notification	27
5.6	No Inconsistent Action	27
5.7	No Solicitation	27
5.8	Franchise Agreements	27
5.9	No Solicitation of Employees	28
5.10	Payment of Annual Compensation and Bonuses	28
5.11	Covenant Not to Compete	28
5.12	Employment Matters	28
5.13	Change of Name	29
5.14	Additional Non-Competition Agreement	29
5.15	Retained Business	29
5.16	South Carolina Right of First Refusal	29
6.	Conditions Precedent	30
6.1	Conditions Precedent to Obligations of Parties	30
	(a) No Injunction, etc.	30

	(b)	Antitrust Matters	30
6.2		Conditions Precedent to Obligations of Buyer and WWI	30
	(a)	Accuracy of Representations and Warranties of the Companies	30
	(b)	Performance of Obligations	31
	(c)	Officer's Certificate	31
	(d)	Absence of Certain Changes	31
	(e)	Opinions	31
	(f)	Non-Competition Agreement	31
	(g)	Transition Services Agreement	31
	(h)	Guarantees	31
	(i)	No Litigation	31
	(j)	WWI's Bank Consent	31
	(k)	Funding	31
	(l)	Lien Search	31
	(m)	Consents, etc.	31
	(n)	Actions and Proceedings	31
	(o)	Closing Deliveries	32

6.3		Conditions Precedent to the Obligations of the Companies	32
	(a)	Accuracy of Representations and Warranties	32
	(b)	Performance of Obligations	32
	(c)	Officer's Certificate	32
	(d)	Actions and Proceedings	32
	(e)	Opinion	32
	(f)	Closing Deliveries	32
	(g)	No Litigation	32
7.		Employees and Employee Benefits	33
	7.1	Offer of Employment	33
8.		Termination	33
	8.1	Termination of Agreement	33
	8.2	No Liabilities in Event of Termination	33
9.		Indemnification	33
	9.1	Indemnity by the Companies	33
	9.2	Buyer and WWI Indemnity	34
	9.3	Procedures for Indemnification	34
	9.4	Additional Agreements	35
	9.5	Limits on Indemnification	35
	9.6	Other Limitations on Indemnification	36
	9.7	Remedies Exclusive	36
10.		Option with Respect to Mexico Franchise	36
	10.1	Option	36
	10.2	No Transfers	37
	10.3	Cooperation; Further Assurances	37
11.		Miscellaneous	37
	11.1	Public Announcements	37
	11.2	Expenses	37
	11.3	Transfer Taxes and Recording Expenses	38
	11.4	Notices	38
	11.5	Entire Agreement	39
	11.6	Binding Effect	39
	11.7	Bulk Sales Law	39
	11.8	Assignability	39
	11.9	No Third Party Beneficiaries	39
	11.10	Amendment; Waiver	39
	11.11	Confidentiality	40

11.12	Schedules	41
11.13	Section Headings; Table of Contents	41
11.14	Severability	41
11.15	Counterparts	41
11.16	APPLICABLE LAW; JURISDICTION; VENUE	41
11.17	Further Assurances	41
11.18	Other Franchise Agreements	41
11.19	Time of Essence	41

SCHEDULES

Schedule 1(a)	—	Franchise Agreements
Schedule 1(b)	—	Transferred Franchise Agreements
Schedule 2.1(b)	—	Transferred Contracts, Agreements and Purchase Commitments
Schedule 2.1(c)	—	Transferred Leases
Schedule 2.2(i)	—	Excluded Equipment
Schedule 2.2(j)	—	Excluded Tangible Personal Property
Schedule 2.2(o)	—	Intellectual Property
Schedule 2.6(c)	—	Common Contracts
Schedule 3.2	—	Purchase Price Allocation
Schedule 3.7	—	Shared Assets
Schedule 4.1	—	Employees with Knowledge
Schedule 4.1(a)	—	Unqualified Jurisdictions
Schedule 4.1(c)	—	Consents, Approvals, etc.
Schedule 4.1(d)	—	Financial Information
Schedule 4.1(d)(iii)	—	Affiliate Expenses, etc.
Schedule 4.1(e)	—	Real Property Owned; Assets
Schedule 4.1(f)(i)	—	Contracts, Agreements, Commitments, etc.
Schedule 4.1(f)(ii)	—	Leases
Schedule 4.1(f)(iii)	—	Licenses, Permits and Franchises
Schedule 4.1(f)(iv)	—	Intellectual Property
Schedule 4.1(g)	—	Paid Attendance and Enrollments
Schedule 4.1(h)	—	Legal Actions
Schedule 4.1(i)	—	Insurance
Schedule 4.1(j)	—	Closings, Layoffs, Early Retirement, etc.
Schedule 4.1(k)	—	Defects in Patents, Trademarks and Similar Rights
Schedule 4.1(l)	—	Government Licenses, Permits and Related Approvals
Schedule 4.1(m)	—	Compliance with Law and Requirements
Schedule 4.1(n)	—	Employee Benefit Programs
Schedule 4.1(p)	—	Absence of Certain Changes or Events
Schedule 4.1(r)	—	Environmental Matters
Schedule 4.1(s)	—	Entire Business
Schedule 4.1(t)	—	Tax Matters
Schedule 4.1(u)	—	Subsidiaries of Sellers
Schedule 4.1(x)	—	Affiliate Transactions
Schedule 4.1(y)	—	Compensation of Management Employees
Schedule 4.1(aa)	—	Stockholders
Schedule 4.1(bb)	—	Retained Franchise Ownership
Schedule 4.1(cc)	—	Affiliates
Schedule 4.2(c)	—	Consents, Approvals, etc.
Schedule 5.2(d)	—	Modified Subscription Fees, Activity Fees or Rebates
Schedule 5.2(e)	—	Permitted Contracts
Schedule 5.12	—	Retained Employees
Schedule 6.2(m)	—	Required Consents

EXHIBITS

Exhibit A-1	—	Form of Assumption Agreement
Exhibit A-2	—	Form of Real Property Assumption Agreement
Exhibit B	—	Form of Tax Affidavit
Exhibit C	—	Form of Non-Competition Agreement
Exhibit D	—	Form of Guarantee
Exhibit E	—	Form of Opinion of Honigman Miller Schwartz and Cohn LLP
Exhibit F	—	Form of Opinion of Special New York Counsel to the Companies
Exhibit G	—	Form of Opinion of Special Pennsylvania Counsel to WWG
Exhibit H	—	Form of Opinion of Special Mexico Counsel to Cuida
Exhibit I	—	Form of Transition Services Agreement
Exhibit J	—	Form of Opinion of Robert W. Hollweg
Exhibit K	—	Form of Opinion of Simpson Thacher & Bartlett
Exhibit L	—	Form of Opinion of Hunton & Williams

ASSET PURCHASE AGREEMENT, dated as of March 31, 2003, by and among THE WW GROUP, INC., a Pennsylvania corporation ("WWG"), THE WW GROUP EAST L.L.C., a Michigan limited liability company ("WWG East"), THE WW GROUP WEST L.L.C., a Delaware limited liability company ("WWG West" and, together with WWG and WWG East, the "Sellers"), CUIDA KILOS, S.A. de C.V., a Mexican corporation ("Cuida" and, together with the Sellers, the "Companies"), WEIGHT WATCHERS NORTH AMERICA, INC., a Delaware corporation ("Buyer"), and WEIGHT WATCHERS INTERNATIONAL, INC., a Virginia corporation ("WWI" and, together with the Companies and the Buyer, the "Parties").

WITNESSETH:

WHEREAS, the Companies are franchisees of WWI, authorized exclusively to conduct Weight Watchers classes for weight reduction and control ("Classes") in certain franchise areas (such franchise territories are collectively referred to herein as the "Territories"), granted pursuant to the several Franchise Agreements between WWI and the Companies listed on *Schedule 1(a)* hereto (collectively, the "Franchise Agreements"), and the Companies own and operate the business of conducting Classes in the Territories;

WHEREAS, Buyer is a wholly-owned subsidiary of WWI;

WHEREAS, upon and subject to the terms and conditions set forth herein, Buyer desires to buy and the Sellers desire to sell the franchise areas numbered 11, 23, 39, 40, 60, 64, 73 and 77 (the territories specified therein are collectively referred to herein as the "Transferred Territories") granted pursuant to the several Franchise Agreements between WWI and each of the respective Sellers listed on *Schedule 1(b)* hereto (collectively, the "Transferred Franchise Agreements") under which the Sellers own and operate the business of conducting Classes in the Transferred Territories (the "Transferred Franchises"), and other assets in connection therewith, except, however, for the Excluded Assets, and Buyer is willing to assume certain specified related liabilities and obligations of the Sellers, all as hereinafter set forth; and

WHEREAS, the Companies desire to retain franchise areas numbered 20, 70, 82, 87, 120, 132 and 302 (the territories specified therein are collectively referred to herein as the "Retained Territories") and the Companies will continue to own and operate the business of conducting Classes in the Retained Territories (the "Retained Franchises") and certain other assets in connection therewith.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants of the Parties hereto, it is hereby agreed as follows:

1. *Definitions.* The following terms shall have the following respective meanings:

"*Acquisition Proposal*" means any offer, proposal or indication of interest for the acquisition of (including by merger or other business combination) (i) any of the capital stock or other securities of any Company or (ii) any of the assets (including the Assets) of any Company other than a sale of inventory in the ordinary course of business consistent with past practice or solely with respect to the Excluded Assets (other than assets owned by or used in the operations of Cuida), in each case, other than in a transaction contemplated by this Agreement.

"*Actions*" has the meaning ascribed thereto in Section 4.1(h).

"*Adjustment Payment Date*" has the meaning ascribed thereto in Section 3.3(d).

"*Affiliate*" means a Person, which directly or indirectly, alone or through one or more intermediaries, controls, or is controlled by, or is under common control with a specified Person.

" *Agreement* " means this Agreement by and among the Companies, Buyer and WWI as originally executed and delivered, as the same may be amended or supplemented in accordance with the provisions hereof.

" *Antitrust Division* " means the Antitrust Division of the United States Department of Justice.

" *Antitrust Improvements Act* " means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

" *Assets* " has the meaning ascribed thereto in Section 2.1.

" *Assumed Liabilities* " has the meaning ascribed thereto in Section 2.5.

" *Assumption Agreements* " has the meaning ascribed thereto in Section 2.5.

" *At Goal-S.C.* " has the meaning ascribed thereto in Section 5.16(a).

" *Basket Amount* " has the meaning ascribed thereto in Section 9.5.

" *Benefit Arrangement* " has the meaning ascribed thereto in Section 4.1(n).

" *Business* " means the business of Sellers, including, without limitation, the business of conducting Classes in the Territories and the sale of products and publications.

" *Buyer* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Cash* " means all cash in currency and all cash on deposit and immediately available for withdrawal.

" *Cash Equivalents* " means certificates of deposit, money market funds rated at least A-1 by Moody's Investors Services, Inc. or P-1 by Standard & Poor's Corporation, Treasury bills and similar instruments, including, without limitation, repurchase agreements secured thereby.

" *Central Inventory* " means all Inventory (as defined below), other than Inventory physically located at a meeting location or in a meeting leader's possession and Inventory with specific design characteristics that make it useful only in a specific Territory.

" *Classes* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Closing* " means the closing of the transactions contemplated by this Agreement.

" *Closing Date* " has the meaning ascribed thereto in Section 3.1.

" *COBRA* " has the meaning ascribed thereto in Section 4.1(n).

" *Code* " means the Internal Revenue Code of 1986, as amended and as in effect from time to time, regulations promulgated thereunder and any law which shall have been a predecessor or shall be a successor thereto.

" *Common Contracts* " has the meaning specified in Section 2.6(c).

" *Companies* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Conclusive Statement* " has the meaning ascribed thereto in Section 3.3(c).

" *Confidential Information* " has the meaning ascribed thereto in Section 11.11(a).

" *Confidentiality Agreement* " has the meaning ascribed thereto in Section 11.5.

" *Consents* " means any consents, waivers or approvals from, or notification requirements to, any third parties, other than Governmental Approvals.

" *Customer Contracts* " means all agreements (including Prepaid Fees) with third parties relating to attendance at Classes in the Transferred Territories in effect on the Closing Date, including, without limitation, agreements under the At-Work and Community programs.

" *Delayed Transfer Assets* " shall mean any Assets that this Agreement provides or contemplates are to be transferred to Buyer and that require the removal of a Legal Impediment or the receipt of a Consent or Governmental Approval to transfer, which Legal Impediment is not removed or Consent or Governmental Approval is not obtained on or prior to the Closing Date.

" *Delayed Transfer Assets and Liabilities Schedule* " shall have the meaning specified in Section 2.6(a).

" *Delayed Transfer Liabilities* " shall mean any Assumed Liabilities that this Agreement provides or contemplates are to be assumed by Buyer and that require the removal of a Legal Impediment or the receipt of a Consent or Governmental Approval for the transfer and assumption of such Assumed Liabilities, which Legal Impediment is not removed or Consent or Governmental Approval is not obtained on or prior to the Closing Date.

" *Effective Date* " has the meaning ascribed thereto in Section 3.1.

" *Employee Benefit Programs* " has the meaning ascribed thereto in Section 4.1(n).

" *Environmental Laws* " has the meaning ascribed thereto in Section 4.1(r).

" *Equipment* " means the equipment, furniture, furnishings, fixtures, machinery, vehicles, telephones and other tangible personal property of Sellers, including, without limitation, the furniture, fixtures and equipment used for the conduct of the Classes in the Territories, Weight Watchers signs and all keys which Sellers may have to locked doors within the premises subject to the Leases.

" *ERISA* " has the meaning ascribed thereto in Section 4.1(n).

" *Excluded Assets* " has the meaning ascribed thereto in Section 2.2.

" *Final Determination Date* " has the meaning ascribed thereto in Section 3.3(c).

" *Financial Information* " has the meaning ascribed thereto in Section 4.1(d).

" *Franchise Agreements* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Franchise Fees* " has the meaning ascribed thereto in Section 5.8.

" *Franchises* " means the Transferred Franchises and the Retained Franchises.

" *FTC* " means the Federal Trade Commission.

" *Funded Debt* " means any indebtedness of any Seller, whether or not contingent, in respect of (i) obligations with regard to borrowed money (including reimbursement obligations) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) whether or not secured by any of the Assets, or bankers' acceptances, (ii) obligations evidenced by bonds, debentures, notes or similar instruments, (iii) obligations to pay the deferred purchase price of assets or other property (other than accounts payable which are incurred in the ordinary course of business consistent with past practice), (iv) obligations secured by the Assets, (v) obligations under leases which are required to be classified and accounted for as capital leases on financial statements prepared in accordance with GAAP and (vi) the guarantee by any Seller of any indebtedness of any other Person.

" *GAAP* " means generally accepted United States accounting principles as of the date hereof applied on a consistent basis during the periods involved.

" *Governmental Approvals* " shall mean any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

" *Governmental Authority* " shall mean any foreign, federal, provincial, state or local government court, administrative or regulatory agency, board, bureau or commission or other governmental department, authority or instrumentality.

" *Group Health Plan* " has the meaning ascribed thereto in Section 4.1(n).

" *Indemnatee* " has the meaning ascribed thereto in Section 9.3(a).

" *Indemnitor* " has the meaning ascribed thereto in Section 9.3(a).

" *Intellectual Property* " has the meaning ascribed thereto in Section 2.1(n).

" *Inventory* " means all products, supplies, materials and other inventory, including, without limitation, cookbooks and other books, calendars, food diaries, food companions, food scales, measuring devices, calculators, vitamins, weight systems, tapes, binders and other materials and all products held for sale to customers, supplies of attendance books and other program materials and other supplies (including, without limitation, people weighing scales) used in the conduct of the Classes in the Territories, including, without limitation, stationery, forms, labels, directories and promotional materials and supplies of office materials used for the Business on the Closing Date.

" *Leases* " means the real estate leases, equipment leases and rental agreements, including, without limitation, all license and other agreements providing for the periodic occupancy of space for the conduct of the Classes in the Transferred Territories.

" *Legal Impediment* " shall mean a legal impediment preventing or restricting the transfer of an Asset or the assumption of an Assumed Liability, as the case may be, as of the Closing Date.

" *Letter of Intent* " has the meaning ascribed thereto in Section 11.5.

" *Liens* " means any lien, mortgage, option, pledge, security interest, assignment by way of security, claim, charge, encumbrance or other restriction of any kind or nature.

" *Losses* " has the meaning ascribed thereto in Section 9.1.

" *Management Employees* " has the meaning ascribed thereto in Section 4.1(y).

" *Material Adverse Effect* " means any material adverse effect on the financial condition, results of operations, assets, properties or business of the Transferred Business or an adverse effect on any Seller's ability to perform its obligations hereunder or under any other agreement contemplated hereby.

" *Mexico Franchise* " has the meaning ascribed thereto in Section 10.1(a).

" *Mexico Territory* " has the meaning ascribed thereto in Section 10.1(a).

" *Neutral Auditor* " has the meaning ascribed thereto in Section 3.3(c).

" *N.H. Agreement* " has the meaning ascribed thereto in Section 5.16(a).

" *Notice of Claim* " has the meaning ascribed thereto in Section 9.3(b).

" *Option Date* " has the meaning ascribed thereto in Section 10.1(b).

" *Option Exercise Period* " has the meaning ascribed thereto in Section 10.1(a).

" *Option Notice* " has the meaning ascribed thereto in Section 10.1(a).

" *Other Real Property* " has the meaning ascribed thereto in Section 4.1(r).

" *Paid Attendance* " means the actual attendance at Classes that is paid for in cash or credit or by Prepaid Fees.

" *Parties* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Permitted Liens* " has the meaning ascribed thereto in Section 4.1(e).

" *Person* " means an individual, a corporation, a limited liability company, a partnership, an association, a trust or other entity or organization.

" *Plans* " has the meaning ascribed thereto in Section 4.1(n).

" *Prepaid Fees* " means any arrangement with customers, including but not limited to customers of Community meetings or under the At-Work program, whereby the customer has paid to or for the benefit of any Seller in advance for Classes or other services not yet provided to or received by such customer prior to the opening for business on the Effective Date or for goods not yet provided to or received by such customer prior to the opening for business on the Effective Date.

" *Prepaid Fees Amount* " has the meaning ascribed thereto in Section 3.4(a).

" *Prepaid Fees Delivery Date* " has the meaning ascribed thereto in Section 3.4(b).

" *Prepaid Fees Summary* " has the meaning ascribed thereto in Section 3.4(a).

" *Proceedings* " has the meaning ascribed thereto in Section 11.16.

" *Protected Business* " has the meaning ascribed thereto in Section 5.11(a).

" *Purchase Option* " has the meaning ascribed thereto in Section 10.1(a).

" *Purchase Price* " has the meaning ascribed thereto in Section 3.2.

" *Representatives* " means any stockholder, director, officer, employee, advisor, attorney, accountant or other representative or agent of a Person.

" *Request Notice* " has the meaning ascribed thereto in Section 5.16(a).

" *Retained Business* " shall mean the Sellers' business of conducting Classes and the sale of products and publications, in each case, in the Retained Territories.

" *Retained Franchises* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Retained Territories* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Right of First Refusal* " has the meaning ascribed thereto in Section 5.16(a).

" *Rights Notice* " has the meaning ascribed thereto in Section 5.16(a).

" *S.C. Notice* " has the meaning ascribed thereto in Section 5.16(a).

" *S.C. Purchase* " has the meaning ascribed thereto in Section 5.16(a).

" *S.C. Stockholder* " has the meaning ascribed thereto in Section 5.16(a).

" *S.C. Transferors* " has the meaning ascribed thereto in Section 5.16(a).

" *Schedules* " means the schedules furnished by the Sellers to Buyer in the form attached to this Agreement.

" *Section 3.3 Assumed Assets* " has the meaning ascribed thereto in Section 3.3(a).

" *Section 3.3 Assumed Liabilities* " has the meaning ascribed thereto in Section 3.3(a).

" *Section 4.1 Employees* " has the meaning ascribed thereto in Section 4.1.

" *Sellers* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Sellers Group* " shall mean each Seller and their respective subsidiaries and Affiliates.

" *Sellers' Headquarters* " has the meaning ascribed thereto in Section 2.2(h).

" *Service Agreements* " means service contracts, maintenance contracts and similar agreements.

" *Statement* " has the meaning ascribed thereto in Section 3.3(a).

" *Statement Delivery Date* " has the meaning ascribed thereto in Section 3.3(a).

" *Successor Company* " has the meaning ascribed thereto in Section 5.15.

" *Tax Return* " has the meaning ascribed thereto in Section 4.1(t).

" *Taxes* " has the meaning ascribed thereto in Section 4.1(t).

" *Territories* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Third Parties* " has the meaning ascribed thereto in Section 5.7.

" *Third Party Claims* " has the meaning ascribed thereto in Section 9.3(c).

" *Transferred Business* " shall mean the Business, other than the Retained Business.

" *Transferred Employee* " has the meaning ascribed thereto in Section 5.12.

" *Transferred Franchise Agreements* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Transferred Franchises* " has the meaning ascribed thereto in the recitals to this Agreement.

" *Transferred Territories* " has the meaning ascribed thereto in the recitals to this Agreement.

" *WWG* " has the meaning ascribed thereto in the recitals to this Agreement.

" *WWI* " has the meaning ascribed thereto in the recitals to this Agreement.

2. *Purchase and Sale of Assets; Assumption of Certain Liabilities.*

2.1 *Transfer of Assets.* On the basis of the representations, warranties, covenants and agreements and subject to the satisfaction (or waiver by the Party whose obligations hereunder are subject to such satisfaction) of the conditions set forth in this Agreement and subject to Sections 2.6 and 2.7, on the Closing Date, the Sellers shall sell, convey, assign, transfer and deliver to Buyer free and clear of all Liens, and Buyer shall purchase and acquire from the Sellers free and clear of all Liens, the Business and all of the assets, rights, properties, claims and contracts of the Sellers (other than the Excluded Assets) at the Closing Date of every kind, nature, character and description, tangible and intangible, real, personal or mixed, wherever located, including, without limitation, the following:

(a) The Transferred Franchises;

(b) All the contracts and agreements (including, without limitation, the Transferred Franchise Agreements, all agreements by customers of Sellers for attendance at Classes in the Transferred Territories in effect on the Effective Date (including but not limited to the Customer Contracts), Service Agreements, maintenance agreements, operating agreements, customer subscription agreements, non-competition agreements, acquisition agreements, marketing agreements and agreements relating to servicing, distribution, solicitation, hardware and/or software, advertising, promotional, lease and other agreements) and purchase commitments listed on *Schedule 2.1(b)* ;

(c) All of the Leases listed on *Schedule 2.1(c)* , including, without limitation, (i) the leasehold interests in real property, all buildings, structures and other improvements situated thereon, (ii) equipment leases and (iii) other rental agreements entered into or assumed by Sellers;

(d) All deposits and prepaid expenses as of the opening of business on the Effective Date (other than with respect to policies of insurance);

(e) All Equipment, and all warranties and guarantees, if any, express or implied, existing for the benefit of the Sellers with respect to the Equipment;

(f) Subject to Section 2.2(k), all Central Inventory and all other Inventory;

(g) All mailing lists relating to the Transferred Business;

(h) All management information systems and computer software, and customer, subscriber and vendor lists, catalogs, research material, technical information, technology, specifications, designs, drawings, processes, and quality control data and all rights respecting software packages and systems;

(i) All sales promotion and selling literature and promotional and advertising materials, customer lists and customer information maintained by the Sellers with respect to customers within the Transferred Territories;

(j) All books, records and files of the Sellers relating to the operation of the Transferred Business, including, without limitation, income tax and other tax records;

(k) All licenses, permits (including occupancy permits) or franchises issued by any domestic or foreign Governmental Authority or other third party that the Sellers may have with respect to its properties relating to the Transferred Business, and the premises subject to the Leases, their use, maintenance and occupancy;

(l) All security deposited with third parties and security bonds and all claims against other parties;

(m) All goodwill and going concern value;

(n) All of the Sellers' right, title and interest in and to the following types of property (including all rights to sue for past infringement thereof) (collectively, the "*Intellectual Property*") relating to the Business:

(i) all United States and foreign registered and unregistered trademarks and service marks, trademark and service mark registrations, trademark and service mark applications for registration, trade names and the like (including corporate names), together with the goodwill connected with the use of and symbolized by such marks, names, registrations and applications for registration;

(ii) all United States and foreign patents, patent applications, and all other patent rights, copyrights, copyright registrations and copyright applications;

(iii) all information, recorded knowledge, surveys, engineering reports, manuals, catalogues, research data, proprietary information, know-how, trade and business secrets, photos, art work, editorial materials, formats, syndicated market research data, sales data and other similar information and all other intellectual property;

(iv) all non-governmental licenses, sublicenses, covenants or agreements to which any Seller is a party, which relate in whole or in part to any items of the categories mentioned above in clauses (i)—(iii), including all trademark licenses; and

(v) all other proprietary rights, trade secrets, ideas or know-how; and

(o) All plans, owner's and operator's manuals, user's instruction and warranties of manufacturers and contractors which the Sellers may have with respect to items used in the Business and the premises and equipment subject to the Leases, their use, maintenance and operation.

The assets being sold, conveyed, assigned, transferred and delivered to Buyer by the Sellers hereunder (including the Delayed Transfer Assets) are sometimes hereinafter referred to as the "*Assets*."

2.2 *Excluded Assets.* It is expressly understood and agreed that the Assets shall not include the following (collectively, the "*Excluded Assets*"):

(a) The Retained Franchises;

(b) The assets primarily relating to the Retained Business, including without limitation, all contracts and agreements, leases and other rental agreements, deposits and prepaid expenses, Equipment and related warranties and guaranties, Inventory, mailing lists, promotional and advertising material, customer lists and customer information, licenses, permits and franchises, security deposits and bonds, claims against others, and goodwill and going concern value, in each case, primarily relating to the Retained Business;

(c) Cash, Cash Equivalents and marketable securities owned or held by the Sellers;

(d) The life insurance policies on any of the Sellers' executive officers or equity owners and all other policies of insurance insuring the Sellers;

(e) The proceeds to be received by the Companies upon consummation of the transactions contemplated hereby;

(f) All accounts receivable, notes receivable and other receivables (including related party receivables) of the Sellers (whether or not billed);

(g) Any federal, state or municipal Tax refunds or overpayments attributable to taxable periods (or portions thereof) ending on or prior to the Effective Date;

(h) All furniture, art work, fixtures, furnishings, telephones, office supplies and leasehold improvements located at Sellers' headquarters located at 28555 Orchard Lake Road, Farmington Hills, Michigan 48334 ("*Sellers' Headquarters*");

(i) All Equipment in Sellers' Headquarters listed in *Schedule 2.2(i)* ;

(j) The items of tangible personal property listed in *Schedule 2.2(j)* ;

(k) 23% of each item in the Central Inventory as of the Closing Date;

(l) The capital stock, including treasury shares, of each Seller;

(m) The books, records and files of the Sellers not primarily related to the conduct of the Transferred Business, including without limitation, income tax and other tax records not primarily related to the conduct of the Transferred Business;

(n) The equity interests in Bubs Wings L.L.C. and Cuida and the fractional interest in any airplane;

(o) The corporate name of WWG, the federal trademark registration for THINLINE and Design and Sellers' intellectual property rights in the software and related licenses, if any, listed on *Schedule 2.2(o)* ;

(p) The corporate minute books and stock transfer books of each Seller; and

8

(q) Any agreement, contract, arrangement or transaction to which any Affiliate of any Seller is a party; and

(r) Any other contract or agreement listed in Schedule 4.1(f)(i) which is not listed in either *Schedule 2.1(b)* or *Schedule 2.1(c)* .

2.3 Instruments of Conveyance and Transfer. On the Closing Date and with respect to the Delayed Transfer Assets, at such time after the Closing Date as such Delayed Transfer Asset can be transferred, the Sellers shall (a) deliver or cause to be delivered to Buyer such deeds, bills of sale, endorsements, consents, assignments and other good and sufficient instruments of conveyance and assignment all in recordable form, where applicable, as shall be effective to vest in Buyer all right, title and interest of the Sellers in and to the Assets; and (b) transfer to Buyer originals of all contracts, agreements, commitments, books, records, files, certificates, licenses, permits, plans and specifications and other data of the Sellers, including, without limitation, computer tapes and computer-generated records constituting part of the Assets. All materials referred to in clause (b) shall be delivered to Buyer in the form and order in which the Sellers maintained such materials.

2.4 Further Assurances. From time to time after the Closing Date, the Sellers and their respective Affiliates shall promptly execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such other instruments of conveyance, assignment, transfer and delivery and will take or cause to be taken such other actions as Buyer may reasonably request in order to more effectively sell, convey, assign, transfer and deliver to Buyer any of the Assets or to enable Buyer to protect, exercise and enjoy all rights and benefits of the Sellers with respect

thereto and as otherwise may be appropriate to carry out the transactions herein contemplated. If and to the extent that such arrangement cannot be made, Buyer shall not have any obligation with respect to any contract, lease, license or agreement.

2.5 *Assumed Liabilities.* On the basis of the representations, warranties, covenants and agreements and subject to the satisfaction (or waiver by the Party whose obligations hereunder are subject to such satisfaction) of the conditions set forth in this Agreement, on the Closing Date and with respect to the Delayed Transfer Liabilities, at such time after the Closing Date as such Delayed Transfer Liability can be transferred, Buyer shall deliver to the Sellers undertakings in the forms attached as *Exhibit A-1* and *Exhibit A-2* (the "*Assumption Agreements*") pursuant to which Buyer shall, on and as of the Closing Date, assume and agree to pay, perform and discharge when due, the following liabilities and obligations of the Sellers (without duplication): (a) the Sellers' obligations under the contracts, agreements, leases and commitments included as Assets, which are assigned by the Sellers to Buyer and as to which Buyer succeeds to the rights of the Sellers, but, only to the extent of liabilities and obligations that arise thereunder after the opening of business on the Effective Date; (b) the Sellers' obligations under the licenses, permits and Transferred Franchises included as Assets, but only to the extent of liabilities and obligations that arise thereunder after the opening of business on the Effective Date; (c) liabilities and obligations of the Sellers arising out of the operation of the Assets from and after the opening of business on the Effective Date (other than as a result of any breach by the Sellers of their obligations hereunder); (d) the payment of rent and the performance of other obligations pertaining to the operations of the Transferred Franchises from and after the opening of business on the Effective Date; (e) obligations incurred after the opening of business on the Effective Date for the Service Agreements; (f) obligations incurred after the opening of business on the Effective Date for the employees hired by Buyer; *provided* that Buyers shall not be responsible for any "stay" or "retention" bonuses agreed to be awarded by any Seller or any of their respective Affiliates to any employee of any Seller or any other liabilities of such employees incurred prior to the Effective Date, except as otherwise provided in the Transition Services Agreement; (g) Customer Contracts relating to the Transferred Franchises from and after the opening of business on the Effective Date to the extent reflected on the books and records of account of the Sellers; and (h) liabilities and obligations of the Sellers related to Prepaid Fees relating to the Transferred Franchises from and after

the opening of business on the Effective Date to the extent reflected on the books and records of account of the Sellers. Notwithstanding the foregoing, Buyer is not assuming, nor shall it be deemed to have assumed, any other obligations or liabilities of the Sellers, including, without limitation, any obligations or liabilities of any Seller (i) to any of the Sellers' respective stockholders or Affiliates or to any of the Sellers' employees for any pre-Closing period or for personal services, (ii) for Funded Debt, (iii) for federal, state or municipal income or other Taxes with respect to any period ending on or prior to the Effective Date or with respect to the Retained Business, (iv) for related party payables, (v) related to any previous acquisitions or similar transactions, (vi) any liabilities of any employees of any Seller not hired by Buyer, whether or not incurred prior to, on, or following the Effective Date or (vii) any liability or obligation relating to the Excluded Assets. The liabilities and obligations assumed by Buyer in accordance with clauses (a) through (h) of this Section 2.5 are sometimes hereinafter referred to as the "*Assumed Liabilities*."

2.6 *Delayed Transfer Assets and Liabilities; Common Contracts.*

(a) *Delayed Transfer Assets and Liabilities.* Notwithstanding any other provision of this Agreement, the Sellers are not obligated to assign, transfer, convey or deliver to Buyer and Buyer is not obligated to assume any of the rights and obligations under any Delayed Transfer Asset or Delayed Transfer Liability until such time as all Legal Impediments are removed and/or all Consents or Governmental Approvals necessary for the legal transfer and/or assumption thereof are obtained. Each of the Parties hereto agrees that the Delayed Transfer Assets shall be assigned, transferred, conveyed and delivered, and any Delayed Transfer Liabilities shall be assumed in accordance with the provisions of Sections 2.7(a) and 2.7(b). On the Closing Date, the Sellers will deliver to Buyer a schedule setting forth all Delayed Transfer Assets and Delayed Transfer Liabilities existing as of the Closing Date (the "*Delayed Transfer Assets and Liabilities Schedule*").

(b) *Subsequent Transfers.* Subject to Section 2.6(a), in the event that at any time or from time to time after the Closing Date any Seller (or any member of the Sellers Group) becomes aware that it possesses any Asset or Assumed Liability that is allocated to the Buyer pursuant to this Agreement, such Seller or member of the Sellers Group shall promptly transfer, or cause to be transferred, such Asset or Assumed Liability to the Buyer. Prior to any such transfer, the Person possessing such Asset or Assumed Liability shall hold such Asset or Assumed Liability in trust for the Buyer.

(c) *Separation of Contractual Arrangements.* On or prior to the Closing Date and subject to the satisfaction or waiver of the conditions set forth in Article 6, Buyer and the Sellers shall use their reasonable best efforts to amend all material Contracts between or among (i) members of the Sellers Group, on the one hand, and (ii) any other Person, on the other hand (other than the contractual arrangements relating to the transactions contemplated hereby), that relate to both the Transferred Business and the Retained Business (the "*Common Contracts*"), including the Common Contracts set forth on Schedule 2.6(c) hereto, so that, after the Closing Date, such Common Contracts shall be equitably apportioned between the respective Businesses, including, if commercially practicable, on substantially the same economic terms as such arrangements exist as of the Closing Date.

If, in the case of a Common Contract relating primarily to or used primarily in connection with the Transferred Business, such amendments cannot be obtained, or if an attempted amendment thereof would be ineffective or would adversely affect in a material respect the rights of Buyer or the Sellers thereunder, Buyer and the Sellers shall use their reasonable best efforts to negotiate a mutually acceptable arrangement under which (i) the Sellers shall obtain the benefits and assume the obligations under such Common Contract to the extent relating to the Retained

(ii) Buyer shall enforce for the benefit of the Sellers, with the Sellers assuming Buyer's obligations, any and all rights of Buyer against a third party thereto to the extent relating to the Retained Business.

If, in the case of a Common Contract relating primarily to or used primarily in connection with the Retained Business, such amendments cannot be obtained, or if an attempted amendment thereof would be ineffective or would adversely affect in a material respect the rights of Buyer or the Sellers thereunder, Buyer and the Sellers shall use their reasonable best efforts to negotiate a mutually acceptable arrangement under which (i) Buyer shall obtain the benefits and assume the obligations under such Common Contract to the extent relating to the Transferred Business, including by entering into sub-contracting, sub-licensing or sub-leasing arrangements for the benefit of Buyer, or (ii) the Sellers shall enforce for the benefit of Buyer, with Buyer assuming the Sellers' obligations, any and all rights of the Sellers against a third party thereto to the extent relating to the Transferred Business.

Buyer shall assume and be responsible for 77% of any costs and expenses charged by a third party to a Common Contract to apportion a Common Contract between the Parties, whether in the nature of a consent, sub-licensing or similar fee, and the Sellers shall assume and be responsible for 23% of such costs and expenses.

2.7 Governmental Approvals and Consents. (a) If the transfer, assignment or assumption of any Delayed Transfer Asset or any Delayed Transfer Liability intended to be transferred, assigned or assumed hereunder is not consummated on the Closing Date, whether as a result of the provisions of Section 2.6(a) or for any other reason, then the member of the Sellers Group retaining such Delayed Transfer Asset or such Delayed Transfer Liability shall thereafter hold such Delayed Transfer Asset or such Delayed Transfer Liability for the use and benefit, insofar as reasonably practicable, of Buyer. In addition, the member of the Sellers Group retaining such Delayed Transfer Asset or such Delayed Transfer Liability shall take such other actions in order to place Buyer, insofar as reasonably practicable, in the same position as if such Delayed Transfer Asset or such Delayed Transfer Liability had been transferred or assumed as contemplated hereby and so that all the benefits and burdens relating to such Delayed Transfer Asset or such Delayed Transfer Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset, are to inure from, and after the Closing Date to, Buyer. To the extent permitted by law and to the extent otherwise permissible in light of any Legal Impediment or required Consent and/or Governmental Approval, Buyer shall be entitled to, and shall be responsible for, the management and the benefits and burdens of any Delayed Transfer Asset or any Delayed Transfer Liability not yet transferred to or assumed by it as a result of Section 2.6(a) and the Parties agree to use their reasonable best efforts to cooperate and coordinate with respect thereto. If and to the extent that such arrangement cannot be made, Buyer shall not have any obligation with respect to such Delayed Transfer Asset or Delayed Transfer Liability. Buyers and Sellers agree, and agree to cause their respective subsidiaries and Affiliates, to treat Buyer as the owner as of the Closing Date of any Delayed Transfer Assets and any Delayed Transfer Liabilities for all tax purposes.

(b) If and when the Legal Impediments and the Consents and/or Governmental Approvals, the failure to remove or the absence of which caused the deferral of the transfer or assumption of any Asset or Assumed Liability pursuant to Section 2.6(a), are removed or obtained, as the case may be, the transfer and assumption of the applicable Asset or Assumed Liability shall be promptly effected in accordance with the terms of this Agreement, without the payment of additional consideration.

(c) Notwithstanding anything to the contrary herein, Buyer and Sellers agree, and agree to cause their respective subsidiaries and Affiliates, to use their reasonable best efforts to remove all Legal Impediments and obtain, before the Closing Date, any Consent (other than Consents with respect to Leases) or Governmental Approval required in connection with the transactions contemplated hereby.

3. *Closing; Payment of Purchase Price at Closing.*

3.1 Closing Date. On and subject to the conditions herein set forth, the Closing shall take place at the offices of Simpson Thacher & Bartlett, located at 425 Lexington Avenue, New York, New York 10017, at 10 a.m., New York City time, on April 1, 2003, if all conditions set forth herein have been satisfied or waived prior to April 1, 2003, or, if all conditions set forth herein have not been satisfied or waived prior to April 1, 2003, at such other time and place as shall be agreed upon by the Parties hereto. The day on which the Closing actually takes place is herein referred to as the "*Closing Date* ." If the Closing Date occurs on April 1, 2003, the Closing shall be deemed to have occurred as of 12:01 a.m. (New York time) on March 30, 2003 (the "*Effective Date* "). Unless the Parties otherwise agree, if the Closing Date occurs on a date other than April 1, 2003, the Effective Date shall be deemed to be as of 12:01 a.m. (New York time) on the Closing Date.

3.2 Purchase Price and Payment. In consideration for the Assets and the other rights granted hereunder, and subject to the terms and conditions of this Agreement, Buyer shall on the Closing Date (a) assume the Assumed Liabilities as provided in Section 2.5 and (b) transfer to the order of WWG, on behalf of the Companies, in immediately available funds, the amount of One Hundred Eighty Million Seven Hundred Thousand Dollars (\$180,700,000) (the "*Purchase Price* "), and Sellers on the Closing Date will sell, assign and transfer the Assets to Buyer in

accordance with the provisions of this Agreement. Buyer and the Companies agree to allocate the purchase price (as determined for U.S. federal income tax purposes) among the Companies and among the Assets of each Seller in accordance with the rules under Section 1060 of the Code and in the manner set forth in *Schedule 3.2*. Buyer and the Companies agree to act in accordance with such allocations in all Tax Returns, reports or filings, including the IRS Form 8594, and any similar or analogous forms under any state, local or foreign tax law, to be filed with respect to any Company. Neither Buyer nor any Company shall, after filing any IRS Form 8594 (or similar or analogous form), revoke or amend such IRS Form 8594 (or similar or analogous form) without the prior written consent of the other.

3.3 *Post Closing Adjustment.* (a) Within 120 calendar days after the Closing Date, Buyer shall prepare and deliver to Sellers (i) a statement (the "Statement") setting forth (x) the deposits (including security deposits) and prepaid expenses (including applicable property taxes) constituting part of the Assets as of the opening of business on the Effective Date (the "Section 3.3 Assumed Assets") and (y) the amount of the obligations and liabilities of Sellers assumed by Buyer as of the opening of business on the Effective Date that are not Assumed Liabilities (collectively, the "Section 3.3 Assumed Liabilities") and (ii) the workpapers of Buyer used in the preparation of the Statement. The Statement shall be prepared in accordance with GAAP. The date upon which Buyer delivers the Statement to Sellers shall be the "Statement Delivery Date."

(b) After receipt of the Statement, Sellers will promptly review the Statement together with the workpapers used in its preparation. Buyer shall provide Sellers with access to the relevant books and records and employees of Buyer to the extent required to review the Statement. Unless Sellers deliver written notice to the Buyer setting forth the specific items disputed by Sellers, on or prior to the thirtieth calendar day after the Statement Delivery Date, Sellers will be deemed to have accepted and agreed to the Statement and such agreement will be final and binding. Any such notice of disagreement shall specify the basis of such objection, including identifying any alleged miscalculation or alleged uncounted or improperly included items, and Sellers shall be deemed to have agreed with all other items and amounts contained in the Statement. If Sellers do not notify Buyer on a timely basis of their objections to the Statement, Buyer and Sellers will use their reasonable best efforts to reach agreement on the disputed items. Any resolution by Buyer and Sellers as to any disputed amounts will be final, binding and conclusive.

(c) If Buyer and Sellers do not resolve all disputed items within sixty (60) calendar days after the Statement Delivery Date, then all items remaining in dispute will be submitted within thirty

(30) calendar days to Ernst & Young, LLP or such other national independent accounting firm mutually acceptable to Buyer and Sellers (the "Neutral Auditor"). The scope of the disputes to be resolved by the Neutral Auditor shall be limited to whether the disputed items in the Statement were prepared and calculated in accordance with the standards set forth in this Section 3.3 and whether there were errors of fact or mathematical errors in such calculation, and the Neutral Auditor shall not make any other determinations. The Neutral Auditor shall act as an arbitrator to determine only those items remaining in dispute. All fees and expenses relating to the work, if any, to be performed by the Neutral Auditor will be borne equally by Buyer, on the one hand, and Sellers, on the other hand. The Neutral Auditor will deliver to Buyer and Sellers a written determination (such determination to include a work sheet setting forth all material calculations used in arriving at such determination and to be based solely on information provided to the Neutral Auditor by the Sellers and Buyer) of the disputed items within thirty (30) calendar days of receipt of the disputed items, which determination, in the absence of manifest error, will be final, binding and conclusive. The final, binding and conclusive Statement, which is agreed upon by Buyer and Sellers and/or is delivered by the Neutral Auditor in accordance with this Section 3.3(c), will be the "Conclusive Statement." For purposes of this Section 3.3(c), the date of delivery of the Conclusive Statement shall be the "Final Determination Date." In the event that either Buyer or Sellers fail to submit their respective statement regarding any items remaining in dispute within the time specified above, then the Neutral Auditor shall render a decision based solely on the evidence timely submitted to the Neutral Auditor by Buyer and Sellers.

(d) In the event that the amount of Section 3.3 Assumed Liabilities exceeds the amount of Section 3.3 Assumed Assets as shown on the Conclusive Statement, then Sellers shall pay Buyer, as an adjustment to the Purchase Price, an amount equal to the difference between the amount of Section 3.3 Assumed Liabilities and the amount of Section 3.3 Assumed Assets. In the event that the amount of Section 3.3 Assumed Assets exceeds the amount of Section 3.3 Assumed Liabilities, then Buyer shall pay WWG, on behalf of the Sellers, as an adjustment to the Purchase Price, an amount equal to the difference between the amount of Section 3.3 Assumed Assets and the amount of Section 3.3 Assumed Liabilities. In the event that the amount of Section 3.3 Assumed Liabilities equals the amount of Section 3.3 Assumed Assets, no payment shall be required and no adjustment shall be made to the Purchase Price. All payments to be made pursuant to this Section 3.3(d) will be made no later than the tenth business day following the Final Determination Date (the "Adjustment Payment Date") by wire transfer (to an account previously designated in writing by the receiving Party) of immediately available funds.

(e) Any payment required to be made pursuant to this Section 3.3 shall bear interest from the earlier to occur of (i) the tenth day after the Final Determination Date and (ii) the sixtieth day after the Statement Delivery Date through the date of payment at a rate of interest equal to 10% per annum on the amount payable as set forth in the Conclusive Statement, and the amount of interest shall be added to the amount to be paid pursuant to this Section 3.3.

3.4 *Prepaid Fees.* (a) No later than ninety (90) days following the Closing Date, Buyer will prepare and submit to Sellers a statement setting forth a summary (the "Prepaid Fees Summary") reflecting the unamortized book value of any amounts of any Prepaid Fees (the "Prepaid Fees Amount").

(b) After receipt of the Prepaid Fees Summary, Sellers shall promptly pay to Buyer, as an adjustment to the Purchase Price, no later than the tenth day following the date on which the Prepaid Fees Summary is delivered (the " *Prepaid Fees Delivery Date* ") an amount equal to 90% of the Prepaid Fees Amount by wire transfer (to an account previously designated in writing by the Buyer) of immediately available funds. Any payment required to be made pursuant to this Section 3.4 and not so paid shall bear interest from the tenth day after the Prepaid Fees Delivery Date through the date of payment at a rate of interest equal to 10% per annum, and the amount of interest shall be added to the amount to be paid pursuant to this Section 3.4.

3.5 *Guaranty; Consent.* WWI does hereby unconditionally and irrevocably guarantee the performance and payment by Buyer of all of the obligations of Buyer under this Agreement, including, without limitation, the obligations of Buyer under Section 3.2 hereof. WWI, by its execution and delivery of this Agreement, does hereby consent to, and approve, the assignment of the Transferred Franchises by the Sellers to Buyer hereunder in accordance with the provisions of the Transferred Franchise Agreements and waives the compliance by the Sellers and Buyer with any and all requirements under the Transferred Franchise Agreements with respect to such assignments, except as otherwise specifically provided in this Agreement.

3.6 *Central Inventory.* Within five (5) calendar days prior to the Closing Date, Buyer and the Sellers shall jointly conduct a detailed inventory of the Central Inventory and shall compile a schedule of all Inventory within the Central Inventory.

3.7 *Shared Assets.* Following the Closing, Buyer shall make appropriate arrangements to provide Sellers and their Affiliates the right to continue to use consistent with past practice such of the Assets set forth on *Schedule 3.7* including royalty-free, perpetual licensing arrangements with respect to specified Intellectual Property rights; *provided* that, subject to Section 2.6(c), Sellers shall promptly reimburse Buyer (other than legal fees incurred by Buyer in connection with the establishment of such arrangements) for any third party costs incurred by Buyer in connection with such arrangements.

4. *Representations and Warranties.*

4.1 *Representations and Warranties of the Companies.* The Sellers jointly and severally represent and warrant to Buyer, and Cuida represents and warrants only to the extent the following statements relate to Cuida, as follows (*provided* that, with respect to the Companies, if any representation or warranty is made hereunder to the "best knowledge" of Sellers or the Companies or any similar phrase, such knowledge shall be limited to information obtained by an examination of Sellers' managerial and supervisory employees specified on *Schedule 4.1* (the " *Section 4.1 Employees* ") and records and any public record pertinent to the relevant representation or warranty):

(a) *Due Organization; Power; Capacity; Good Standing.* Each Company is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has the requisite corporate or limited liability company power and authority to own, lease and operate its properties and assets and to conduct its business as now conducted by it. Each Company has all requisite corporate or limited liability company power and authority to enter into this Agreement and any other agreement contemplated hereby and to perform its obligations hereunder and thereunder. Except as set forth in *Schedule 4.1(a)*, each Seller is duly authorized, qualified or licensed to do business as a foreign corporation, and is in good standing, in each of the jurisdictions in which its right, title or interest in or to any of the assets held by it, or the conduct of its business, requires such authorization, qualification or licensing, except where the failure to so qualify or to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect.

(b) *Authorization and Validity.* Each Company has all requisite corporate or limited liability company power and authority to execute, deliver and perform its respective obligations under this Agreement and any other agreement contemplated hereby and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each Seller of this Agreement and any other agreement contemplated hereby and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by the stockholders or members, as applicable, and by the Board of Directors or managers, as applicable, of each Seller. Except with regard to the approval by the stockholders of any definitive agreement contemplated under Section 10.1, the execution, delivery and performance by Cuida of this Agreement and the consummation by it of the transactions contemplated hereby have been duly authorized by the stockholders of Cuida and no other corporate or stockholder action is necessary in connection

therewith. No other corporate, limited liability company, stockholder or other action is necessary for the authorization, execution, delivery and performance by each Company of this Agreement and any other agreements contemplated hereby and the consummation by each Company of the transactions contemplated hereby or thereby. This Agreement has been duly executed and delivered by each Company and constitutes a valid and legally binding obligation of each Company, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a

proceeding in equity or at law) or by an implied covenant of good faith and fair dealing.

(c) *No Governmental Approvals or Notices Required; No Conflict.* Except as set forth in *Schedule 4.1(c)*, the execution, delivery and performance of this Agreement and any other agreements contemplated hereby by each Seller and the consummation by each Seller of the transactions contemplated hereby and thereby will (i) not conflict with or violate (with or without the giving of notice or the lapse of time or both), or require any consent, registration, declaration, approval, filing or notice under, any provision of any law, statute, ordinance, rule or regulation, court or administrative order, writ, judgment or decree of any court or any public governmental or regulatory body, agency or authority having jurisdiction over any Seller or any of its assets (including the Assets) or properties, except for the requirements of the Antitrust Improvements Act and except for such conflicts or violations the occurrence of which, and such consents, approvals, filings or notices the failure of which to obtain or make, would not, individually or in the aggregate, have a Material Adverse Effect, and (ii) not (with or without the giving of notice or the lapse of time or both) (x) violate or conflict with, or result in the breach, suspension or termination of any provision of, or constitute a default under, or require any consent, approval or notice under, or result in the acceleration of the performance of the obligations of any Seller under, or give rise to any right of termination, purchase, amendment or any other right under, increase the liability of any party under or (y) result in the creation of any Lien upon all or any portion of the properties, assets (including the Assets) or businesses of any Seller pursuant to, the charter, by-laws or any other organizational document of any Seller, or any indenture, mortgage, deed of trust, lease, agreement, contract or instrument to which any Seller is a party or by any Seller or any of its properties, assets (including the Assets) or business is bound, except for, other than with respect to the charter, by-laws or other organizational documents of any Seller, such violations, conflicts, breaches, suspensions, terminations, defaults, accelerations or Liens which, individually or in the aggregate, would not have a Material Adverse Effect. The execution, delivery and performance of this Agreement by Cuida and the consummation by Cuida of the transactions contemplated hereby, will not (i) conflict with or violate (with or without the giving of notice or the lapse of time or both), or require any consent, registration, declaration, approval, filing or notice under any provision of any law or statute of Mexico or the State of New York, except for such conflicts or violations the occurrence of which, and such consents, approvals, filings or notices the failure of which to obtain or make, would not, individually or in the aggregate, have a material adverse effect, and (ii) not violate, or result in the creation of any Lien upon all or any portion of the properties, assets or business of Cuida pursuant to, the charter or bylaws of Cuida.

(d) *Financial Information; Liabilities.* (i) The combined balance sheets of the Sellers as at December 31, 2000, December 31, 2001 and December 31, 2002 and the related combined statements of income and retained earnings and combined statements of cash flows for the fiscal years ended on such dates, copies of which are attached hereto in *Schedule 4.1(d)*, are complete and correct and present fairly in all material respects the combined financial condition of the Sellers as at such dates, and the combined results of their operations for the fiscal years then ended. Except as set forth in *Schedule 4.1(d)*, all such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP, except, with respect to

15

the financial statements as at and for the fiscal year ended December 31, 2002, for the absence of schedules and notes thereto. None of the the Sellers had, at the date of the most recent balance sheet referred to above, any material contingent obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment not reflected therein or in a footnote thereto that would have been required to be reflected in or reserved against on a balance sheet (or the notes thereto) for the Sellers prepared in accordance with GAAP. The statements of revenues (except internet and telephone revenues) and certain specified direct operating expenses of each Transferred Franchise as at December 31, 2001 and December 31, 2002, copies of which are attached hereto in *Schedule 4.1(d)*, present fairly in all material respects the revenues and specified direct operating expenses of each Transferred Franchise for the fiscal years then ended reflected therein. All such financial statements referred to in this Section 4.1(d)(i), including the related schedules and notes thereto, are sometimes hereinafter referred to as the "*Financial Information*."

(ii) Except to the extent set forth in the financial statements for the year ended December 31, 2002 included in the Financial Information or incurred since December 31, 2002 in the ordinary course of the Sellers' business consistent with past practice, none of the Sellers, with respect to the Transferred Business, nor the Transferred Franchises have any material liabilities or material obligations (absolute, accrued, contingent or otherwise), whether due or to become due.

(iii) *Schedule 4.1(d)(iii)* sets forth a true and complete list of all expenses, liabilities and other obligations of any Seller to any Affiliate of any Seller that is included in the Financial Information.

(e) *Title and Condition of Properties; Absence of Liens.* (i) The Sellers have, and Buyer on the Closing Date will receive, good and marketable title to all the Assets, free and clear of all Liens, except for such imperfections of title, easements, pledges, charges and encumbrances, if any, as do not in the aggregate materially detract from the value or materially interfere with the present use of the Assets or otherwise materially impair or interfere with the Transferred Business ("*Permitted Liens*"). Except as set forth in *Schedule 4.1(e)*, no Seller, directly or indirectly, owns any real property.

(ii) (A) No Seller has knowledge of any material defect in the normal operating condition and repair of the Equipment. The items in the Central Inventory that are being transferred to the Buyer are good and merchantable in all material respects.

(B) Except as set forth on *Schedule 4.1(e)*, the Assets constitute all of the assets used in the Transferred Business as currently conducted and as conducted since January 1, 2002, except with respect to (1) assets relating to Transferred Franchises acquired by any Seller after such date and with respect thereto, since the date of the acquisition of such assets and (2) assets acquired or disposed of by any Seller in the ordinary course of business consistent with past practice after December 31, 2001.

(f) *List of Properties, Contracts, Permits and Other Data.* The following Schedules set forth certain information with respect to the Assets and the Sellers on the date of this Agreement:

(i) *Schedule 4.1(f)(i)* contains a complete and correct list of all oral and written contracts, agreements, commitments, licenses, sublicenses or other binding arrangements (including, without limitation, the Transferred Franchise Agreements, all agreements by customers of Sellers for attendance at the Classes in the Transferred Territories in effect on the Closing Date, Service Agreements, maintenance agreements, operating agreements, customer subscription agreements, non-competition agreements, acquisition agreements, loan agreements, guarantee agreements, marketing agreements and agreements relating to servicing, distribution, solicitation, hardware and/or software, advertising, promotional, lease and other agreements) to which any Seller is a party or by which any of its respective assets or properties is bound and, in any such case, which

16

relate to the operation of any Transferred Franchises or the Transferred Business, other than any agreement with total obligations of not more than \$10,000 in the aggregate;

(ii) *Schedule 4.1(f)(ii)* contains a complete and correct list of all (A) leases under which any Seller is a lessee and all license and other agreements providing for the periodic occupancy of space for the conduct of Classes in the Transferred Territories and (B) all other leases under which any Seller is a lessee and which relate to the operation of any Transferred Franchises or the Transferred Business, other than any agreement with total obligations of not more than \$10,000 in the aggregate. The applicable Seller holds a valid leasehold or subleasehold interest in each such lease subject to only (A) any and all underlying mortgages, deeds of trust, leases, grants of term or other estates in or interests affecting the landlord's or fee owner's interest in the applicable portion of such property which are superior to the interests of such Seller as lessee, (B) any encumbrances of title to the leased real property other than those granted by, authorized by or attributable to acts or omissions of any Seller, (C) all applicable building and zoning ordinances and (D) liens securing Taxes, assessments, governmental charges or levies, or the claims of contractors, material men, carriers, landlords, warehousemen, workmen, repairmen, customers, employees and similar persons which are not yet due and payable or are being contested in good faith;

(iii) *Schedule 4.1(f)(iii)* contains a complete and correct list of all licenses, permits and franchises issued by Governmental Authorities or other third parties (other than WWI) with respect to the Transferred Business, except for local building, occupancy or similar permits or licenses relating to the facilities leased by any Seller; and

(iv) *Schedule 4.1(f)(iv)* contains a complete and correct list of all Intellectual Property owned or licensed by each Seller.

True and complete copies of all documents (including all amendments thereto and waivers in respect thereof) referred to in the foregoing Schedules 4.1(f)(i), (ii), (iii) and (iv) have been delivered to Buyer. To the best knowledge of the Sellers, all rights, licenses, permits, leases, registrations, applications, contracts, agreements, commitments and other arrangements referred to in such Schedules are in full force and effect and are valid and enforceable in accordance with their respective terms, except where the failure to be in full force and effect and valid and enforceable would not, either individually or in the aggregate, have a Material Adverse Effect. No Seller is (and to the best knowledge of the Sellers, each other party thereto is not) in breach or default in the performance of any obligation thereunder, and, to the best knowledge of the Sellers, no event has occurred or has failed to occur whereby, with or without the giving of notice or the lapse of time or both, a default or breach will be deemed to have occurred thereunder or any of the other parties thereto have been or will be released therefrom or will be entitled to refuse to perform thereunder, except for such breaches, defaults and events which, individually or in the aggregate, would not have a Material Adverse Effect. No Seller has delivered or received notice of termination of any right, license, permit, lease, registration, contract, agreement or other arrangement referred to in such Schedules.

(g) *Subscriber Information.* The number of Paid Attendance and enrollments of Weight Watchers Classes in each of the Territories for each fiscal month commencing on January 1, 2001 or, with respect to Franchises acquired by any Seller after such date, for each fiscal month commencing after the date of the acquisition of such Franchise by such Seller, whichever is later, through February 28, 2003 are listed on *Schedule 4.1(g)*.

(h) *Legal Proceedings.* Except as set forth on *Schedule 4.1(h)*, there is no claim, cause of action, allegation, suit, litigation, proceeding, arbitration or investigation (collectively, "Actions") to which any Seller is a party pending or, to the best knowledge of the Sellers, threatened against any of them or relating to the assets (including the Assets) or the business of any Seller or the transactions contemplated by this Agreement which would be reasonably likely, individually or in

17

the aggregate, to result in a Material Adverse Effect or which seeks to prevent, restrain, enjoin, delay or interfere with the consummation of any of the transactions contemplated hereby. No Seller is in violation of any term of any judgment, writ, decree, injunction or order entered by any court or Governmental Authority and outstanding against any Seller or with respect to any of their respective assets (including the Assets) or properties which violation would be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect. There is no order, decree, injunction or judgment pending or in effect against any Seller which would be likely to prevent, materially interfere with or materially delay the consummation of the transactions contemplated hereby or, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect.

(i) *Insurance.* Each Seller maintains insurance on its respective properties and assets (including the Assets) and with respect to its employees and Representatives and business which, in the reasonable judgment of the Sellers, is provided by financially sound and reputable insurers and which covers risks customarily insured by businesses similar to the business of the Sellers. *Schedule 4.1(i)* is a list of the Sellers' insurance maintained on their respective properties and assets (including the Assets). All such policies are in full force and effect, all premiums due thereon have been paid, and the Sellers have complied with the provisions of all such policies.

(j) *Labor.* Other than with respect to the Retained Business or except as set forth in *Schedule 4.1(j)*, (i) each Seller is in compliance in all material respects with all applicable laws relating to employment practices, terms and conditions of employment and wages and hours; (ii) there are no controversies pending or, to the best knowledge of the Sellers, threatened between any Seller and its employees, prospective employees, former employees or labor unions or other collective bargaining representatives representing their employees; (iii) no unfair labor practice complaints have been filed against any Seller, and no Seller has received any notice or communication reflecting an intention or a threat to file any such complaint; (iv) there is no labor strike, dispute, slow-down or stoppage pending or, to the best knowledge of the Sellers, threatened against any Seller; (v) no representation petition is pending with the National Labor Relations Board (or any other labor relations board) in respect of any of Sellers' businesses; (vi) each Seller has paid in full to all of its employees all wages, salaries, commissions, bonuses, benefits and other compensation due to such employees except for severance payments and bonuses which the Sellers may pay to certain employees in anticipation of, or upon, the consummation of the transactions contemplated hereby; (vii) no Seller has closed any facility, effectuated any layoffs of employees or implemented any early retirement, separation or window program within the past three years, nor has any Seller planned or announced any such action or program for the future; (viii) no promises of benefit improvements under the Employee Benefit Programs have been made by any Seller or any Affiliate thereof to any current or former employee of any Seller; and (ix) each Seller is in compliance with its respective obligations pursuant to the Worker Adjustment and Retraining Notification Act of 1988, and all other notification and bargaining obligations arising under any collective bargaining agreement, statute or otherwise.

(k) *Intellectual Property.* Except as set forth in *Schedule 4.1(k)*, the Sellers have, and will transfer to Buyer on the Closing Date, good and marketable title to all the Intellectual Property, free and clear of all Liens. No claims have been asserted within the past five years or are currently in dispute to the effect that the use of the Intellectual Property by the Sellers infringes on any intellectual property of any other Person in any material respect. The use of all other material Intellectual Property by the Sellers does not infringe on the rights of any Person. Except as set forth in *Schedule 4.1(k)*, the Sellers own, or have the right to use, all material Intellectual Property used in the Transferred Businesses as presently conducted. Except as set forth in *Schedule 4.1(k)*, no material part of the business of the conduct of the Classes in the Transferred Territories

depends on any Intellectual Property except for the trademark licenses under the Transferred Franchise Agreements.

(l) *Government Licenses, Permits and Related Approvals.* Except as set forth in *Schedule 4.1(l)*, each Seller has all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Authorities required for the conduct of the Transferred Business as presently conducted, except where the failure to have such licenses, permits, consents, approvals, authorizations, qualifications and orders would not, individually or in the aggregate, have a Material Adverse Effect.

(m) *Compliance with Law and Requirements.* Except as set forth in *Schedule 4.1(m)*, each Seller is conducting and has conducted for the previous three years the Transferred Business in compliance with all applicable laws, statutes, ordinances, rules, regulations, decrees, judgments, writs, injunctions, or orders, rights of concession, licenses, know-how or other proprietary rights of others, except for such failures to comply which would not, individually or in the aggregate, have a Material Adverse Effect.

(n) *Employee Benefit Programs.* (i) *Schedule 4.1(n)* identifies each "employee benefit plan" as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is covered by ERISA and that is maintained, or otherwise contributed to by any Seller or any Affiliate of the Sellers for the benefit of the current or former employees or directors of any Seller (a "Plan" and, collectively, the "Plans"), true and complete copies of which have been delivered to Buyer (together with (A) the most recent Annual Report on Form 5500 required to be filed by any Seller, (B) the most recent actuarial valuation reports, in connection with any Plan and (C) the most recent determination letter from the Internal Revenue Service);

(ii) *Schedule 4.1(n)* identifies each plan or arrangement not subject to ERISA maintained or otherwise contributed to by any Seller for the benefit of current or former employees or directors of such Seller and providing for deferred compensation, bonuses, stock options, employee insurance coverage or any similar compensation arrangement (a "Benefit Arrangement"; such Benefit Arrangements, together with the Plans, are referred to herein collectively as the "Employee Benefit Programs"), true and correct copies of which have been delivered to Buyer;

(iii) Each Employee Benefit Program has been maintained and administered at all times substantially in compliance with its terms and with all applicable laws, rules and regulations, including, without limitation, ERISA and the Code. Each Plan intended to be qualified within the meaning of Code Section 401(a) has received a favorable determination letter as to its qualification and nothing has occurred, whether by action or a failure to act, that could reasonably be expected to cause the loss of such qualification;

(iv) No "prohibited transaction" (as such term is used in Section 406 of ERISA or Section 4975 of the Code) has occurred with respect to any Plan which could have a Material Adverse Effect;

(v) No Seller sponsors, contributes to, participates in or has any other obligations or liabilities (whether or not contingent) which remain unsatisfied or are pending with respect to any employee pension benefit plan (within the meaning of Section 3(2) of ERISA) that is subject to Title IV of ERISA or Section 302 of ERISA;

(vi) No Seller has at any time contributed to or participated in any pension plan which is a "multiemployer plan," as defined in Section 3(37) of ERISA;

19

(vii) No material litigation or administrative or other proceedings involving the Employee Benefit Programs have occurred, are pending or, to the best knowledge of the Sellers, are threatened;

(viii) Except as set forth in *Schedule 4.1(n)*, there are no other employment agreements, contracts or understandings with any employee of any Seller;

(ix) There are no collective bargaining agreements which the Sellers or their respective Affiliates have entered into on behalf of any employees of any Seller, nor, to the best knowledge of the Sellers, are there any ongoing efforts to organize any union representation; and

(x) Except as set forth on *Schedule 4.1(n)*, with respect to any Plan that is an employee welfare benefit plan (within the meaning of Section 3(1) of ERISA), (1) no such Plan is funded through a "welfare benefits fund", as such term is defined in Section 419(e) of the Code, (2) each such Plan that is a group health plan ("Group Health Plan"), as such term is defined in Section 4980B(g)(2) of the Code, complies with the applicable requirements of Section 4980B(f) of the Code ("COBRA"). Except as set forth on *Schedule 4.1(n)*, no Employee Benefit Program (other than as required by COBRA) provides any post-employment welfare benefits for former employees (including retirees), either currently or at any time hereafter.

(o) *Certain Fees.* No Seller nor any of its officers, directors or employees or Affiliates has employed any broker or finder or incurred any other liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby.

(p) *Absence of Certain Changes or Events.* Except as set forth in *Schedule 4.1(p)*, since December 31, 2002 there has not been (i) any material adverse change in the Assets or in the financial condition, results of operations or business of the Transferred Business, (ii) any material damage, destruction or loss relating to the Transferred Business or the Assets, whether or not insured, (iii) any liability created or incurred which Buyer will assume under the Assumption Agreements other than liabilities created or incurred in the ordinary course of business consistent with past practice and in amounts not unusual in respect of the ordinary course of business consistent with past practice, (iv) any Lien created on any Asset, (v) except in the ordinary course of business consistent with past practice, any increase in, or commitment or plan adopted to increase, the wages, salaries, compensation, pension or other benefits or payments to employees, (vi) any material capital expenditures or commitment to make any such expenditures with respect to the Assets or as to which Buyer will become obligated after the Closing pursuant to the Assumption Agreements, (vii) any condemnation proceedings commenced with respect to any Asset or any notice received by any Seller as to the proposed commencement of any such proceedings, (viii) any rights of substantial value knowingly waived with respect to the Assets or the Transferred Business, (ix) any sale or transfer of any Assets other than dispositions in the ordinary course of business consistent with past practice or (x) any action performed, taken, agreed to or permitted of the type described in Section 5.2(a) through (r). Except as set forth in *Schedule 4.1(p)*, since December 31, 2002, other than acts relating to the transactions contemplated by this Agreement, the Transferred Business has been conducted only in the ordinary course consistent with past practice.

(q) *Disclosure.* Neither this Agreement nor any other document and instrument to be executed and delivered by any Seller pursuant hereto, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein and therein, in light of the circumstances under which they were made, not misleading.

(r) *Environmental Matters.* Except as set forth in *Schedule 4.1(r)*, none of the the Sellers nor any of their respective Affiliates has in the past materially violated or is now in material violation

20

of any federal, state or local law, code, statute, common law, ordinance, rule, regulation, order or decree relating in any manner to contamination, pollution, or protection of human health or the environment ("*Environmental Laws*") in connection with the ownership or operation of any of its assets (including the Assets) and the conduct of the Business. The Sellers have not received any written notice from any Governmental Authority, and do not have knowledge of any governmental inquiry, with respect to any actual or alleged violation of any Environmental Laws with respect to any of its assets (including the Assets) or the Business and there is not pending or, to the best knowledge of the Sellers, threatened any suit, claim, proceeding or investigation against any Seller relating to any violation or threatened violation of any Environmental Law. There has been no storage, disposal or treatment of solid wastes or hazardous wastes on, under or at any real property currently or formerly owned by any Seller or, to the best knowledge of the Sellers, any other real property ("*Other Real Property*") currently or formerly leased or otherwise used by any Seller. The Sellers have not caused the storage, disposal or treatment of solid wastes or hazardous wastes on any Other Real Property. There has been no release, including any spill, discharge, leak, emission, injection, escape or dumping of any kind, from operations of any Seller or, to the best knowledge of the Sellers, otherwise, onto any real property currently or formerly used by any Seller or into the environment surrounding any such real property, of any hazardous substances, other than those releases permissible under applicable regulations, laws or statutes or allowable under applicable permits. Except as set forth in *Schedule 4.1(r)*, none of the Sellers, nor to the best knowledge of the Sellers, any other person has discovered any occurrence or condition on any real property adjoining or in the vicinity of any real property that could cause such real property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of such real property under any Environmental Law. No Seller has contractually assumed any liabilities or obligations under any Environmental Law. As used in this Section 4.1(r), the terms "storage", "treatment", "disposal", "solid wastes" and "hazardous wastes" shall have the meanings set forth under the Resource Conservation and Recovery Act, 42 U.S.C.A. Section 6901 *et seq.*; and the terms "release" and "hazardous substance" shall have the meanings set forth under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C.A. Section 9601 *et seq.* For purposes of this Section 4.1(r) only, "best knowledge of the Sellers" shall not require the conduct of any environmental or engineering study of properties nor the examination of public records normally examined in such studies.

(s) *Entire Business.* Except as set forth on *Schedule 4.1(s)*, on the Closing Date, the Sellers will transfer to Buyer all of the assets used by the Sellers in and necessary for the conduct by Buyer to operate the Transferred Business on a stand alone basis.

(t) *Tax Matters.* For purposes of this Agreement, (i) "*Taxes*" shall mean all United States federal, state, provincial, local and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, excise, value added, estimated, intangibles, stamp, alternative or add-on minimum, environmental, withholding and any other taxes, duties, assessments, fees, levies or similar charges of any kind, together with all interest, penalties and additions imposed with respect to such amounts; and (ii) "*Tax Return*" shall mean any return, declaration, report, claim for refund or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof. None of the Assets is (A) subject to section 168(f)(8) of the Internal Revenue Code of 1986 or (B) tax-exempt use property within the meaning of section 168(h)(1) of the Code. Except as provided under Section 11.3 hereof, all Tax Returns with respect to the Transferred Business required to be filed by the Sellers (or their respective predecessors) on or before the Closing Date have been or shall be timely filed and all such Tax Returns were true, correct and complete in all material respects. All Taxes with respect to any of the Assets which are due or which may be claimed to be due (whether or not shown to be due on any Tax Return) have been or shall be paid or accrued in accordance with GAAP within the prescribed period or any extension thereof. There are no tax liens upon any of the Assets except

21

for Liens for current Taxes not yet due and payable. Except as set forth in *Schedule 4.1(t)* and except as disclosed in the Financial Information, no Seller (or any of their respective predecessors) is a party to or has received any notice with respect to any proposed or pending action, suit proceedings, investigations, audits or claims by any Governmental Authority for assessment or collection of Taxes with respect to any of the Assets, or is party to any dispute or threatened dispute relating to Taxes with respect to any of the Assets in which action or dispute an adverse determination could have a Material Adverse Effect and no such claim for assessment or collection of Taxes with respect to any of the Assets has been made upon any Seller. No Seller is a "foreign person" within the meaning of section 1445 of the Code, and each Seller will furnish Buyer with an affidavit that satisfies the requirements of section 1445(b)(2) of the Code, in the form attached as *Exhibit B*.

(u) *No Subsidiaries.* Except as provided on *Schedule 4.1(u)*, no Seller directly or indirectly owns or controls any capital stock of or other interests or investments in any other individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, or other entity or governmental body nor does any Seller have any obligation or right to acquire any such interest or investment.

(v) *Purchase Price Transfers.* After the Closing and upon any transfer of the Purchase Price following the Closing, no Company will (i) be insolvent; (ii) have unreasonably small capital with which to engage in their respective businesses; or (iii) have incurred or plan to incur debts beyond their respective ability to pay as they become absolute and matured.

(w) *Prohibited Payments.* No Seller nor any of their respective officers, directors, employees, agents or Affiliates has unlawfully offered, paid, or agreed to pay to any Person, including any government official, or unlawfully solicited, received or agreed to receive from any such Person, directly or indirectly, any money or anything of value for the purpose of or with the intent of obtaining or maintaining the business of any Seller or otherwise affecting the business, assets, financial condition or operations of any Seller.

(x) *Affiliate Transactions.* Except for employment, consulting and management service agreements with respect to which Buyer will not assume any liabilities, *Schedule 4.1(x)* lists all contracts, arrangements or other transactions (i) relating to the Transferred Business between or among any Seller, on the one hand, and any Affiliate of any Seller, on the other hand, or (ii) which Buyer will assume or become liable with respect to and any Seller or any of their respective Affiliates will be a party to such contract, agreement, arrangement or transaction.

(y) *Compensation of Management Employees.* Set forth on *Schedule 4.1(y)* is a true and complete listing of (1) the annual compensation, including bonuses, for each regional, territorial and training manager and any employee with annual compensation of \$25,000 or more who is primarily involved in the Transferred Business (collectively, the " *Management Employees* ") of each Seller for the past three years and (2) the proposed annual compensation, including bonuses, for the current fiscal year, including, without limitation, any "stay" or "retention" bonus payable to any such Management Employee in connection with the transactions contemplated hereby. Except as set forth in *Schedule 4.1(y)*, the Sellers have not agreed to pay any of the employees primarily involved in the Transferred Business any "stay" or "retention" bonus in connection with the transactions contemplated hereby.

22

(z) *Bankruptcy.* No Company has filed any voluntary petitions in bankruptcy or insolvency or any petitions for reorganization under any bankruptcy or similar law; no involuntary petition in bankruptcy has been filed against any Company; no receiver has been appointed for all or any part of the property of any Company; and no court has granted any Company relief in bankruptcy or insolvency or approved a petition seeking reorganization or approving a receiver, trustee or liquidator of all or any part of the property of any Company.

(aa) *Stockholders.* *Schedule 4.1(aa)* sets forth a true and complete list of each Person that directly or indirectly owns an equity interest in any Seller and the type and amount of equity interest so owned.

(bb) *Retained Franchise Ownership.* *Schedule 4.1(bb)* sets forth a true and complete list of each Person that owns an interest in any Retained Franchise.

(cc) *Affiliates.* *Schedule 4.1(cc)* sets forth a true and complete list of each Person (other than individuals) who is an Affiliate of any Seller.

4.2 *Representations and Warranties of Buyer and WWI.* Each of Buyer and WWI jointly and severally represents and warrants to the Companies as follows:

(a) *Due Organization; Good Standing and Power.* Each of Buyer and WWI is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each of Buyer and WWI has all requisite corporate and other power and authority to enter into this Agreement and any other agreement contemplated hereby and to perform its obligations hereunder and thereunder.

(b) *Authorization and Validity.* Each of Buyer and WWI has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and any other agreement contemplated hereby and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each of Buyer and WWI of this Agreement and any other agreements contemplated hereby and the consummation by each of Buyer and WWI of the transactions contemplated hereby and thereby have been duly authorized by its Board of Directors. No other corporate or stockholder action is necessary for the authorization, execution, delivery and performance by Buyer or WWI of this Agreement and any other agreement contemplated hereby and the consummation by Buyer and WWI of the transactions contemplated hereby or thereby. This Agreement has been duly executed and delivered by each of Buyer and WWI and constitutes a valid and legally binding obligation of each of Buyer and WWI, enforceable against each of Buyer and WWI in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or by an implied covenant of good faith and fair dealing.

(c) *Governmental Approvals; No Conflict.* Except as set forth on *Schedule 4.2(c)*, the execution, delivery and performance of this Agreement and any other agreements contemplated hereby by each of Buyer and WWI and the consummation by each of Buyer and WWI of the transactions contemplated hereby and thereby (i) will not conflict with or violate (with or without the giving of notice or the

lapse of time or both), or require any consent, registration, declaration, approval, filing or notice under any provision of any law, statute, ordinance, rule or regulation, court or administrative order, writ, judgment or decree of any court or any public governmental or regulatory body, agency or authority having jurisdiction over Buyer, WWI or their respective assets or properties, except for the requirements of the Antitrust Improvements Act and except for such conflicts or violations the occurrence of which, and such consents, approvals, filings or notices the failure of which to obtain or make, would not, individually or in the aggregate, have a material

adverse effect on Buyer's or WWI's ability to perform its obligations hereunder, and (ii) will not (with or without the giving of notice or the lapse of time or both) (x) violate or conflict with, or result in the breach, suspension or termination of any provision of, or constitute a default under, or require any consent, approval or notice under, or result in the acceleration of the performance of the obligations of Buyer or WWI under, or give rise to any right of termination, purchase, amendment or any other right under, increase the liability of any party under or (y) result in the creation of any Lien upon all or any portion of the properties, assets or business of Buyer or WWI pursuant to, the charter, by-laws or any other organizational document of Buyer or WWI, or any indenture, mortgage, deed of trust, lease, agreement, contract or instrument to which Buyer or WWI is a party or by which Buyer or WWI or any of their respective assets or properties is bound, except for, other than with respect to the charter, by-laws or other organizational documents of Buyer or WWI, such violations, conflicts, breaches, suspensions, terminations, defaults, accelerations or Liens which would not, individually or in the aggregate, have a material adverse effect on Buyer's or WWI's ability to perform its obligations hereunder.

(d) *Brokers' Fees.* Neither Buyer, WWI nor any of their respective officers, directors or employees, on behalf of Buyer or WWI, has employed any broker or finder or incurred any other liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated hereby.

4.3 *Survival of Representations.* The representations, warranties, covenants and agreements contained in this Agreement, other than those contained in Sections 4.1(e)(i), 4.1(t), 5.1, 5.11, 5.15 and 5.16, and in any agreements, certificates or other instruments delivered pursuant to this Agreement, shall survive the Closing and shall remain in full force and effect for the period of two (2) years, regardless of any investigations made by or on behalf of any Party, but subject to all express limitations and other provisions contained in this Agreement. The representation and warranty contained in Section 4.1(e)(i) shall survive the Closing without limitation. The representations and warranties contained in Section 4.1(t) shall survive the Closing, and shall remain in full force and effect until 60 days after the expiration of the applicable statute of limitations. The covenants contained in Sections 5.1, 5.11, 5.15 and 5.16 shall survive the closing for the periods specified therein. No investigation by or knowledge of any Party shall relieve any other Party hereto in any manner with respect to its obligations under the representations, warranties, covenants and agreements made by such other Party hereunder or in any agreement, certificate or other document delivered pursuant to this Agreement.

5. *Agreements.*

5.1 *Access to Information.* Prior to Closing, Sellers agree, upon reasonable notice, to (a) give or cause to be given to Buyer and its Representatives and potential financing sources full and free access to the offices, employees, properties, assets, contracts, books, accountants, workpapers and records and all other documents and data relating to the Assets as Buyer may from time to time reasonably request; *provided* that such access shall not unreasonably interfere with the conduct of Sellers' business; and (b) furnish or cause to be furnished to Buyer such financial and operating data and other information with respect to the Transferred Business and properties and assets (including the Assets) of Sellers, as Buyer may from time to time reasonably request. After Closing, Buyer agrees, upon reasonable notice, to provide Sellers with reasonable access to information contained in the files and records of Sellers transferred to Buyer at Closing to the extent necessary for Sellers to prepare tax returns and other government mandated filings and to prosecute, or defend against, any claims. After Closing, Seller agrees, upon reasonable notice, to provide WWI and Buyer with reasonable access to information contained in the files and records of Sellers relating to the Retained Business to the extent necessary for WWI or Buyer to prepare any audit or other accounting review or any government mandated filing or to prosecute, or defend against, any claims.

5.2 *Conduct of the Business.* Except solely with respect to the Excluded Assets, the Sellers agree that, except as required by this Agreement or otherwise consented to in writing by Buyer, during the period commencing on the date of this Agreement and ending on the Closing Date, each Seller shall:

(a) operate the Business only in the ordinary course of business consistent with past practice including, without limitation, with respect to the maintenance of the level and timing of advertising, marketing and promotional programs and the purchase of inventory and, to the extent consistent with such operation, use its reasonable best efforts to preserve its present business organization intact, keep available the services of its present employees and preserve its goodwill and present business relationships, including its relationships with its members participating in its Classes;

(b) maintain their books, accounts and records relating to their business in the ordinary course of business consistent with past practice, and comply with and perform in all material respects all laws and contractual and other obligations applicable to them or their business;

(c) maintain in full force and effect adequate insurance with respect to the Assets and their employees covering risks customarily insured by similar businesses;

(d) not increase, reduce or otherwise modify membership fees, activity fees or rebates except as set forth in *Schedule 5.2(d)* ;

(e) not enter into any contract, agreement or other commitment or series of related contracts, agreements or commitments which is not terminable by the parties upon thirty (30) days' notice or less or which involves aggregate consideration in excess of \$20,000 except as set forth in *Schedule 5.2(e)* ;

(f) not (i) sell, transfer, dispose of or abandon any of the Assets, other than in the ordinary course of business consistent with past practice, (ii) enter into, amend, change, waive or otherwise modify any contract, agreement, lease, license or other document, (iii) make any prepayment or other payment on or in respect of indebtedness unless required by the terms thereof on the date of this Agreement, or (iv) enter into or engage in any transaction with any Affiliate except as is required by an existing written agreement set forth or an existing oral agreement or arrangement summarized in *Schedule 4.1(x)* ;

(g) not (i) permit or allow any of its properties and assets (including the Assets) to become subject to any Liens, except for Permitted Liens, (ii) waive any claims or rights relating to the Assets, (iii) grant any increase in the compensation or benefits of its employees primarily involved in the Transferred Business (including any such increase pursuant to any deferred compensation, severance, bonus, retention, pension, profit-sharing or other plan or commitment), except in the ordinary course of business consistent with past practice, (iv) establish, enter into or adopt any employment agreement or collective bargaining agreement or other Employee Benefits Programs or any employee benefit plan, program or arrangement that would be an Employee Benefit Program if established as of the date hereof, or modify or terminate any Employee Benefits Programs, or (v) enter into any agreements giving rise to trade and barter obligations on the part of the Sellers;

(h) not authorize for issuance, issue, deliver, sell, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities or any other securities or equity equivalents;

(i) not amend its charter, by-laws or other organizational documents;

(j) not acquire or agree to acquire, by merging or consolidating with, or by purchasing a substantial portion of the stock or assets of, or by any other manner, any business or any

25

corporation, partnership, joint venture, association or other business organization or division thereof;

(k) not make or agree to make any capital expenditures except as may be necessary to maintain and protect the Assets and which under GAAP are treated as capital expenditures;

(l) not pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), except for the payment, discharge or satisfaction, of liabilities or obligations in the ordinary course of business consistent with past practice or in accordance with their terms as in effect on the date hereof, or transfer or modify any rights of material value, other than in the ordinary course of business consistent with past practice;

(m) not adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

(n) (i) not change any financial reporting policy or accounting principle except as required by GAAP, and (ii) notify Buyer promptly, but in no event later than two (2) business days after, of any change to any financial reporting policy or accounting principle required by GAAP;

(o) not settle or compromise any litigation in any way that would affect the Transferred Business (whether or not commenced prior to the date of this Agreement);

(p) not write down the value of any Inventory or any other asset or sell or otherwise transfer any amount of its Inventory except in

the ordinary course of business consistent with past practice;

(q) not enter into any transaction that may reasonably be expected to render any Seller insolvent; and

(r) not authorize any of, or commit or agree to take any of, the foregoing actions.

5.3 *Further Actions.* Subject to the terms and conditions hereof, the Sellers and Buyer agree to use their reasonable best efforts to promptly take, or cause to be promptly taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement, including using its reasonable best efforts (without commencement of litigation or the assumption of any material obligation): (i) to obtain at the earliest practicable date prior to the Closing Date (pursuant to instruments reasonably satisfactory to Buyer in form and substance) all licenses, permits, consents, approvals, authorizations, qualifications and orders of Governmental Authorities and parties to contracts, licenses or agreements with any Seller or its Affiliates as are necessary for the consummation of the transactions contemplated hereby; (ii) to effect all necessary registrations and filings; (iii) to furnish to each other such information and assistance as reasonably may be requested in connection with the foregoing; (iv) to assist Buyer in obtaining prior to the Closing Date all governmental licenses, permits, consents, approvals, authorizations, qualifications and orders as are necessary in order to enable Buyer to conduct the Transferred Business in the ordinary course as of and from the opening of business on the Closing Date and (v) upon request, to assist Buyer in obtaining prior to the Closing Date sufficient financing to fund the Purchase Price, including, without limitation, assisting in preparing materials for, providing access to materials and personnel and attending meetings with potential financing sources.

5.4 *Antitrust Improvements Act.* Sellers shall timely and promptly make all filings, which may be required by it in connection with the consummation of the transactions contemplated hereby under the Antitrust Improvements Act. Sellers shall furnish to Buyer and WWI such information and assistance as Buyer or WWI may reasonably request in connection with Buyer's preparation of any necessary filings or submissions by it to any governmental agency, including, without limitation, any filings necessary under the provisions of the Antitrust Improvements Act. Sellers shall provide Buyer and WWI with copies of all correspondence, filings or communications (or memoranda setting forth the

substance thereof) between Sellers or their Representatives, on the one hand, and the FTC, the Antitrust Division and their staffs, on the other hand, with respect to this Agreement and the transactions contemplated hereby. Buyer and WWI shall timely and promptly make all filings that may be required by it in connection with the consummation of the transactions contemplated hereby under the Antitrust Improvements Act. Buyer and WWI shall furnish to Sellers such information and assistance as Sellers may reasonably request in connection with Sellers' preparation of any necessary filings or submissions by it to any governmental agency, including, without limitation, any filings necessary under the provisions of the Antitrust Improvements Act. Buyer and WWI shall provide Sellers with copies of all correspondence, filings or communications (or memoranda setting forth the substance thereof) between Buyer, WWI or their respective Representatives, on the one hand, and the FTC, the Antitrust Division and their staffs, on the other hand, with respect to this Agreement and the transactions contemplated hereby.

5.5 *Notification.* The Companies shall notify Buyer and keep it advised of (i) any litigation or administrative proceeding pending or, to the best knowledge of the Companies, threatened against any Company which could, if adversely determined, have a Material Adverse Effect; (ii) any material damage or destruction of any of the Assets; and (iii) any material adverse change in the financial condition, results of operations, assets or business of the Transferred Business. The Companies shall promptly notify Buyer in writing of the occurrence of any event that would result in the failure of a condition specified in Sections 6.1 or 6.2, and Buyer shall promptly notify the Companies in writing of the occurrence of any event that would result in the failure of a condition specified in Section 6.1 or 6.3.

5.6 *No Inconsistent Action.* Subject to Sections 8.1 and 8.2, the Parties hereto shall not take any action inconsistent with their obligations under this Agreement or which could materially hinder or delay the consummation of the transactions contemplated by this Agreement. None of the Parties hereto shall take or omit to take any action that could result in any of their respective representations and warranties not being true and correct on the Closing Date.

5.7 *No Solicitation.* From and after the date of this Agreement, until the earlier of the Closing and June 7, 2003, the Companies shall not, and shall not permit any of their respective Affiliates or Representatives, to, directly or indirectly (i) solicit, initiate or encourage the submission of any inquiries, indications of interest, proposals or offers from any Person, other than Buyer (collectively, "Third Parties"), concerning any Acquisition Proposal, (ii) participate in any discussions or negotiations regarding, or enter into any agreements or understandings (whether or not in writing) relating to, any of the foregoing with, or provide any information concerning any Company or the Assets to, any Third Parties other than in the ordinary course of business or other than as required by applicable law or (iii) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any Third Party to do or seek any of the foregoing. As soon as is practicable after this Agreement has been executed, the Companies will use their reasonable best efforts to cause the destruction or return of all non-public, confidential or proprietary information concerning the Assets provided to potential purchasers of any Company or the Assets. The Companies will immediately notify the Buyer after the receipt, prior to the earlier of the Closing and the termination of this Agreement, by it or any of its Representatives of any inquiry, indication of interest, proposal or offer with respect to an Acquisition Proposal by any Third Party and promptly deliver to Buyer written documentation reflecting the material economic terms thereof. Each Seller agrees that it and its respective Representatives shall immediately cease and cause to be terminated any activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal.

5.8 *Franchise Agreements.* The Sellers hereby agree to pay WWI in accordance with the provisions of the Transferred Franchise Agreements all amounts, fees and payments accrued or owing under the Transferred Franchise Agreements (" *Franchise Fees* ") as of the close of business on the

business day prior to the Effective Date in the manner and time period specified in the Transferred Franchise Agreements.

5.9 *No Solicitation of Employees.* The Companies shall not, and shall cause their respective Affiliates not to, within a period of two years after the Closing Date, directly or indirectly, solicit or hire any Management Employee; *provided* that the foregoing shall not prohibit the Companies or any of their respective Affiliates from hiring any Management Employee whose employment has been terminated by the Buyer.

5.10 *Payment of Annual Compensation and Bonuses.* On or prior to the Closing Date, each Seller shall pay all annual compensation, including bonuses, payable to any Management Employee or any other employee of the Transferred Business. Each Seller shall also pay when due all "stay" or "retention" bonuses and any other bonuses payable to any Management Employee or any other employee of such Seller in connection with the transactions contemplated hereby when due.

5.11 *Covenant Not to Compete.* (a) Except, so long as the applicable Company directly or indirectly owns such Retained Franchise, with respect to the Retained Franchises, each Company shall (i) not compete, directly or indirectly, with Buyer or any of its Affiliates in the Protected Business until ten (10) years after the Closing Date and (ii) not purchase or otherwise, directly or indirectly, invest in any Weight Watchers franchise. For purposes of this Section 5.11, the term " *Protected Business* " means the weight loss and weight control industry, including, without limitation, the provision of classes or other services for weight reduction or weight control and the sale of related products and publications.

(b) The Parties agree that the terms of the covenant contained in this Section 5.11 are fair and reasonable in light of Buyer's and WWI's plans for the Protected Business and are necessary to accomplish the full transfer of the goodwill and other intangible assets contemplated hereby. If, as a result of a dispute between the Parties as to this covenant, a court refuses to enforce this covenant not to compete for any reason, the Parties shall request such court to reform this covenant (for purposes of application only in the jurisdiction in which such dispute arises) to the extent necessary to permit its enforcement.

5.12 *Employment Matters.* (a) In the event that Buyer intends to engage the services of any employees of any Seller from and after the Closing, no later than two (2) business days prior to the Closing Buyer shall submit to the Sellers a list of such employees whom Buyer intends to offer employment; *provided* Buyer shall not have the right to hire (i) any of the Sellers' employees whose responsibilities since September 1, 2002 have related primarily to the Retained Franchises and (ii) any of the Sellers' employees listed on *Schedule 5.12* . Subject to this Section 5.12, Buyer shall have the right to solicit the employment of such employees under such wages, hours and working conditions as Buyer shall determine, from and after, and effective upon, the Closing. Each employee of any Seller who accepts the Buyer's offer of employment and commences employment following the Closing Date shall be a " *Transferred Employee* ." Nothing contained in this Agreement, nevertheless, shall be interpreted or construed to impose upon any Seller any obligations for such wages, hours and working conditions, including, without limitation, vacation pay or other benefits, provided by Buyer from and after the Closing regardless of whether, for the purposes thereof, any such employees shall be credited with service prior to the Closing.

(b) For a period of one year following the Closing Date, (i) each Transferred Employee shall be entitled to a position and salary that is comparable to the position and salary that such Transferred Employee was entitled to from any Seller as of the date of this Agreement and (ii) the Transferred Employees shall be entitled to participate in employee benefit plans, programs and arrangements that are comparable, in the aggregate, to the employee benefit plans, programs and arrangements available to similarly situated employees of Buyer.

(c) Buyer shall credit each Transferred Employee, as of his or her commencement of employment with Buyer, with all service on record with any Seller as of the Closing Date under employee benefit plans of Buyer (other than Buyer's 401(k) Plan) in which such Transferred Employee participates to the same extent that such service was credited under the comparable plans or programs of the Sellers immediately prior to the Closing Date, including with respect to service for purposes of eligibility, vesting, and determination of benefits (but not benefit accrual under any defined benefit pension plan).

5.13 *Change of Name.* Within ten (10) business days after the Closing Date, each Seller that does not as of the Closing Date have an equity ownership interest in a Retained Franchise shall change its name and any "doing business as" names so that its name does not include a reference to "Weight Watchers," "WW," "Cuida Kilos" or any variation thereof.

5.14 *Additional Non-Competition Agreement.* The Sellers shall use their best efforts to, and shall cause their respective Affiliates to use their best efforts to, cause Sheri Slaim to enter into a Non-Competition Agreement substantially in the form of *Exhibit C* hereto at or prior to the

Closing.

5.15 *Retained Business.* For a period of five (5) years following the Closing Date, WWG may not consolidate or merge with or into or wind up into, or sell, assign, transfer, lease, convey or otherwise dispose of any interest in any Retained Franchise to any Person unless (i) WWG is the surviving entity or the Person formed by or surviving any such consolidation or merger (if other than WWG) or into whom WWG is wound up or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is an entity organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (WWG or such Person, as the case may be, being referred to for purposes of this Section 5.15 as the "Successor Company"); (ii) the Successor Company (if other than WWG) expressly grants a guarantee, in substantially the form attached as Exhibit D hereto, for the benefit of Buyer and WWI; and (iii) WWG shall have delivered an officer's certificate stating that such transaction, merger or transfer complies with the requirements of this Agreement.

5.16 *South Carolina Right of First Refusal.* (a) Until April 16, 2007, if WWG East or any of its Affiliates receives a written notice (the "Rights Notice") from a stockholder ("S.C. Stockholder") of At Goal-South Carolina, Inc., a New Hampshire corporation ("At Goal-S.C.") and, together with S.C. Stockholder, the "S.C. Transferors"), delivered pursuant to Section 8(f) of the Agreement of Purchase and Sale, dated April 16, 2001, by and among Weight Watchers of New Hampshire, Inc., WWG East and the other parties named therein (the "N.H. Agreement"), stating the bona fide intention of such S.C. Transferor to sell or transfer any capital stock or a substantial portion of the assets of At Goal-S.C., as the case may be, WWG East or its applicable Affiliate shall give written notice to Buyer with a copy of the Rights Notice attached thereto (the "S.C. Notice") within ten (10) days of its receipt of the Rights Notice. Buyer shall give written notice (the "Request Notice") to WWG East or its applicable Affiliate within fifteen (15) days of receipt of the S.C. Notice of its intention to require that WWG East or its applicable Affiliate exercise its right (the "Right of First Refusal") to purchase the capital stock or assets proposed to be transferred by the S.C. Transferor on the same terms and conditions of such sale set forth in the Rights Notice (the "S.C. Purchase"). Upon receipt of the Request Notice, WWG East or its applicable Affiliate will then exercise its Right of First Refusal by delivering to the S.C. Stockholder within five (5) days of receipt of the Request Notice a written election to exercise its Right of First Refusal in accordance with Section 8(f) of the N.H. Agreement.

(b) If Buyer delivers the Request Notice to WWG East or its applicable Affiliate, (1) Buyer shall purchase from WWG or its applicable Affiliate, and WWG or its applicable Affiliate shall sell to Buyer, such capital stock or assets acquired in the S.C. Purchase immediately after the completion of the S.C. Purchase on the same terms as the S.C. Purchase and (2) Buyer shall fully indemnify and hold harmless WWG East and its applicable Affiliates for and from any and all costs, claims and liabilities

29

that may be incurred by WWG East or its applicable Affiliates in connection with its exercise of the Right of First Refusal or its consummation of the S.C. Purchase.

(c) Each of the Parties shall use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective transactions contemplated by this Section 5.16, including, without limitation, the execution of a definitive agreement with respect to the purchases and sales contemplated hereby and providing information and using their reasonable best efforts to obtain all necessary or appropriate waivers, consents and approvals, and effecting all necessary registrations and filings necessary to consummate the transactions.

(d) WWG East shall remain duly organized, validly existing and in good standing under the laws of Michigan and shall not liquidate, wind up or otherwise cease to exist as a limited liability company under the laws of Michigan.

(e) Notwithstanding any other provision of this Section 5.16, in the event that Buyer or any of its Affiliates shall offer to purchase the capital stock or assets of At Goal-S.C., WWG East or its applicable Affiliate hereby agrees not to exercise its Right of First Refusal in connection with such offer.

6. *Conditions Precedent.*

6.1 *Conditions Precedent to Obligations of Parties.* The respective obligations of the Parties hereto to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) *No Injunction, etc.* No preliminary or permanent injunction or other order issued by any federal or state court of competent jurisdiction in the United States or by any United States federal or state governmental or regulatory body nor any statute, rule, regulation or executive order promulgated or enacted by any United States federal or state Governmental Authority which restrains, enjoins or otherwise prohibits any of the transactions contemplated hereby shall be in effect.

(b) *Antitrust Matters.* Any filings required to be made by WWI and Buyer and Sellers under the Antitrust Improvements Act shall have been made, and the specified waiting periods thereunder (and any extensions thereof) shall have expired or been terminated without the receipt of any objections from the appropriate governmental agency.

6.2 *Conditions Precedent to Obligations of Buyer and WWI.* The obligations of Buyer and WWI to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or waiver by Buyer and WWI) at or prior to the Closing Date of each of the following conditions:

(a) *Accuracy of Representations and Warranties of the Companies.* All representations and warranties of the Companies contained herein or in any certificate, instrument or other document delivered to Buyer or WWI pursuant hereto that are qualified as to Material Adverse Effect shall be true and correct and the representations and warranties of the Companies contained herein or in any certificate, instrument or other document delivered to Buyer or WWI pursuant hereto that are not qualified as to Material Adverse Effect shall be true and correct in all material respects, in each case on and as of the date of this Agreement and the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representation and warranty is made as of a specified date, in which case such representation and warranty shall have been true and correct as of such date.

30

(b) *Performance of Obligations.* The Companies shall have performed and complied with all obligations and agreements, and complied with all covenants and conditions, contained in this Agreement to be performed or complied with by them prior to or at the Closing Date.

(c) *Officer's Certificate.* Buyer and WWI shall have received a certificate, dated the Closing Date, of the President of each Company certifying that the conditions specified in clauses (a) and (b) above have been fulfilled.

(d) *Absence of Certain Changes.* Since December 31, 2002, there shall not have been any material adverse change in the financial condition, results of operations, assets or business of the Transferred Business.

(e) *Opinions.* Buyer and WWI shall have received (i) an opinion dated the Closing Date from Honigman Miller Schwartz and Cohn LLP, counsel to the Companies, in substantially the form attached as *Exhibit E*; (ii) an opinion dated the Closing Date from special New York counsel to the Companies, in substantially the form attached as *Exhibit F*; (iii) an opinion dated the Closing Date from special Pennsylvania counsel to WWG reasonably satisfactory to Buyer and WWI, in substantially the form attached as *Exhibit G*; and (iv) an opinion dated the Closing Date from special Mexico counsel to Cuida reasonably satisfactory to Buyer and WWI, in substantially the form attached as *Exhibit H*.

(f) *Non-Competition Agreement.* Each stockholder of each Company (other than Sheri Slaim) shall have delivered an executed counterpart to the Non-Competition Agreement, substantially in the form of *Exhibit C* hereto.

(g) *Transition Services Agreement.* Each Seller and Florine Mark shall have delivered an executed counterpart to the Transition Services Agreement, substantially in the form of *Exhibit I* hereto.

(h) *Guarantees.* Buyer shall have received an executed Guarantee from the WW Group Canada, Inc., substantially in the form of *Exhibit D* hereto.

(i) *No Litigation.* No litigation or proceeding shall have been commenced or threatened by any Person other than WWI or Buyer or any of their Affiliates for the purpose of enjoining or otherwise preventing the consummation of any of the transactions contemplated hereby or which could have a Material Adverse Effect.

(j) *WWI's Bank Consent.* WWI shall have received the consent of WWI's bank group under its credit agreement to the consummation of the transactions contemplated in this Agreement.

(k) *Funding.* Buyer shall have received sufficient financing to fund the Purchase Price on terms and conditions satisfactory to Buyer.

(l) *Lien Search.* Buyer and WWI shall have received satisfactory results of Lien searches with respect to the Assets reflecting no Liens on the Assets, other than Liens that are released on or before the Closing Date.

(m) *Consents, etc.* All licenses, permits, consents, approvals, authorizations and orders of Governmental Authorities and other third parties set forth on *Schedule 6.2(m)* shall have been obtained.

(n) *Actions and Proceedings.* All corporate and limited liability company actions, proceedings, instruments and documents of the Companies required to carry out the transactions contemplated by this Agreement or incidental thereto and all other related legal matters shall be reasonably satisfactory to Robert W. Hollweg, General Counsel of Buyer and WWI, and Simpson Thacher & Bartlett, counsel for Buyer and WWI, and such counsel shall have been furnished with such certified copies of such corporate or limited liability company actions and proceedings and

such other instruments and documents as it shall have reasonably requested, including, without limitation, incumbency certificates from the Secretary of each Company and certified copies of the resolutions of the Board of Directors of each corporate Seller and evidence of the stockholders or members of each Company authorizing and approving this Agreement and the transactions contemplated hereby.

(o) *Closing Deliveries.* Sellers shall have delivered to Buyer and WWI all deliveries to be made to them pursuant to Section 2.3.

6.3 *Conditions Precedent to the Obligations of the Companies.* The obligations of the Companies to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or waiver by the Companies) at or prior to the Closing Date of each of the following conditions:

(a) *Accuracy of Representations and Warranties.* All representations and warranties of Buyer and WWI contained herein or in any certificate, instrument or other document delivered to the Companies pursuant hereto that are qualified as to Material Adverse Effect shall be true and correct and the representations and warranties of Buyer and WWI contained herein or in any certificate, instrument or other document delivered to the Companies pursuant hereto that are not qualified as to Material Adverse Effect shall be true and correct in all material respects, in each case on and as of the date of this Agreement and the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representation and warranty is made as of a specified date, in which case such representation and warranty shall have been true and correct as of such date.

(b) *Performance of Obligations.* Each of Buyer and WWI shall have performed and complied with all obligations and agreements, and complied with all covenants and conditions, contained in this Agreement to be performed or complied with by it prior to or at the Closing Date.

(c) *Officer's Certificate.* The Companies shall have received a certificate, dated the Closing Date, of the President or any Vice President of Buyer and the President or any Vice President of WWI certifying that the conditions specified in paragraphs (a) and (b) above have been fulfilled.

(d) *Actions and Proceedings.* All corporate actions, proceedings, instruments and documents of Buyer and WWI required to carry out the transactions contemplated by this Agreement or incidental thereto and all other related legal matters shall be reasonably satisfactory to Honigman Miller Schwartz and Cohn LLP, counsel for the Companies, and such counsel shall have been furnished with such certified copies of such corporate actions and proceedings and such other instruments and documents as they shall have reasonably requested.

(e) *Opinion.* The Companies shall have received (i) an opinion dated the Closing Date from Robert W. Hollweg, General Counsel of Buyer and WWI, in substantially the form attached as *Exhibit J*; (ii) an opinion dated the Closing Date from Simpson Thacher & Bartlett, counsel to Buyer and WWI, in substantially the form attached as *Exhibit K*; and (iii) an opinion dated the Closing Date from Hunton & Williams, special Virginia counsel to WWI, in substantially the form attached as *Exhibit L*.

(f) *Closing Deliveries.* Buyer shall have delivered to Sellers all deliveries to be made pursuant to Section 2.5.

(g) *No Litigation.* No litigation or proceeding shall have been commenced or threatened by any Person other than the Companies or any of their respective Affiliates for the purpose of enjoining or otherwise preventing the consummation of any of the transactions contemplated hereby.

7. *Employees and Employee Benefits.*

7.1 *Offer of Employment.* Buyer shall not be required to offer employment to any employee employed by Sellers. Sellers shall indemnify and hold harmless Buyer against any loss as a result of any claim by any employees of any Seller (or, following the Closing Date, employees of Buyer) or any one or more of them on account of such terms of wages, hours, working conditions or other compensation or benefits, including but not limited to vacation benefits and severance, under which such employees have been employed by Sellers or any claim with respect to any pre-Closing period for notification or otherwise under the Worker Adjustment and Retraining Notification Act.

8. *Termination.*

8.1 *Termination of Agreement.* This Agreement may be terminated and the transactions contemplated herein abandoned (a) by mutual written consent of Buyer, WWI and the Companies, (b) by Buyer and WWI, if there has been a material breach of the Companies' covenants and agreements hereunder or if the conditions contained in Section 6.2 cannot be fulfilled on or before May 5, 2003, (c) by the Companies, if there has been a material breach of Buyer's or WWI's covenants and agreements hereunder or if the conditions contained in Section 6.3 cannot be fulfilled on or before May 5, 2003, (d) by any Party by notice to the other Parties in the event that the Closing Date shall not have occurred on or before May 5, 2003; *provided, however*, that if the Closing shall not have occurred, on or before May 5, 2003 due to the act or failure of one of the Parties, that Party may not, and if such Party is one of the Companies, none of the Companies may, and if such Party is Buyer or WWI, neither of Buyer nor WWI may, terminate this Agreement, or (e) by any Party upon the occurrence of any of the adverse events described in Section 6.1(a) which has become a nonappealable final order, decree or judgment.

8.2 *No Liabilities in Event of Termination.* In the event of any termination of this Agreement pursuant to Section 8.1, written notice thereof shall forthwith be given to the other Parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become void and of no further force and effect, and no Party hereto shall have any liability to the other Parties or their respective Affiliates, directors, officers or employees, except for the obligations set forth in Sections 5.7, 11.1, 11.2, 11.3, 11.4, 11.5, 11.9, 11.11 and 11.16 and this Section 8.2 hereof, which shall survive such termination; provided nothing in this Section 8.2 shall relieve any Party from any liability for any breach of such Party's covenants or agreements contained in this Agreement prior to such termination or, to the extent of reimbursement of the other Party's expenses, for any breach of such Party's representations and warranties under this Agreement.

9. *Indemnification.*

9.1 *Indemnity by the Companies.* Subject to the qualifications and limitations in this Section 9, if the Closing is consummated, the Sellers jointly and severally agree to indemnify, defend and hold Buyer, WWI and their respective Affiliates harmless against and in respect of, and Cuida agrees to indemnify, defend and hold Buyers, WWI and their respective Affiliates harmless against and in respect of the following to the extent they arise out of breaches of representations, warranties and covenants of Cuida, (i) all obligations and liabilities of the Companies or any of their respective Affiliates, whether accrued, absolute, fixed, contingent or otherwise, not expressly assumed by Buyer pursuant to the Assumption Agreements; (ii) any claim, cost, loss, liability, charge, action, suit, proceeding, deficiency, damage and expense, interest, award, judgment and penalty (including, without limitation, reasonable legal costs and expenses) (collectively, "*Losses*") imposed on, incurred, sustained or suffered by Buyer, WWI or any of their respective Affiliates arising out of or as a result of (A) any misrepresentation or breach of warranty by any Company or (B) a breach by any Company of any covenant or other agreement contained herein; (iii) liabilities for Taxes related to or arising at any time out of the operation of the business of Sellers and their respective Affiliates prior to the opening of business on the Effective Date; (iv) any claim, cost, loss, liability or damage incurred or sustained by Buyer, WWI

or any of their respective Affiliates as a result of the operation of the business of Sellers and their respective Affiliates prior to the opening of business on the Effective Date and (v) all reasonable costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Buyer, WWI or any of their respective Affiliates in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section 9.1.

9.2 *Buyer and WWI Indemnity.* Subject to the qualifications and limitations of this Section 9, if the Closing is consummated, Buyer and WWI jointly and severally agree to indemnify, defend and hold the Companies and their respective Affiliates harmless against and in respect of (i) all obligations and liabilities of Sellers or any of their respective Affiliates, whether accrued, absolute, fixed, contingent or otherwise, expressly assumed by Buyer pursuant to the Assumption Agreements; (ii) any *Losses* imposed on, incurred, sustained or suffered by the Companies or any of their respective Affiliates arising out of or as a result of (A) any misrepresentation or breach of warranty by Buyer or WWI, or (B) a breach by Buyer or WWI of any covenant or other agreement contained herein, (iii) liabilities for sales, use, income and other taxes arising at any time out of the operation of the business of Buyer and its Affiliates following the opening of business on the Effective Date; (iv) any claim, costs, loss, liability or damage incurred or sustained by Sellers or their respective Affiliates as a result of the operation of the business of Buyer and its Affiliates following the opening of business on the Effective Date; and (v) all reasonable costs and expenses (including reasonable attorneys' fees and disbursements) incurred by the Companies or their respective Affiliates in connection with any action, suit, proceeding, demand, assessment or judgment incident to any of the matters indemnified against in this Section 9.2.

9.3 *Procedures for Indemnification.* (a) For the purposes of this Section 9.3, the term "*Indemnitee*" shall refer to the Person indemnified, or entitled, or claiming to be entitled to be indemnified, pursuant to the provisions of Section 9.1 or 9.2, as the case may be; and the term "*Indemnitor*" shall refer to the Person having the obligation to indemnify pursuant to such provisions.

(b) An Indemnitee shall give prompt written notice (a "*Notice of Claim*") to the Indemnitor (including a Third Party Claim, as hereinafter defined) which an Indemnitee has determined has given or could reasonably be expected to give rise to a right of indemnification under this Agreement. No failure to give such Notice of Claim shall affect the indemnification obligations of the Indemnitor hereunder, except to the extent the Indemnitor can demonstrate such failure materially prejudiced such Indemnitor's ability to successfully defend the matter giving rise to the claim. The Notice of Claim shall state the nature of the claim and the amount of the Loss, if known.

(c) The obligations and liabilities of an Indemnitor under this Article 9 with respect to *Losses* arising from claims of any third party that are subject to the indemnification provisions provided for in this Article 9 ("*Third Party Claims*") shall be governed by and contingent upon the

following additional terms and conditions: The Indemnitee at the time it gives a Notice of Claim to the Indemnitor of the Third Party Claim shall advise the Indemnitor that Indemnitor shall be permitted, at its option, to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives written notice of its intention to do so to the Indemnitee within twenty (20) days of the Indemnitor's receipt of the Notice of Claim. In the event the Indemnitor exercises its right to undertake the defense against any such Third Party Claim as provided above, the Indemnitee shall cooperate with the Indemnitor in such defense and make available to the Indemnitor all witnesses, pertinent records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitor, and the Indemnitee may participate by its own counsel and at its own expense in defense of such Third Party Claim; *provided, however*, that if the defendants in any Action shall include both the Indemnitee and the Indemnitor and such Indemnitee shall have reasonably concluded in good faith that counsel selected by the Indemnitor has a conflict of interest because of the availability of different or additional defenses to such Indemnitee, such Indemnitee shall have the right to select separate counsel to participate in the defense of such Action on its behalf, at the expense of the Indemnitor; *provided, further*, that such Indemnitor shall not, in connection with

any one such action or separate but substantially similar or related actions, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel). Notwithstanding the foregoing, the Indemnitee, during the period the Indemnitor is determining whether to elect to assume the defense of a matter covered by this Section 9.3, may take such reasonable actions as it deems necessary to preserve any and all rights with respect to the matter, without such actions being construed as a waiver of the Indemnitee's rights to defense and indemnification pursuant to this Agreement. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnitor shall cooperate with the Indemnitee in such defense and make available to it all such witnesses, records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitee and the Indemnitor may participate by its own counsel and at its own expense in the defense of such Third Party Action. Except for the settlement of a Third Party Claim which involves the payment of money only, no Third Party Claim may be settled or judgment entered by consent by the Indemnitor without the written consent of the Indemnitee, or by the Indemnitee without the written consent of the Indemnitor which consent shall not be unreasonably withheld or delayed; *provided* that the Indemnitee shall not be required to consent to any settlement or judgment which (i) does not include as a term thereof the delivery by the claimant or plaintiff to the Indemnitee of a duly executed written unconditional release of the Indemnitee and its Affiliates from all liability in respect of such claim or (ii) involves the imposition of equitable remedies, the imposition of any material obligations on or the waiver or compromise of any material rights of such Indemnitee or its Affiliates.

9.4 *Additional Agreements.* (a) The indemnities provided in this Article 9 shall survive the Closing, except that: (i) the Companies shall not be liable for any indemnification claim hereunder unless notice of such claim shall have been delivered in accordance with this Article 9 at any time on or before the two (2) year anniversary of the Closing Date, except (1) with respect to (A) a misrepresentation or a breach of any warranty contained in Section 4.1(e)(i), (B) a liability of any Company which is not an Assumed Liability or (C) with respect to any indemnification claims arising under Sections 5.1, 5.11, 5.15 and 5.16, unless notice of such claim shall have been delivered in accordance with this Article 9 at any time on or after this Closing Date, and (2) with respect to a misrepresentation or a breach of any warranty contained in Section 4.1(t), unless notice of such claim shall have been delivered in accordance with this Article 9 on or before the 60th day after the expiration of the longest statute of limitations applicable to claims against Sellers by any relevant taxing authority; and (ii) Buyer shall not be liable for any indemnification claim hereunder unless notice of such claim shall have been delivered in accordance with this Article 9 at any time on or before the two (2) year anniversary of the Closing Date, except with respect to an Assumed Liability, unless notice of such claims with respect to such Assumed Liability shall have been delivered in accordance with this Article 9 at any time after the Closing Date.

(b) The Parties agree that any indemnification payments made pursuant to this Agreement shall be treated for tax purposes as an adjustment to the Purchase Price, unless otherwise required by applicable law.

(c) Any Party receiving notice of any claim by any taxing authority that such Party owes or may in the future owe Taxes shall, if the claim to which such notice relates could, if resolved against such Party, reasonably be expected to have adverse consequences for other Parties to this Agreement, notify all other Parties of such notice; *provided, however*, that any failure to give such notice shall not operate as a waiver of any rights to indemnity provided in this Article 9 except as provided in Section 9.3(b). Any Party may, at its own expense, be entitled to participate as an observer in the proceedings with respect to any such claim.

9.5 *Limits on Indemnification.* Notwithstanding the provisions of Section 9.1(ii)(A) or 9.1(iv), the Companies shall have no obligation to indemnify Buyer or WWI or any of their respective Affiliates

pursuant to Section 9.1(ii)(A) or pursuant to Section 9.1(iv) (to the extent the claim arising under Section 9.1(iv) is based on facts and circumstances which result in a misrepresentation or breach of warranty covered under Section 9.1(ii)(A)), except to the extent that the indemnification obligations thereunder shall exceed Two Hundred Fifty Thousand Dollars (\$250,000) (the "Basket Amount") in the aggregate; *provided*, if the indemnification obligations of the Companies pursuant to Section 9.1(ii)(A) and Section 9.1(iv) (to the extent the claim arising under Section 9.1(iv) is based on facts and circumstances which result in a misrepresentation or breach of warranty covered under Section 9.1(ii)(A)) exceed the Basket Amount, Buyer, WWI and their respective Affiliates shall be entitled to receive indemnification with respect to the entire

amount of such Losses, subject to the provisions of the next sentence. Furthermore, the aggregate indemnification obligations of the Companies pursuant to Section 9.1(ii)(A) or pursuant to Section 9.1(iv) (to the extent the claim arising under Section 9.1(iv) is based on facts and circumstances which result in a misrepresentation or breach of warranty covered under Section 9.1(ii)(A)), shall not exceed Fifty Million Dollars (\$50,000,000); *provided, however*, that any indemnification claim by Buyer with respect to a misrepresentation or breach of any representation or warranty by Sellers contained in Section 4.1(e)(i) or 4.1(t) shall not be subject to the limitation of Fifty Million Dollars (\$50,000,000) set forth in this Section 9.5. Buyer and WWI shall have no obligation to indemnify the Companies or any of their respective Affiliates pursuant to Section 9.2(ii)(A) except to the extent that the indemnification obligations thereunder shall exceed the Basket Amount in the aggregate; *provided*, if Buyer's or WWI's indemnification obligations pursuant to Section 9.2(ii)(A) exceed the Basket Amount, the Companies and their respective Affiliates shall be entitled to receive indemnification with respect to the entire amount of such Losses, subject to the provisions of the next sentence. Furthermore, the aggregate indemnification obligations of Buyer and WWI pursuant to Section 9.2(ii)(A) shall not exceed Fifty Million Dollars (\$50,000,000).

9.6 Other Limitations on Indemnification. No Party shall have any liability to any other Person under this Article 9 for any claim for indemnification to the extent that such claim relates to a liability or matter with respect to which the Indemnitee has received recovery from another Person other than the Indemnitor (to the extent of such recovery). Notwithstanding the foregoing, if any Indemnitor makes any payment pursuant to this Article 9, such Indemnitor shall be subrogated, to the extent of such payment and to the extent permitted by law, to any rights and remedies of the Indemnitee to recoup such amounts paid from third parties with respect to the matters giving rise to indemnification hereunder.

9.7 Remedies Exclusive. Except (a) in the case of fraudulent misrepresentation, (b) claims under Section 8.2 and Section 11.7 and (c) for the remedies of specific performance and injunctive relief, the remedies provided in this Section 9 shall be the exclusive remedies as to any claim by any Person under this Agreement and shall preclude assertion by any Person of any other right or the seeking of any other remedy against another Party with respect to the transactions provided under this Agreement or any other instrument delivered hereunder (other than the Transition Services Agreement); *provided, however*, that nothing in this Section 9.7 shall limit the rights or remedies expressly provided for in this Agreement or any other instrument delivered hereunder or the rights or remedies which, as a matter of applicable law or public policy, cannot be limited or waived.

10. *Option with Respect to Mexico Franchise.*

10.1 *Option.*

(a) Buyer or any of its Affiliates designated in writing by Buyer shall have the right and option (the "*Purchase Option*"), exercisable by written notice (the "*Option Notice*") to the Companies at any time after the date hereof and on or before August 31, 2003 (the "*Option Exercise Period*") stating that Buyer (or its designated Affiliate) intends to exercise its right pursuant to this Section 10.1(a), to purchase from Cuida, and to cause Cuida to sell to Buyer (or its designated Affiliate), for Eight Hundred Thousand Dollars (\$800,000) all of the assets of Cuida, including, without limitation, the

franchise area numbered 302 (the territory specified therein is referred to herein as the "*Mexico Territory*") granted pursuant to the Franchise Agreement between WWI and Cuida under which Cuida owns and operates the business of conducting Classes in the Mexico Territory (the "*Mexico Franchise*"), pursuant to a definitive purchase agreement to be mutually agreed upon by Cuida and WWNA, which shall contain substantially the same terms and conditions as this Agreement, but with such modifications and amendments necessary to comply with the laws of Mexico or to reflect the facts and circumstances regarding the financial condition, results of operations, assets, properties or business of Cuida. Upon receipt of the Option Notice, Cuida agrees to sell the assets of Cuida to WWNA or its designated Affiliate in accordance with the provisions of this Article 10.

(b) The Option Notice shall also specify the Option Date. Buyer (or its designated Affiliate) shall fix the date (the "*Option Date*") for the exercise of the Purchase Option no earlier than five (5) days but not more than twenty (20) business days after the Option Notice is deemed to be delivered. The Option Notice shall be deemed to have been delivered (A) five business days after being mailed by registered mail (return receipt requested and postage prepaid) to the recipients or (B) one business day after being sent by overnight courier (receipt confirmation requested). If Buyer fails to deliver an Option Notice during the Option Exercise Period, Buyer shall have forfeited the Purchase Option.

10.2 No Transfers. Until such date, if any, that Buyer shall forfeit the Purchase Option, Cuida agrees that neither it nor any of its Affiliates will, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, or enter in any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, or reduction in its risk with respect to, assets of Cuida (including, without limitation, the Mexico Franchise) except (i) to Buyer or its designated Affiliate or (ii) in the ordinary course of business consistent with past practice.

10.3 Cooperation; Further Assurances. Each of the Parties shall use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Article 10, including, without limitation, the execution of a definitive agreement with respect to the purchase and sale contemplated hereby, an amendment if necessary, to this Agreement and providing information and using their reasonable best efforts to

obtain all necessary or appropriate waivers, consents and approvals, and effecting all necessary registrations and filings necessary to consummate the transaction.

11. *Miscellaneous.*

11.1 *Public Announcements.* Except as otherwise provided herein, no Party shall make, and shall direct their Representatives not to make, any public announcements relating to this Agreement or the transactions contemplated hereby without the prior written consent of the other Parties hereto. If WWI or Buyer is required by law or stock exchange requirement to make any such disclosure, it will first provide to the Companies and, if the Companies are required by law to make any such disclosure, the Companies will first provide to WWI and Buyer the contents of the proposed disclosure, the reasons that such disclosure is required by law or stock exchange requirement and the time and place that the disclosure will be made. Notwithstanding the foregoing, WWI may publicly announce the execution of this Agreement and/or the completion of the transactions contemplated hereby and make such other public disclosures as it deems appropriate in accordance with its obligations as a public company, *provided* that WWI shall provide the Companies with the contents of any such press release prior to its public release.

11.2 *Expenses.* Unless otherwise specified in this Agreement, whether or not the transactions contemplated by this Agreement are completed, each of the Parties hereto shall pay the fees and expenses incurred by it in connection with the negotiation, preparation, execution and performance of this Agreement, including, without limitation, attorneys' and accountants' fees. The foregoing shall not

affect the legal right, if any, that any Party hereto may have to recover expenses from any other Party that breaches its obligations hereunder.

11.3 *Transfer Taxes and Recording Expenses.* Sellers shall assume and pay and shall indemnify Buyer and its Affiliates against all sales, motor vehicle or transfer taxes and recording expenses, if any, required to be paid in connection with the transfer of the Assets (including any interest charge or penalty with respect thereto). The Parties shall cooperate in providing each other appropriate resale exemption certificates and other appropriate tax documentation.

11.4 *Notices.* All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally or telecopied or mailed, first class mail, postage prepaid, return receipt requested, as follows:

(a) If to the Companies:

The WW Group, Inc.
28555 Orchard Lake Road
Farmington Hills, Michigan 48334-2974
Telephone No. (248) 553-8555
Telecopy No. (248) 479-0686
Attention: Florine Mark and Hannan Lis

with a copy to:

Honigman Miller Schwartz and Cohn LLP
2290 First National Building
660 Woodward Avenue
Detroit, Michigan 48226-3583
Telephone No. (313) 465-7000
Telecopy No. (313) 465-8000
Attention: David K. Page and Norman H. Beitner

(b) If to WWI or Buyer:

Weight Watchers International, Inc.
175 Crossways Park West
Woodbury, New York 11797-2055
Telephone No. (516) 390-1754
Telecopy No. (516) 390-1795
Attention: Robert W. Hollweg

with a copy to:

The Invus Group, Ltd.
135 East 57th Street
New York, New York 10022
Telephone No.: (212) 371-1717
Telecopy No.: (212) 371-1829
Attention: Raymond Debbane

with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Telephone No. (212) 455-2000

38

Telecopy No. (212) 455-2502
Attention: Robert Spatt, Esq.

or to such other address or to the attention of such other person as any Party shall have specified by notice in writing to the other Parties. All such notices, requests, demands and communications shall be deemed to have been received on the date of personal delivery or on the third business day after the mailing thereof.

11.5 *Entire Agreement.* This Agreement (including the Exhibits and Schedules hereto) and the agreements specifically referred to herein or delivered pursuant hereto constitute the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the Parties hereto with respect to the subject matter hereof, including without limitation, the Confidentiality Agreement, dated January 24, 2003 (the "*Confidentiality Agreement*"), between WWG and WWI and the letter agreement, dated March 7, 2003 (the "*Letter of Intent*"), between Sellers and WWI; *provided* nothing in this Section 11.5 shall relieve any party from any liability for any breach of such party's covenants or agreements contained in the Confidentiality Agreement or the Letter of Intent. In furtherance of the foregoing, each Party acknowledges that it has made its decision to enter into this Agreement and to consummate the transactions provided for herein without relying upon any express or implied representations, warranties, commitments or undertakings of any other Party, or such other Party's Representatives or Affiliates, except as expressly set forth in this Agreement and in the other agreements to be executed and delivered hereunder.

11.6 *Binding Effect.* This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

11.7 *Bulk Sales Law.* The Parties agree to waive compliance with the provisions of the bulk sales law of any jurisdiction. Sellers agree to indemnify and hold harmless Buyer from and against any and all liabilities that may be asserted by third parties against Buyer as a result of such noncompliance.

11.8 *Assignability.* This Agreement shall not be assignable, in whole or in part, by any Party hereto without the prior written consent of the other Parties hereto; *provided* that without the consent of the Companies Buyer may assign any or all its rights, interests and obligations hereunder to any of its Affiliates and to a lender in connection with the financing of all or any portion of the Purchase Price.

11.9 *No Third Party Beneficiaries.* Nothing herein expressed or implied shall confer upon any of the employees of the Companies, Buyer, WWI or any of their respective Affiliates, any rights or remedies, including, without limitation, any right to employment, or continued employment for any specified period, of any nature or kind under or by reason of this Agreement. Except as provided in Article 9, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties hereto or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

11.10 *Amendment; Waiver.* This Agreement may be amended, supplemented or otherwise modified only by a written instrument executed by each of the Parties hereto. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and executed by the Party so waiving. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representations, warranties, covenants or agreements contained herein, or in any documents delivered or to be delivered pursuant to this Agreement or in connection with the Closing hereunder. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

39

11.11 *Confidentiality.* (a) Except as and to the extent required by law or otherwise permitted pursuant to the Franchise Agreements or this Agreement, Buyer and WWI agree not to disclose or use, and will direct their Representatives not to disclose or use, at any time prior to or after the Closing Date, any Confidential Information with respect to the Companies furnished or to be furnished by the Companies or any of their respective Representatives to Buyer, WWI or their Representatives at any time or in any manner other than in connection with the evaluation and consummation by Buyer of the transactions contemplated pursuant to this Agreement or as otherwise permitted by the Franchise Agreements relating to the Retained Territories; *provided* that, after consummation of the Closing, any such Confidential Information to the extent relating to the Assets or the Transferred Business may be disclosed or used by Buyer, WWI and their respective Representatives for any purpose. For the purposes hereof, " *Confidential Information* " means any proprietary information about the Companies unless such data or information (a) is already known to Buyer or WWI or their Representatives or to others not bound by any duty of confidentiality or such information is publicly available through no fault of Buyer, WWI or their Representatives, (b) becomes available to Buyer or WWI or their Representatives from a source other than the Companies or their Representatives, *provided* that such source is not known by Buyer, WWI or their Representatives, as the case may be, to be bound by a confidentiality agreement with or other contractual or legal obligation of secrecy to the Companies or another party, (c) is independently developed by Buyer or WWI, or on their behalf, (d) the use of such information is necessary or appropriate in making any filing or obtaining any consent or approval required for the consummation of the transactions contemplated pursuant to this Agreement or (e) the furnishing or use of such information is required by or necessary or appropriate in connection with legal proceedings.

(b) Except as and to the extent required by law, the Companies agree not to disclose or use, and will direct its Representatives not to disclose or use, at any time on or after the Closing Date any confidential information with respect to the Assets or any other aspect of the Transferred Business. For the purposes hereof, "confidential information" shall not include any data or information (a) publicly available through no fault of the Companies or their Representatives, or (b) the furnishing or use of such information is required by or necessary or appropriate in connection with legal proceedings or required by law.

(c) In the event that any Party or any of its Representatives is required in connection with any legal proceeding or by applicable law or regulation or legal process to disclose any confidential information, such Party or its Representative shall give prompt notice to the other Party, to the extent possible, of such request so that it may seek an appropriate protective order or other remedy and/or waive compliance with the provisions of this Agreement, and the disclosing Party will, at the other Party's expense, use its reasonable best efforts to cooperate with the other Party to obtain such protective order. If such protective order or other remedy is not obtained or the other Party waives compliance with the relevant provisions of this Agreement, such Party will furnish only that portion of the confidential information, which is legally required, in the opinion of its counsel, to be disclosed. If in the absence of a protective order such disclosing Party is nonetheless compelled to disclose confidential information, such disclosing Party or its Representative may disclose such information without liability under this Agreement if the disclosing Party or its Representative gives the other Party written notice of the information to be disclosed as far in advance of its disclosure as is practicable and, upon such Party's request, at the other Party's expense, use its reasonable best efforts to obtain assurances that confidential treatment will be accorded to such information.

(d) Notwithstanding anything herein to the contrary, any Party to the Agreement (and any Representative of any Party to this Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure. However, any such information relating to the tax treatment or

tax structure is required to be kept confidential to the extent necessary to comply with any applicable federal or state securities laws.

11.12 *Schedules.* Any item disclosed in the Schedules attached hereto, under any specific Schedule number hereof, shall be deemed to have been disclosed only for purposes of such Schedule. Disclosure of any fact or item in any Schedule hereto shall not necessarily mean that such fact or item is material.

11.13 *Section Headings; Table of Contents.* The section headings contained in this Agreement and the Table of Contents to this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

11.14 *Severability.* If any provision of this Agreement shall be declared by any court of competent jurisdiction to be illegal, void or unenforceable, all other provisions of this Agreement shall not be affected and shall remain in full force and effect.

11.15 *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

11.16 ***APPLICABLE LAW; JURISDICTION; VENUE.*** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR TO THE TRANSACTIONS CONTEMPLATED HEREBY (" *PROCEEDINGS* "), EACH PARTY IRREVOCABLY (I) SUBMITS TO THE EXCLUSIVE

JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY; AND (II) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY PROCEEDINGS BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT SUCH PROCEEDINGS HAVE BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH PROCEEDINGS, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER SUCH PARTY. PROCESS IN ANY PROCEEDING REFERRED TO IN THIS SECTION 11.16 MAY BE SERVED ON ANY PARTY ANYWHERE IN THE WORLD.

11.17 *Further Assurances.* Each of the Parties hereto agrees that, from and after the Closing, upon the reasonable request of any other Party hereto and without further consideration, such Party will promptly execute, acknowledge and deliver to such other Party such documents and further assurances and will take such other actions (without cost to such Party) as such other Party may reasonably request in order to carry out the purpose and intention of this Agreement.

11.18 *Other Franchise Agreements.* Except as otherwise provided in Section 3.5, no provision of this Agreement shall amend or waive any provision of any franchise agreement relating to the Weight Watchers business between WWI, on the one hand, and the Companies or any of their respective Affiliates, on the other hand, including, without limitation, WWI's right of first refusal, if any, with respect to any such franchise.

11.19 *Time of Essence.* Time shall be of the essence with respect to the transactions contemplated by this Agreement.

41

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the date first above written.

WEIGHT WATCHERS INTERNATIONAL, INC.

By: /S/ LINDA HUETT

Name: Linda Huett
Title: President and Chief Executive Officer

WEIGHT WATCHERS NORTH AMERICA, INC.

By: /S/ LINDA HUETT

Name: Linda Huett
Title: President and Chief Executive Officer

THE WW GROUP, INC.

By: /S/ FLORINE MARK

Name: Florine Mark
Title: President

THE WW GROUP EAST L.L.C.

By: /S/ FLORINE MARK

Name: Florine Mark
Title: President

THE WW GROUP WEST L.L.C.

By: /S/ FLORINE MARK

Name: Florine Mark
Title: President

CUIDA KILOS, S.A. de C.V.

By: /S/ FLORINE MARK

Name: Florine Mark

QuickLinks

[TABLE OF CONTENTS](#)
[SCHEDULES](#)
[EXHIBITS](#)

AMENDMENT NO. 4

This AMENDMENT NO. 4, dated as of April 1, 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 capitalized term, and other terms used in this Amendment Agreement, to have the meanings set forth in *Part I* below) and the Agents.

WITNESSETH:

WHEREAS, pursuant to the terms of the Second Amended and Restated Credit Agreement, dated as of December 21, 2001 (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*;

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*.

"*Fourth Amendment Effective Date*" is defined in *Subpart 3.1*.

"*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

SUBPART 2.1. *Amendment and Restatement of Existing Credit Agreement*. Effective on (and subject to the occurrence of) the Fourth 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 Fourth Amendment Effective Date shall not be affected by such amendment and restatement.

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 " *Fourth 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 Term D Loans 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 Fourth 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 Term D Notes (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 Term D Notes 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 Fourth 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* . The Administrative Agent shall have received, for the account of each Lender that has requested a Term D Note, if any, such Lender's Term D 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 Fourth 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 December 28, 2002 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 Acquisition (as defined in the Credit Agreement) and (b) Compliance Certificate for the four full Fiscal Quarters immediately preceding the Acquisition giving *pro forma* effect to the consummation of the Acquisition and evidencing compliance with the financial covenants set forth in Section 7.2.4 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 Fourth Amendment Effective Date and addressed to the Administrative Agent and all Lenders, from:

(a) Simpson Thacher & Bartlett, 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 *Calculation of Consolidated Coverage Ratio* . The Administrative Agent shall have received a certificate from an Authorized Officer of WWI evidencing the calculation of the Consolidated Coverage Ratio (as defined in the Senior Subordinated Note Indenture) after giving effect to the Credit Extensions made on the Fourth Amendment Effective Date demonstrating that WWI can incur such Indebtedness under the terms of the Senior Subordinated Note Indenture.

SUBPART 3.1.9 *Amendment Fee* . The Administrative Agent shall have received for the account of each Lender that has delivered its signature page in a manner and before the time set forth below an amendment fee in an amount equal to 12.5 basis points of the sum of (i) the outstanding principal amount of Loans (without giving effect to the making of the Term D Loans) owing to such Lender on the Amendment Effective Date *plus* (ii) such Lender's Percentage of the unused portion of the Revolving Loan Commitment Amount (excluding outstanding Swing Line Loans and Letter of Credit Outstandings) on the Fourth Amendment Effective Date, but payable only to each such Lender that has delivered (including by way of facsimile) its executed signature page to this Amendment Agreement to the attention of Kimberly Desmarais, Esq., at Mayer, Brown, Rowe & Maw, 1675 Broadway, New York, New York 10019, facsimile number: 212-262-1910, at or prior to 5 p.m.

(New York time) on March 28, 2003.

SUBPART 3.1.10 *Acquisition Documents* . The Administrative Agent shall have received (i) a fully executed copy of the Purchase Agreement (as defined in the Credit Agreement) and (ii) upon request, all other documents and instruments delivered in connection with the consummation of the Acquisition that are required to be delivered pursuant to the terms of the Purchase Agreement and agreements related thereto all of which, in the case of this *clause (ii)* , shall be in form and substance satisfactory to the Agents. The Purchase Agreement shall be in full force and effect and shall not have been modified or waived in any material respect, nor shall there have been any forbearance to exercise any material rights with respect to any of the terms or provisions relating to the conditions to the consummation of the Acquisition.

SUBPART 3.1.11 *Liens* . The Agents shall be satisfied that they have perfected Liens in all of the assets acquired pursuant to the Purchase Agreement.

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 Fourth Amendment Effective Date as Credit Extensions under (and as defined in) the Credit Agreement and to make additional Credit Extensions (including the Term D Loans) from time to time on and after the Fourth Amendment Effective Date under the terms of the Credit Agreement, the Borrowers represent and warrant to the Lenders and the Agent 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

3

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 Term D Loans, 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 Term D Loans:

(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 Term D Loans), 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 Fourth 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).

4

IN WITNESS WHEREOF, the parties hereto have caused this Amendment Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

WEIGHT WATCHERS INTERNATIONAL, INC.

By: /s/ Linda Huett

Name: Linda Huett
Title: President and Chief Executive Officer

WW FUNDING CORP.

By: /s/ Linda Huett

Name: Linda Huett
Title: President

STANFIELD CARERRA CLO, LTD.

By: Stanfield Capital Partners LLC as its Asset Manager

By: /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

HAMILTON CDO, LTD.

By: Stanfield Capital Partners LLC as its Collateral Manager

By: /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

STANFIELD QUATTRO CLO, LTD.

By: Stanfield Capital Partners LLC as its Collateral Manager

By: /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

STANFIELD ARBITRAGE CDO, LTD.

By: Stanfield Capital Partners LLC as its Collateral Manager

By: /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

SUNAMERICA SENIOR FLOATING RATE FUND INC.

By: Stanfield Capital Partners LLC as subadvisor

By: /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

WINDSOR LOAN FUNDING, LIMITED

By: Stanfield Capital Partners LLC as its Investment Manager

By: /s/ Christopher A. Bondy

Name: Christopher A. Bondy
Title: Partner

HANOVER SQUARE CLO LTD.

By: Blackstone Debt Advisors L.P. as Collateral Manager

By: /s/ Dean Criares

Name: Dean Criares

MADISON AVENUE CDO IV, LIMITED

By: Metropolitan Life Insurance Company as Collateral Manager

By: /s/ James A. Wiviott

Name: James A. Wiviott
Title: Director

NUVEEN SENIOR INCOME FUND

By: Symphony Asset Management LLC

By: /s/ Deepak Gulrajani

Name: Deepak Gulrajani
Title: Portfolio Manager

TEXTRON FINANCIAL CORP.

By: /s/ Anne E. Sullivan

Name: Anne E. Sullivan

CARLYLE HIGH YIELD PARTNERS, L.P.

By: /s/ Linda Pace

Name: Linda Pace
Title: Principal

CARLYLE HIGH YIELD PARTNERS II, L.P.

By: /s/ Linda Pace

Name: Linda Pace
Title: Principal

CARLYLE HIGH YIELD PARTNERS III, L.P.

By: /s/ Linda Pace

Name: Linda Pace
Title: Principal

CARLYLE HIGH YIELD PARTNERS IV, L.P.

By: /s/ Linda Pace

Name: Linda Pace
Title: Principal

APEX (IDM) CDO I, LTD.
ELC (CAYMAN) LTD. CDO SERIES 1999-I
ELC (CAYMAN) LTD. 1999-II
TRYON CLO LTD. 2000-I

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

By: /s/ John Stelwagon

Name: John Stelwagon
Title: Managing Director

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

By: /s/ Elizabeth A. Quirk

Name: Elizabeth A. Quirk
Title: Vice President

JPMORGAN CHASE BANK

By: /s/ Louise E. Duchi

Name: Louise E. Duchi
Title: Vice President

SEABOARD CLO 2000 LTD.

By: ORIX Capital Markets, LLC, its Collateral Manager

By: /s/ Sheppard H.C. Davis, Jr.

Name: Sheppard H.C. Davis, Jr.
Title: Managing Director

NATIONAL CITY

By: /s/ Gavin D. Young

Name: Gavin D. Young
Title: Account Officer

FIDELITY ADVISOR SERIES II: FIDELITY ADVISOR FLOATING RATE
HIGH INCOME FUND

By: /s/ John H. Costello

Name: John H. Costello
Title: Assistant Treasurer

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: Account Officer

CITADEL HILL 2000 LTD.

By: /s/ Nicholas A. Karsiotis

Name: Nicholas A. Karsiotis
Title: Authorized Signatory

VAN KAMPEN SENIOR INCOME TRUST

By: Van Kampen Investment Advisory Corp.

By: /s/ Brian Buschet

Name: Brian Buschet
Title: Manager

VAN KAMPEN CLO II, LIMITED

By: Van Kampen Investment Advisory Corp. as Collateral Manager

By: /s/ Brian Buschet

Name: Brian Buschet
Title: Manager

STEIN ROE & FARNHAM CLO I LTD.

By: Stein Roe & Farnham Incorporated, as Portfolio Manager

By: /s/ James R. Fellows

Name: James R. Fellows
Title: Sr. Vice President & Portfolio Manager

AURUM CLO 2002-1 LTD.

By: Stein Roe & Farnham Incorporated, as Investment Manager

By: /s/ James R. Fellows

Name: James R. Fellows
Title: Sr. Vice President & Portfolio Manager

SANKATY ADVISORS, LLC as Collateral Manager for GREAT POINT CLO 1999-3 LTD., as Term Lender

By: /s/ Diane J. Exeter

Name: Diane J. Exeter
Title: Managing Director, Portfolio Manager

SANKATY ADVISORS, LLC as Collateral Manager for CASTLE HILL II-
INGOTS, LTD., as Term Lender

By: /s/ Diane J. Exeter

Name: Diane J. Exeter
Title: Managing Director, Portfolio Manager

SANKATY ADVISORS, LLC as Collateral Manager for RACE POINT CLO,
LIMITED, as Term Lender

By: /s/ Diane J. Exeter

Name: Diane J. Exeter
Title: Managing Director, Portfolio Manager

SANKATY HIGH YIELD PARTNERS III, L.P.

By: /s/ Diane J. Exeter

Name: Diane J. Exeter
Title: Managing Director, Portfolio Manager

METROPOLITAN LIFE INSURANCE COMPANY

By: /s/ James R. Dingler

Name: James R. Dingler

BALANCED HIGH-YIELD FUND I, LTD.

By: ING Capital Advisors, LLC, as Asset Manager

By: /s/ Cheryl Wasilewski

Name: Cheryl Wasilewski
Title: Vice President

BALANCED HIGH-YIELD FUND II, LTD.

By: ING Capital Advisors, LLC, as Asset Manager

By: /s/ Cheryl Wasilewski

Name: Cheryl Wasilewski
Title: Vice President

ORYX CLO, LTD.

By: ING Capital Advisors, LLC, as Collateral Manager

By: /s/ Cheryl Wasilewski

Name: Cheryl Wasilewski
Title: Vice President

NEMEAN CLO, LTD.

By: ING Capital Advisors, LLC, as Investment Manager

By: /s/ Cheryl Wasilewski

Name: Cheryl Wasilewski
Title: Vice President

THE PROVIDENT BANK

By: /s/ Alan R. Henning

Name: Alan R. Henning
Title: Vice President

PB CAPITAL

By: /s/ Tyler J. McCarthy

Name: Tyler J. McCarthy

By: /s/ Andrew Shipman

Name: Andrew Shipman

CREDIT SUISSE FIRST BOSTON

By: /s/ Bill O'Daly

Name: Bill O'Daly
Title: Director

By: /s/ Cassandra Droogan

Name: Cassandra Droogan
Title: Associate

CARLYLE HIGH YIELD PARTNERS II, LTD.

By: /s/ Linda Pace

Name: Linda Pace
Title: Principal

FORTIS CAPITAL CORP.

By: /s/ Karel Louman

Name: Karel Louman
Title: Chief Executive Officer

By: /s/ Douglas Riani

Name: Douglas Riani
Title: Vice President

ANNEX I

THIRD AMENDED AND RESTATED CREDIT AGREEMENT,

dated as of April 1, 2003

(amending and restating the Second Amended and Restated
Credit Agreement, dated as of December 21, 2001),

among

WEIGHT WATCHERS INTERNATIONAL, INC.,
as a Borrower,

WW FUNDING CORP.,
as the SP1 Borrower,

VARIOUS FINANCIAL INSTITUTIONS,
as the Lenders,

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

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

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

Table of Contents

	Page	
ARTICLE I	DEFINITIONS AND ACCOUNTING TERMS	2
SECTION 1.1.	Defined Terms	2
SECTION 1.2.	Use of Defined Terms	26
SECTION 1.3.	Cross-References	26
SECTION 1.4.	Accounting and Financial Determinations	26
SECTION 1.5.	Currency Conversions	27
ARTICLE II	CONTINUATION OF CERTAIN EXISTING LOANS, COMMITMENTS, BORROWING AND ISSUANCE PROCEDURES, NOTES, LETTERS OF CREDIT AND TLC PROVISIONS	27
SECTION 2.1.	Loan Commitments	27
SECTION 2.1.1.	Continuation of Existing Term Loans and Existing TLCs	27
SECTION 2.1.2.	Revolving Loan Commitment and Swing Line Loan Commitment	27
SECTION 2.1.3.	Letter of Credit Commitment	28
SECTION 2.1.4.	Lenders Not Permitted or Required to Make Loans	28
SECTION 2.1.5.	Issuer Not Permitted or Required to Issue Letters of Credit	28
SECTION 2.1.6.	Designated Additional Loans	29
SECTION 2.2.	Reduction of the Commitment Amounts	29
SECTION 2.2.1.	Optional	30
SECTION 2.2.2.	Mandatory	30
SECTION 2.3.	Borrowing Procedures and Funding Maintenance	30
SECTION 2.3.1.	Term Loans and Revolving Loans	30
SECTION 2.3.2.	Swing Line Loans	30
SECTION 2.4.	Continuation and Conversion Elections	32
SECTION 2.5.	Funding	32
SECTION 2.6.	Issuance Procedures	32

SECTION 2.6.1.	Other Lenders' Participation	33
SECTION 2.6.2.	Disbursements; Conversion to Revolving Loans	33
SECTION 2.6.3.	Reimbursement	34
SECTION 2.6.4.	Deemed Disbursements	34
SECTION 2.6.5.	Nature of Reimbursement Obligations	34
SECTION 2.7.	Notes	35

SECTION 2.8.	Registered Notes	35
ARTICLE III	REPAYMENTS, PREPAYMENTS, INTEREST AND FEES	36
SECTION 3.1.	Repayments and Prepayments; Application	36
SECTION 3.1.1.	Repayments and Prepayments	36
SECTION 3.1.2.	Application	39
SECTION 3.2.	Interest Provisions	39
SECTION 3.2.1.	Rates	39
SECTION 3.2.2.	Post-Maturity Rates	39
SECTION 3.2.3.	Payment Dates	40
SECTION 3.3.	Fees	40
SECTION 3.3.1.	Commitment Fee	40
SECTION 3.3.2.	Administrative Agent's Fee	41
SECTION 3.3.3.	Letter of Credit Fee	41
ARTICLE IV	CERTAIN LIBO RATE AND OTHER PROVISIONS	41
SECTION 4.1.	LIBO Rate Lending Unlawful	41
SECTION 4.2.	Deposits Unavailable	41
SECTION 4.3.	Increased LIBO Rate Loan Costs, etc	41
SECTION 4.4.	Funding Losses	42
SECTION 4.5.	Increased Capital Costs	42
SECTION 4.6.	Taxes	42
SECTION 4.7.	Payments, Computations, etc	44
SECTION 4.8.	Sharing of Payments	45
SECTION 4.9.	Setoff	45
SECTION 4.10.	Mitigation	45
ARTICLE V	CONDITIONS TO EFFECTIVENESS AND TO FUTURE	

	CREDIT EXTENSIONS	46
SECTION 5.1.	Conditions Precedent to the Effectiveness of this Agreement and Making of Credit Extensions	46
SECTION 5.2.	All Credit Extensions	46
SECTION 5.2.1.	Compliance with Warranties, No Default, etc	46
SECTION 5.2.2.	Credit Extension Request	46
SECTION 5.2.3.	Satisfactory Legal Form	46
ARTICLE VI	REPRESENTATIONS AND WARRANTIES	46
SECTION 6.1.	Organization, etc	46

SECTION 6.2.	Due Authorization, Non-Contravention, etc	47
SECTION 6.3.	Government Approval, Regulation, etc	47
SECTION 6.4.	Validity, etc	47
SECTION 6.5.	Financial Information	47
SECTION 6.6.	No Material Adverse Change	48
SECTION 6.7.	Litigation, Labor Controversies, etc	48
SECTION 6.8.	Subsidiaries	48
SECTION 6.9.	Ownership of Properties	48
SECTION 6.10.	Taxes	48
SECTION 6.11.	Pension and Welfare Plans	48
SECTION 6.12.	Environmental Warranties	48
SECTION 6.13.	Regulations U and X	49
SECTION 6.14.	Accuracy of Information	49
SECTION 6.15.	Seniority of Obligations, etc	50
SECTION 6.16.	Solvency	50
ARTICLE VII	COVENANTS	50
SECTION 7.1.	Affirmative Covenants	50
SECTION 7.1.1.	Financial Information, Reports, Notices, etc	50
SECTION 7.1.2.	Compliance with Laws, etc	52
SECTION 7.1.3.	Maintenance of Properties	52
SECTION 7.1.4.	Insurance	52
SECTION 7.1.5.	Books and Records	52
SECTION 7.1.6.	Environmental Covenant	52

SECTION 7.1.7.	Future Subsidiaries	53
SECTION 7.1.8.	Future Leased Property and Future Acquisitions of Real Property	54
SECTION 7.1.9.	Use of Proceeds, etc	54
SECTION 7.2.	Negative Covenants	54
SECTION 7.2.1.	Business Activities	55
SECTION 7.2.2.	Indebtedness	55
SECTION 7.2.3.	Liens	56
SECTION 7.2.4.	Financial Condition	57
SECTION 7.2.5.	Investments	57
SECTION 7.2.6.	Restricted Payments, etc	58

SECTION 7.2.7.	Capital Expenditures, etc	59
SECTION 7.2.8.	Consolidation, Merger, etc	59
SECTION 7.2.9.	Asset Dispositions, etc	60
SECTION 7.2.10.	Modification of Certain Agreements	60
SECTION 7.2.11.	Transactions with Affiliates	61
SECTION 7.2.12.	Negative Pledges, Restrictive Agreements, etc	61
SECTION 7.2.13.	Stock of Subsidiaries	62
SECTION 7.2.14.	Sale and Leaseback	62
SECTION 7.2.15.	Fiscal Year	62
SECTION 7.2.16.	Designation of Senior Indebtedness	62
SECTION 7.3.	Maintenance of Separate Existence	62
ARTICLE VIII	GUARANTY	64
SECTION 8.1.	The Guaranty	64
SECTION 8.2.	Guaranty Unconditional	64
SECTION 8.3.	Reinstatement in Certain Circumstances	65
SECTION 8.4.	Waiver	65
SECTION 8.5.	Postponement of Subrogation, etc	66
SECTION 8.6.	Stay of Acceleration	66
ARTICLE IX	EVENTS OF DEFAULT	66
SECTION 9.1.	Listing of Events of Default	66
SECTION 9.1.1.	Non-Payment of Obligations	66

SECTION 9.1.2.	Breach of Warranty	66
SECTION 9.1.3.	Non-Performance of Certain Covenants and Obligations	66
SECTION 9.1.4.	Non-Performance of Other Covenants and Obligations	67
SECTION 9.1.5.	Default on Other Indebtedness	67
SECTION 9.1.6.	Judgments	67
SECTION 9.1.7.	Pension Plans	67
SECTION 9.1.8.	Change in Control	67
SECTION 9.1.9.	Bankruptcy, Insolvency, etc	67
SECTION 9.1.10.	Impairment of Security, etc	68
SECTION 9.1.11.	Senior Subordinated Notes	68
SECTION 9.1.12.	Redemption	68
SECTION 9.2.	Action if Bankruptcy, etc	68

SECTION 9.3.	Action if Other Event of Default	69
ARTICLE X	THE AGENTS	69
SECTION 10.1.	Actions	69
SECTION 10.2.	Funding Reliance, etc	69
SECTION 10.3.	Exculpation	70
SECTION 10.4.	Successor	70
SECTION 10.5.	Credit Extensions by each Agent	71
SECTION 10.6.	Credit Decisions	71
SECTION 10.7.	Copies, etc	71
SECTION 10.8.	Reliance by the Administrative Agent	71
SECTION 10.9.	Defaults	71
ARTICLE XI	MISCELLANEOUS PROVISIONS	72
SECTION 11.1.	Waivers, Amendments, etc	72
SECTION 11.2.	Notices	73
SECTION 11.3.	Payment of Costs and Expenses	73
SECTION 11.4.	Indemnification	73
SECTION 11.5.	Survival	74
SECTION 11.6.	Severability	75
SECTION 11.7.	Headings	75

SECTION 11.8.	Execution in Counterparts	75
SECTION 11.9.	Governing Law; Entire Agreement	75
SECTION 11.10.	Successors and Assigns	75
SECTION 11.11.	Sale and Transfer of Loans and Notes; Participations in Loans, Notes and TLCs	75
SECTION 11.11.1.	Assignments	75
SECTION 11.11.2.	Participations	77
SECTION 11.11.3.	Register	79
SECTION 11.12.	Other Transactions	79
SECTION 11.13.	Forum Selection and Consent to Jurisdiction	79
SECTION 11.14.	Waiver of Jury Trial	80
SECTION 11.15.	Confidentiality	80
SECTION 11.16.	Judgment Currency	81
SECTION 11.17.	Release of Security Interests	81

v

SCHEDULE I	— Disclosure Schedule
SCHEDULE II	— Commitments and Percentages
SCHEDULE III	— Notice Information, Domestic Offices and LIBOR Offices
EXHIBIT A-1	— Form of Revolving Note
EXHIBIT A-2	— Form of Swing Line Note
EXHIBIT A-3	— Form of Term A Note
EXHIBIT A-4	— Form of TLC
EXHIBIT A-5	— Form of Term B Note
EXHIBIT A-6	— Form of Registered Note
EXHIBIT A-7	— Form of Term D Note
EXHIBIT B-1	— Form of Borrowing Request
EXHIBIT B-2	— Form of Issuance Request
EXHIBIT C	— Form of Continuation/Conversion Notice
EXHIBIT D	— Form of Lender Assignment Agreement
EXHIBIT E	— Form of Compliance Certificate

vi

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDED AND RESTATED CREDIT AGREEMENT, dated as of April 1, 2003 (amending and restating the Second Amended and Restated Credit Agreement, dated as of December 21, 2001), is among WEIGHT WATCHERS INTERNATIONAL, INC., a Virginia corporation (" WWI "), WW FUNDING CORP., a Delaware corporation (the " *SPI 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 Second Amended and Restated Credit Agreement, dated as of December 21, 2001 (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 \$41,553,127.51;

(b) a new term B facility was made consisting of (i) a tranche of additional term B loans (the "*Existing Term B Loans*") of which an aggregate principal amount of \$97,372,372.34 is outstanding on the Effective Date and (ii) additional TLCs (the "*Existing TLCs*") of which an aggregate principal amount of \$57,702,147.02 is outstanding on the Effective Date;

(c) 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 Revolving Loans and the Existing TLCs, the "*Existing Loans*") to the Borrowers and issued or participated in letters of credit (the "*Existing Letters of Credit*") for the account of WWI in a face amount of \$790,530.00 outstanding on the Effective Date;

WHEREAS, WWI intends to consummate the acquisition (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, The WW Group East L.L.C., a Michigan limited liability company, and Cuida Kilos, S.A. de C.V., a Mexican corporation (collectively, the "*Sellers*"), which will include Weight Watchers franchise numbers 11, 23, 39, 40, 60, 64, 73, 77 and 302, pursuant to the Purchase Agreement, dated as of March 31, 2003, among WWI and the Sellers (as amended, supplemented, amended and restated or otherwise modified from time to time in accordance with *Section 7.2.10*, the "*Purchase Agreement*");

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

WHEREAS, the Borrowers have requested that the Existing Credit Agreement be amended and restated in its entirety to become effective and binding on the Borrowers pursuant to the terms of this Agreement and Amendment No.4 (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 Letters of Credit, Existing Loans and other Obligations (as defined in the Existing Credit Agreement) outstanding under the Existing Credit Agreement 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, 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* " is defined in the *second recital* .

" *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

2

(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 Term B Loans, TLCs and Term D Loans maintained as a

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

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

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

3

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

Applicable Margin for Revolving Loans, Swing Line Loans and Term A Loans:

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

The Debt to EBITDA Ratio used to compute the Applicable Margin for Revolving Loans, Swing Line Loans and Term A Loans shall be the Debt to EBITDA Ratio set forth in the Compliance Certificate most recently delivered by WWI to the Administrative Agent pursuant to *clause (c) of Section 7.1.1* ; changes in the Applicable Margin for Revolving Loans, Swing Line Loans, and Term A Loans resulting from a change in the Debt to EBITDA Ratio shall become effective upon delivery by WWI to the Administrative Agent of a new Compliance Certificate pursuant to *clause (c) of Section 7.1.1* . If WWI shall fail to deliver a Compliance Certificate within the number of days after the end of any Fiscal Quarter as required pursuant to *clause (c) of Section 7.1.1* (without giving effect to any grace period), the Applicable Margin for Revolving Loans, Swing Line Loans, and Term A Loans from and including the first day after the date on which such Compliance Certificate was required to be delivered to but not including the date WWI delivers to the Administrative Agent a Compliance Certificate shall conclusively equal the highest Applicable Margin for Revolving Loans, Swing Line Loans, and Term A Loans set forth above. The Applicable Margin for Designated New Term Loans shall be determined pursuant to *Section 2.1.6* .

" Assignee Lender " is defined in *Section 11.11.1* .

" Australian Dollar " or " A\$ " means the lawful money of Australia.

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

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

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

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

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

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

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

by

(y) the sum of all such payments.

" Base Amount " is defined in *Section 7.2.7* .

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

" Borrowers " is defined in the *preamble* .

" Borrowing " means the Loans of the same type and, in the case of LIBO Rate Loans, having the same Interest Period made by the relevant

Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with *Section 2.1* .

" *Borrowing Request* " means a loan request and certificate duly executed by an Authorized Officer of the applicable Borrower, substantially in the form of *Exhibit B-1* hereto.

" *Business Day* " means

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

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

" *Capital Expenditures* " means for any period, the sum, without duplication, of

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

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

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

" *Capitalized Lease Liabilities* " means, without duplication, all monetary obligations of WWI or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

" *Cash Equivalent Investment* " means, at any time:

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

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

(i) a corporation (other than an Affiliate of any Obligor) organized under the laws of any state of the United States or of the District of Columbia and rated at least A-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

6

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 or Term D Loan 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 or the Term D Loan Commitment Amount.

" *Commitment Termination Date* " means, as the context may require, the Revolving Loan Commitment Termination Date or the Term D Loan 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 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

7

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.

" *Current Assets* " means, on any date, without duplication, all assets (other than cash) which, in accordance with GAAP, would be included as current assets on a consolidated balance sheet of WWI and its Subsidiaries at such date as current assets (excluding, however, amounts due and to become due from Affiliates of WWI which have arisen from transactions which are other than arm's-length and in the ordinary course of its business).

" *Current Liabilities* " means, on any date, without duplication, all amounts which, in accordance with GAAP, would be included as current liabilities on a consolidated balance sheet of WWI and its Subsidiaries at such date, excluding current maturities of Indebtedness.

" *Debt* " means the outstanding principal amount of all Indebtedness of WWI and its Subsidiaries of the type referred to in *clauses (a) , (b) , (c) and (e)* of the definition of "Indebtedness" or any Contingent Liability in respect thereof.

" *Debt to EBITDA Ratio* " means, as of the last day of any Fiscal Quarter, the ratio of

(a) Debt outstanding on the last day of such Fiscal Quarter

to

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters.

" *Default* " means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

" *Designated Additional Revolving Loan Commitments* " is defined in *Section 2.1.6* .

" *Designated Additional Term A Loans* " is defined in *Section 2.1.6* .

" *Designated Additional Term B Loans* " is defined in *Section 2.1.6* .

" *Designated Additional Term D Loans* " is defined in *Section 2.1.6* .

8

" *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 or the Acquisition,

minus

(k) an amount equal to the amount of all non-cash credits included in arriving at Net Income.

" *Effective Date* " means the date on which all the conditions precedent set forth in *Article V* have been satisfied in the reasonable judgment of the Administrative Agent.

" *Eligible Institution* " means a financial institution that either (a) has combined capital and surplus of not less than \$500,000,000 or its equivalent in foreign currency, whose long-term certificate of deposit rating or long-term senior unsecured debt rating is rated "BBB" or higher by S&P and "Baa2" or higher by Moody's or an equivalent or higher rating by a nationally recognized rating agency if both of the two named rating agencies cease publishing ratings of investments or (b) is reasonably acceptable to the Administrative Agent and, 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 Letters of Credit* " is defined *clause (c)* of the *first recital* .

" *Existing Revolving Loans* " is defined *clause (c)* of the *first recital* .

" *Existing Swing Line Loans* " is defined *clause (c)* of the *first recital* .

" *Existing Lenders* " is defined in the *first recital* .

" *Existing Loans* " is defined in *clause (c)* of the *first recital* .

10

" *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 TLCs* " is defined in the *clause (b)* of the *first recital* .

" *Federal Funds Rate* " means, for any period, a fluctuating interest rate per annum equal for each day during such period to

(a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the

Federal Reserve Bank of New York; or

(b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

" *Fee Letters* " means, collectively, (a) the confidential fee letter, dated as of July 20, 1999, between Artal International S.A., a Luxembourg corporation (" *AI* "), and the Administrative Agent, as assumed by ARTAL, (b) the confidential fee letter, dated as of December 21, 2001 among WWI, the Administrative Agent and the Syndication Agent and (c) the confidential fee letter, dated as of March 31, 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 Term D Loans, 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.

12

" *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).

13

" *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.

14

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,

15

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:

$$\begin{array}{ccc} \text{LIBO Rate} & = & \text{LIBO Rate} \\ \text{(Reserve Adjusted)} & & \hline & & 1.00 - \text{LIBOR Reserve Percentage} \end{array}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Administrative Agent on the basis of the LIBOR Reserve Percentage in effect on, and the applicable rates furnished to and received by the Administrative Agent from Scotiabank, two Business Days before the first day of such Interest Period.

" *LIBOR Office* " means, relative to any Lender, the office of such Lender designated as such on *Schedule III* hereto or designated in the Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to WWI and the Administrative Agent, whether or not outside the United States, which shall be making or maintaining LIBO Rate Loans of such Lender hereunder.

" *LIBOR Reserve Percentage* " means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

" *Lien* " means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property, or any filing or recording of any instrument or document in respect of the foregoing, to secure payment of a debt or performance of an obligation or other priority or preferential arrangement of any kind or nature whatsoever.

" *Loan* " means, as the context may require, a Revolving Loan, a Swing Line Loan, a Term A Loan (including each Designated Additional Term A Loan), a Term B Loan (including each Designated Additional Term B Loan), a Term D Loan (including each Designated Additional Term D Loan) and each Designated New Term Loan of any type.

" *Loan Document* " means this Agreement, the Notes, the TLCs, the Letters of Credit, each Rate Protection Agreement under which that counterpart to such agreement is (or at the time such Rate

16

Protection Agreement was entered into, was) a Lender or an Affiliate of a Lender relating to Hedging Obligations of WWI or any of its

Subsidiaries, the Fee Letter, each Pledge Agreement, each Guaranty, each Security Agreement, the TLC Deed Poll, the Intercompany Subordination Agreement and each other agreement, document or instrument delivered in connection with this Agreement or any other Loan Document, whether or not specifically mentioned herein or therein.

" *Local Management Plan* " means an equity plan or program for (i) the sale or issuance of Capital Securities of a Subsidiary in an amount not to exceed 5% of the outstanding common equity of such Subsidiary to local management or a plan or program in respect of Subsidiaries of WWI whose principal business is conducted outside of the United States, (ii) the direct purchase from ARTAL by WWI management employees, in one transaction or a series of transactions, of not more than 3% in the aggregate of the WWI Common Shares owned by ARTAL or (iii) the issuance by WWI to its management employees, in one transaction or a series of transactions, of stock options to purchase not more than 6% in the aggregate of the WWI Common Shares on a fully diluted basis.

" *Material Adverse Effect* " means (a) a material adverse effect on the financial condition, operations, assets, business or properties of WWI and its Subsidiaries, taken as a whole, (b) a material impairment other than an event or set of circumstances described in *clause (a)* of the ability of any Obligor (other than any Immaterial Subsidiary) to perform its respective material obligations under the Loan Documents to which it is or will be a party, or (c) an impairment of the validity or enforceability of, or a material impairment of the rights, remedies or benefits available to the Administrative Agent, the Issuer or the Lenders under, this Agreement or any other Loan Document.

" *Moody's* " means Moody's Investors Service, Inc.

" *Mortgage* " means, collectively, each Mortgage or Deed of Trust executed and delivered pursuant to the terms of this Agreement, including *clause (b)* of *Section 7.1.8* .

" *Net Debt to EBITDA Ratio* " means, as of the last day of any Fiscal Quarter, the ratio of

(a) Debt outstanding on the last day of such Fiscal Quarter (less the amount of cash and Cash Equivalent Investments of WWI and its Subsidiaries as of such date)

to

(b) EBITDA computed for the period consisting of such Fiscal Quarter and each of the three immediately preceding Fiscal Quarters.

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

(a) the gross cash proceeds received by WWI or any of its Subsidiaries from any Permitted Disposition and any cash payments received in respect of promissory notes or other non-cash consideration delivered to WWI or such Subsidiary in respect of any Permitted Disposition,

less

(b) the sum of

(i) all reasonable and customary fees and expenses with respect to legal, investment banking, brokerage and accounting and other professional fees, sales commissions and disbursements and all other reasonable fees, expenses and charges, in each case actually incurred in connection with such Permitted Disposition which have not been paid to Affiliates of WWI,

(ii) all taxes and other governmental costs and expenses actually paid or estimated by WWI (in good faith) to be payable in cash in connection with such Permitted Disposition, and

17

(iii) payments made by WWI or any of its Subsidiaries to retire Indebtedness (other than the Loans) of WWI or any of its Subsidiaries where payment of such Indebtedness is required in connection with such Permitted Disposition;

provided, however , that if, after the payment of all taxes with respect to such Permitted Disposition, the amount of estimated taxes, if any, pursuant to *clause (b)(ii)* above exceeded the tax amount actually paid in cash in respect of such Permitted Disposition, the aggregate amount of such excess shall be immediately payable, pursuant to *clause (b)* of *Section 3.1.1* , as Net Disposition Proceeds.

Notwithstanding the foregoing, Net Disposition Proceeds shall not include fees or other amounts paid to WWI or its Subsidiaries in respect of a license of intellectual property (not related to the classroom business of WWI or its Subsidiaries) having customary terms and conditions for

similar licenses.

" *Net Income* " means, for any period, the net income of WWI and its Subsidiaries for such period on a consolidated basis, excluding extraordinary gains.

" *Netco* " means Weight Watchers.com Inc., a Delaware corporation.

" *Non-Excluded Taxes* " means any taxes other than (i) net income and franchise taxes imposed with respect to any Secured Party by a Governmental Authority under the laws of which such Secured Party is organized or in which it maintains its applicable lending office and (ii) any taxes imposed on a Secured Party by any jurisdiction as a result of any former or present connection between such Secured Party and such jurisdiction other than a connection arising from a Secured Party entering into this Agreement or making any loan hereunder.

" *Non-Guarantor Subsidiary* " means the Designated Subsidiary and any other Subsidiary of WWI other than any Person which has or may issue a Guaranty hereunder.

" *Non-U.S. Lender* " means any Lender (including each Assignee Lender) that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any state thereof, or (iii) any estate or trust that is subject to U.S. Federal income taxation regardless of the source of its income.

" *Note* " means, as the context may require, a Revolving Note, a Swing Line Note, a Registered Note, a Term A Note, a Term B Note, a Term D 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, Term B Loans, Term D Loans, Designated New Term Loans, Swing Line Loans, Revolving Loans or 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 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*.

19

" *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*.

" *Purchase Agreement* " is defined in the *second recital*.

" *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

20

from time to time), evidencing the aggregate Indebtedness of WWI to such Lender resulting from outstanding Term Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

" *Registered Noteholder* " means any Lender that has been issued a Registered Note.

" *Reimbursement Obligation* " is defined in *Section 2.6.3* .

" *Related Fund* " means, with respect to any Lender which is a fund that invests in loans, any other fund that invests in loans and is controlled by the same investment advisor of such Lender or by an Affiliate of such investment advisor or collateralized debt or loan obligation fund managed or operated by a Lender or an Affiliate of a Lender.

" *Release* " means a " *release* ", as such term is defined in CERCLA.

" *Required Lenders* " means, at any time, Lenders holding at least 51% of the Total Exposure Amount.

" *Resource Conservation and Recovery Act* " means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.* , as in effect from time to time.

" *Restricted Payments* " is defined in *Section 7.2.6* .

" *Revolving Loan* " is defined in *clause (a) of Section 2.1.2* .

" *Revolving Loan Commitment* " is defined in *clause (a) of Section 2.1.2* .

" *Revolving Loan Commitment Amount* " means, on any date, \$45,000,000, as such amount may be (i) reduced from time to time pursuant to *Section 2.2* or (ii) increased pursuant to *Section 2.1.6* .

" *Revolving Loan Commitment Termination Date* " means the earliest of

(a) September 30, 2005;

(b) the date on which the Revolving Loan Commitment Amount is terminated in full or reduced to zero pursuant to *Section 2.2* ;
and

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

Upon the occurrence of any event described in *clauses (b) or (c)* , the Revolving Loan Commitments shall terminate automatically and without any further action.

" *Revolving Note* " means a promissory note of WWI payable to a Lender, substantially in the form of *Exhibit A-1* hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of WWI to such Lender resulting from outstanding Revolving Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

" S&P " means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

" Scotiabank " is defined in the *preamble* .

" *Secured Parties* " means, collectively, the Lenders, the Issuers, the Administrative Agent, the Syndication Agent, the Lead Arrangers, each counterparty to a Rate Protection Agreement that is (or at the time such Rate Protection Agreement was entered into, was) a Lender or an Affiliate thereof and (in each case) and each of their respective successors, transferees and assigns.

" *Security Agreements* " means, collectively, (a) the WWI Security Agreement, (b) the Australian Security Agreement, (c) the U.K. Security Agreement, (d) the Patent Security Agreements, the Trademark Security Agreements and the Copyright Security Agreements, (e) the FNZ Security Agreement and (f) each other security agreement executed and delivered from time to time pursuant

to *clause (a) of Section 7.1.7* , in each case, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

" *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 aggregate principal amount of \$150,000,000 and its 13% Senior Subordinated Notes in an aggregate principal amount of Euro 100,000,000, issued under the Senior Subordinated Note Indenture pursuant to a Rule 144A private placement.

" *Senior Subordinated Note Indenture* " means, collectively, that certain Senior Subordinated Note Indenture, dated as of September 29, 1999 between WWI and Norwest Bank Minnesota, National Association, as trustee, related to the issuance of \$150,000,000 Senior Subordinated Notes and that certain Senior Subordinated Note Indenture, dated as of September 29, 1999, between WWI and Norwest Bank Minnesota, National Association, as trustee, related to the issuance of Euro 100,000,000 Senior Subordinated Notes.

" *Senior Subordinated Noteholder* " means, at any time, any holder of a Senior Subordinated Note.

" *Senior Subordinated Notes* " means those certain 13% Senior Subordinated Notes due 2009, issued pursuant to the Senior Subordinated Note Indenture.

" *Solvent* " means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and such person is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

" *Stated Amount* " of each Letter of Credit means the total amount available to be drawn under such Letter of Credit upon the issuance thereof.

" *Stated Expiry Date* " is defined in *Section 2.6* .

" *Stated Maturity* " means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has

" *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 Term B Loan or TLC, December 31, 2007;
- (d) in the case of any Term D Loan, December 31, 2008; and
- (e) in the case of any Designated New Term Loan, as determined in accordance with *Section 2.1.6* .

" *Subordinated Debt* " means, as the context may require, (i) the unsecured Debt of WWI evidenced by the Senior Subordinated Notes and (ii) to the extent permitted by the Required Lenders, any other unsecured Debt of WWI subordinated in right of payment to the Obligations pursuant to documentation containing maturities, amortization schedules, covenants, defaults, remedies, subordination provisions and other material terms in form and substance satisfactory to the Administrative Agent and Required Lenders.

" *Subordinated Guaranty* " means, collectively, (i) the Guaranty executed and delivered by certain Subsidiaries of WWI pursuant to Section 4.13 of the Senior Subordinated Note Indenture and (ii) each other guaranty, if any, executed from time to time by any Subsidiary of WWI pursuant to which the guarantor thereunder has any Contingent Liability with respect to any Subordinated Debt.

" *Subordination Provisions* " is defined in *Section 9.1.11* .

" *Subsidiary* " means, with respect to any Person, any corporation, partnership or other business entity of which more than 50% of the outstanding Capital Securities (or other ownership interest) having ordinary voting power to elect a majority of the board of directors, managers or other voting members of the governing body of such entity (irrespective of whether at the time Capital Securities (or other ownership interest) of any other class or classes of such entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person. Unless the context otherwise specifically requires, the term "Subsidiary" shall be a reference to a Subsidiary of WWI.

" *Subsidiary Guaranty* " means the Guaranty, dated September 29, 1999, by the U.S. Subsidiaries signatory thereto, UKHC1, UKHC2 and WWUK and its Subsidiaries in favor of the Administrative Agent, as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.

" *Swing Line Lender* " means Scotiabank (or another Lender designated by Scotiabank with the consent of WWI, if such Lender agrees to be the Swing Line Lender hereunder), in such Person's capacity as the maker of Swing Line Loans.

" *Swing Line Loan* " is defined in *clause (b)* of *Section 2.1.2* .

" *Swing Line Loan Commitment* " means, with respect to the Swing Line Lender, the Swing Line Lender's obligation pursuant to *clause (b)* of *Section 2.1.2* to make Swing Line Loans and, with respect to each Lender with a Commitment to make Revolving Loans (other than the Swing Line Lender), such Lender's obligation to participate in Swing Line Loans pursuant to *Section 2.3.2* .

" *Swing Line Loan Commitment Amount* " means, on any date, \$5,000,000, as such amount may be reduced from time to time pursuant to *Section 2.2* .

" *Swing Line Note* " means a promissory note of WWI payable to the Swing Line Lender, in substantially the form of *Exhibit A-2* hereto (as such promissory note may be amended, endorsed or

" *Syndication Agent* " is defined in the *preamble* .

" *Term Loans* " means, collectively, the Term A Loans, the Term B Loans, the Term D 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.

" *Term B Loan* " is defined in *clause (a)* of *Section 2.1.1* .

" *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 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.

" *Term D Loan* " is defined in *clause (b)* of *Section 2.1.1* .

" *Term D Loan Commitment* " is defined in *clause (b)* of *Section 2.1.1* .

" *Term D Loan Commitment Amount* " means \$85,000,000.

" *Term D Loan Commitment Termination Date* " means the earliest of:

- (a) May 31, 2003, if the Term D Loans have not been made on or prior to such date;
- (b) the date of the making of the Term D Loans (immediately after the making such Term D Loans on such date); and
- (c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described above the Term D Loan Commitment shall terminate automatically and without any further action.

" *Term D Note* " means a promissory note of WWI, payable to the order of any Lender, in the form of *Exhibit A-7* 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 D Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

" *TLC* " means an instrument executed by the SP1 Borrower, which acknowledges the Indebtedness of the SP1 Borrower with respect to any Lender, in the form of *Exhibit A-4* hereto (as such instrument may be amended, endorsed or otherwise modified from time to time), and also means all other instruments accepted from time to time in substitution therefor or renewal thereof.

" *TLC Commitment* " is defined in *clause (b)* of *Section 2.9* .

" *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 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, Term B Loans, Term D Loans, Swing Line Loans or Revolving Loans or (b) TLCs.

" *type* " means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

" *UCC* " means the Uniform Commercial Code as in effect from time to time in the State of New York.

" *UKHC1* " means Weight Watchers UK Holding Ltd, a company incorporated under the laws of England.

" *UKHC2* " means Weight Watchers International Ltd, a company incorporated under the laws of England.

" *U.K. Pledge Agreement* " means, collectively, (i) the Deeds of Charge executed and delivered by WWI to UKHC1, UKHC2 and WWUK and its Subsidiaries and (ii) each other pledge agreement delivered pursuant to *clause (b)* of *Section 7.1.7*, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

" *U.K. Security Agreement* " means, collectively, (i) the Debentures executed and delivered by UKHC1, UKHC2 and WWUK and each of its Subsidiaries and (ii) each other security agreement delivered pursuant to *clause (a)* of *Section 7.1.7*, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

" *U.K. Subsidiary* " means any Subsidiary that is incorporated under the laws of England.

" *United States* " or " *U.S.* " means the United States of America, its fifty States and the District of Columbia.

" *U.S. Dollar* " and the sign " \$ " mean lawful money of the United States.

" *U.S. Subsidiary* " means any Subsidiary that is incorporated or organized under the laws of the United States or a state thereof or the District of Columbia.

" *Voting Stock* " means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

25

" *Waiver* " means an agreement in favor of the Administrative Agent for the benefit of the Lenders and the Issuer in form and substance reasonably satisfactory to the Administrative Agent.

" *Warnaco Agreement* " means that certain License Agreement, dated as of January 8, 1999, between Warnaco Inc., a Delaware corporation, and WWI.

" *Weighco Acquisition* " the acquisition by WWI and its Subsidiaries of substantially all of the assets and business of Weighco Enterprises, Inc., and various of its Affiliates on January 16, 2001.

" *Welfare Plan* " means a " *welfare plan* ", as such term is defined in section 3(1) of ERISA, and to which WWI or any of its Subsidiaries has any liability.

" *Wholly-owned Subsidiary* " shall mean, with respect to any Person, any Subsidiary of such Person all of the Capital Securities (and all rights and options to purchase such Capital Securities) of which, other than directors' qualifying shares or shares sold pursuant to Local Management Plans, are owned, beneficially and of record, by such Person and/or one or more Wholly-owned Subsidiaries of such Person.

" *WW Australia* " means Weight Watchers International Pty. Ltd. (ACN 070 836 449), an Australian company incorporated in the State of New South Wales and resident in Australia and the direct corporate parent of FPL and the SP1 Borrower.

" *WWI Common Shares* " means shares of common stock of WWI, par value \$1.00 per share.

" *WWI Guaranty* " means the Guaranty made by WWI contained in *Article VIII*.

" *WWI Pledge Agreement* " means the Pledge Agreement, dated September 29, 1999, by WWI and its U.S. Subsidiaries signatory thereto in favor of the Administrative Agent, together with each Supplement thereto delivered pursuant to *clause (b)* of *Section 7.1.7*, as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

" *WWI Preferred Shares* " means no par value preferred shares of WWI with an aggregate amount liquidation preference equal to \$25,000,000.

" *WWI Security Agreement* " means the Security Agreement dated September 29, 1999, by WWI and all U.S. Subsidiaries of WWI (other than the Designated Subsidiary) in favor of the Administrative Agent, together with each Supplement thereto delivered pursuant to *clause (a)* of *Section 7.1.7* , as amended, amended and restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

" *WWUK* " means Weight Watchers UK Limited and its Subsidiaries.

SECTION 1.2. *Use of Defined Terms* . Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule and in each other Loan Document, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3. *Cross-References* . Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4. *Accounting and Financial Determinations* . All accounting determinations and computations made pursuant to *Section 7.2.4* shall be made in accordance with those generally accepted accounting principles (" *GAAP* ") as in effect as of December 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

26

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 TLC PROVISIONS

SECTION 2.1. *Loan Commitments* . On the terms and subject to the conditions of this Agreement (including *Article V*), the Lenders, the Swing Line Lender and the Issuer severally agree to the continuation of Existing Loans and Existing Letters of Credit and to make Credit Extensions as set forth below.

SECTION 2.1.1. *Continuation of Existing Term Loans and Existing TLCs* . 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", the Existing Term B Loans shall continue as "Term B Loans" being the "Term B Loans" and the Existing TLCs shall continue as "TLCs" being the "TLCs", in each case, for all purposes under this Agreement and the Loan Documents, with each Lender's share of Term A Loans, Term B Loans and TLCs being set forth opposite its name on *Schedule II* hereto under the Term A Loan column, Term B Loan column, or TLC column, as applicable, or set forth in a Lender Assignment Agreement under the Term A column, Term B Loan column or TLC Loan 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 or prior to the Term D Loan Commitment Termination Date, each Lender that has a Term D Loan Commitment will make loans (relative of such Lender, its "*Term D Loans* ") to WWI in an amount equal to such Lender's Percentage of the aggregate amount of the Borrowing of Term D 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 "*Term D Loan Commitment* "); and

(c) no amounts paid or prepaid with respect to Term Loans or 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 will make loans (relative to such Lender, its " *Revolving Loans* ") to WWI in U.S. Dollars, equal to such Lender's Percentage of the aggregate amount of

the Borrowing of the Revolving Loans requested by such Borrower to be made on such day. The Commitment of each Lender described in this *clause (a)* is herein referred to as its " *Revolving Loan Commitment* ". On the terms and subject to the conditions hereof, any Borrower may from time to time borrow, prepay and reborrow the Revolving Loans. All Existing Revolving Loans shall be continued as Revolving Loans hereunder.

(b) From time to time on any Business Day occurring concurrently with (or after) the making of the Term Loans, but prior to the Revolving Loan Commitment Termination Date, the Swing Line Lender will make loans (relative to the Swing Line Lender, its " *Swing Line Loans* ") to WWI equal to the principal amount of the Swing Line Loans requested by WWI. On the terms and subject to the conditions hereof, WWI may from time to time borrow, prepay and reborrow such Swing Line Loans. All Existing Swing Line Loans shall be continued as Swing Line Loans hereunder.

SECTION 2.1.3. *Letter of Credit Commitment* . Subject to compliance by the Obligors with the terms of *Section 2.1.5* , *Section 5.1* and *Section 5.2* , from time to time on any Business Day occurring from and after September 29, 1999 but prior to the Revolving Loan Commitment Termination Date, the Issuer will

(a) issue one or more standby or documentary letters of credit (each referred to as a " *Letter of Credit* ") for the account of WWI in the Stated Amount requested by WWI on such day; or

(b) extend the Stated Expiry Date of an existing standby Letter of Credit previously issued hereunder to a date not later than the earlier of (x) the Revolving Loan Commitment Termination Date and (y) one year from the date of such extension.

All Existing Letters of Credit shall be maintained as Letters of Credit hereunder.

SECTION 2.1.4. *Lenders Not Permitted or Required to Make Loans* . No Lender shall be permitted or required to, and WWI shall not request that any Lender, make

(a) any Term D Loan if, after giving effect thereto, the aggregate original principal amount of all the Term D Loans:

(i) of all Lenders would exceed the Term D Loan Commitment Amount; or

(ii) of such Lender would exceed such Lender's Percentage of the Term D 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 \$300,000,000 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 Term B Loans ("*Designated Additional Term B Loans*"), (iv) additional Term D Loans ("*Designated Additional Term D Loans*") and/or (v) 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* .

29

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 TLCs, the Revolving Loan Commitment Amount shall, without any further action, automatically and permanently be reduced on the date the Term Loans and the 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 TLCs would otherwise be required to be prepaid if Term Loans and the 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

30

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

31

adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participation interest is outstanding and funded) its ratable amount of all payments of principal and interest in respect of such Swing Line Loan in like funds as received; *provided, however*, that in the event such payment received by the Swing Line Lender is required to be returned to WWI, such Lender

shall return to the Swing Line Lender the portion of any amounts which such Lender had received from the Swing Line Lender in like funds.

(d) Notwithstanding anything herein to the contrary, the Swing Line Lender shall not be obligated to make any Swing Line Loans if it has elected after the occurrence of a Default not to make Swing Line Loans and has notified WWI in writing or by telephone of such election. The Swing Line Lender shall promptly give notice to the Lenders of such election not to make Swing Line Loans.

SECTION 2.4. Continuation and Conversion Elections . By delivering a Continuation/Conversion Notice to the Administrative Agent on or before 12:00 noon, New York time, on a Business Day, WWI may from time to time irrevocably elect, on not less than one (in the case of a conversion of LIBO Rate Loans to Base Rate Loans) and three (in the case of a continuation of LIBO Rate Loans or a conversion of Base Rate Loans into LIBO Rate Loans) nor more than (in each case) five Business Days' notice that all, or any portion in an aggregate minimum amount of \$2,000,000 and an integral multiple of \$500,000, in the case of the continuation of, or conversion into, LIBO Rate Loans, or an aggregate minimum amount of \$500,000 and an integral multiple thereof, in the case of the conversion into Base Rate Loans (other than Swing Line Loans as provided in *clause (a)* of *Section 2.3.2*) be, in the case of Base Rate Loans, converted into LIBO Rate Loans or, in the case of LIBO Rate Loans, be converted into a Base Rate Loan or continued as a LIBO Rate Loan (in the absence of delivery of a Continuation/Conversion Notice with respect to any LIBO Rate Loan at least three Business Days before the last day of the then current Interest Period with respect thereto, such LIBO Rate Loan shall, on such last day, automatically convert to a Base Rate Loan); *provided , however ,* that (x) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of the relevant Lenders, and (y) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, LIBO Rate Loans when any Default has occurred and is continuing.

SECTION 2.5. Funding . Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan, so long as such action does not result in increased costs to WWI; *provided , however ,* that such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of WWI to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility; and *provided further , however ,* that such Lender shall cause such foreign branch, Affiliate or international banking facility to comply with the applicable provisions of *clause (b)* of *Section 4.6* with respect to such LIBO Rate Loan. In addition, WWI hereby consents and agrees that, for purposes of any determination to be made for purposes of *Sections 4.1 , 4.2 , 4.3 or 4.4* , it shall be conclusively assumed that each Lender elected to fund all LIBO Rate Loans by purchasing U.S. Dollar deposits in its LIBOR Office's interbank eurodollar market.

SECTION 2.6. Issuance Procedures . By delivering to the Administrative Agent an Issuance Request on or before 12:00 noon, New York time, on a Business Day, WWI may, from time to time irrevocably request, on not less than three nor more than ten Business Days' notice (or such shorter notice as may be acceptable to the Issuer), in the case of an initial issuance of a Letter of Credit, and not less than three nor more than ten Business Days' notice (unless a shorter notice period is acceptable to the Issuer) prior to the then existing Stated Expiry Date of a Letter of Credit, in the case of a request for the extension of the Stated Expiry Date of a Letter of Credit, that the Issuer issue, or extend the Stated Expiry Date of, as the case may be, an irrevocable Letter of Credit for WWI's account or for the account of any wholly-owned U.S. Subsidiary of WWI that is a party to the

Subsidiary Guaranty and the WWI Security Agreement and whose outstanding Capital Securities is pledged to the Administrative Agent for the benefit of the Lenders pursuant to the WWI Pledge Agreement, in such form as may be requested by WWI and approved by the Issuer, solely for the purposes described in *Section 7.1.9* . Notwithstanding anything to the contrary contained herein or in any separate application for any Letter of Credit, WWI hereby acknowledges and agrees that it shall be obligated to reimburse the Issuer upon each Disbursement of a Letter of Credit, and it shall be deemed to be the obligor for purposes of each such Letter of Credit issued hereunder (whether the account party on such Letter of Credit is WWI or a Subsidiary of WWI). Upon receipt of an Issuance Request, the Administrative Agent shall promptly notify the Issuer and each Lender thereof. Each Letter of Credit shall by its terms be stated to expire on a date (its " *Stated Expiry Date* ") no later than the earlier to occur of (i) the Revolving Loan Commitment Termination Date or (ii) one year from the date of its issuance. The Issuer will make available to the beneficiary thereof the original of each Letter of Credit which it issues hereunder.

SECTION 2.6.1. Other Lenders' Participation . Upon the issuance of each Letter of Credit issued by the Issuer pursuant hereto (or the continuation of an Existing Letter of Credit hereunder), and without further action, each Lender (other than the Issuer) that has a Revolving Loan Commitment shall be deemed to have irrevocably purchased from the Issuer, to the extent of its Percentage to make Revolving Loans, and the Issuer shall be deemed to have irrevocably granted and sold to such Lender a participation interest in such Letter of Credit (including the Contingent Liability and any Reimbursement Obligation and all rights with respect thereto), and such Lender shall, to the extent of its Revolving Loan Commitment Percentage, be responsible for reimbursing promptly (and in any event within one Business Day) the Issuer for Reimbursement Obligations which have not been reimbursed by WWI in accordance with *Section 2.6.3* . In addition, such Lender shall, to the extent of its Percentage to make Revolving Loans, be entitled to receive a ratable portion of the Letter of Credit fees payable pursuant to *Section 3.3.3* with respect to each Letter of Credit and of interest payable pursuant to *Section 3.2* with respect to any Reimbursement Obligation. To the extent that any Lender has reimbursed the Issuer for a Disbursement as required by this Section, such Lender shall be entitled to receive its ratable portion of any amounts subsequently received (from WWI or otherwise) in respect of such Disbursement.

SECTION 2.6.2. Disbursements; Conversion to Revolving Loans . The Issuer will notify WWI and the Administrative Agent promptly of the presentment for payment of any Letter of Credit issued by the Issuer, together with notice of the date (the " *Disbursement Date* ") such

payment shall be made (each such payment, a " *Disbursement* "). Subject to the terms and provisions of such Letter of Credit and this Agreement, the Issuer shall make such payment to the beneficiary (or its designee) of such Letter of Credit. Prior to 12:00 noon, New York time, on the first Business Day following the Disbursement Date (the " *Disbursement Due Date* "), WWI will reimburse the Administrative Agent, for the account of the Issuer, for all amounts which the Issuer has disbursed under such Letter of Credit, together with interest thereon at the rate per annum otherwise applicable to Revolving Loans (made as Base Rate Loans) from and including the Disbursement Date to but excluding the Disbursement Due Date and, thereafter (unless such Disbursement is converted into a Base Rate Loan on the Disbursement Due Date), at a rate per annum equal to the rate per annum then in effect with respect to overdue Revolving Loans (made as Base Rate Loans) pursuant to *Section 3.2.2* for the period from the Disbursement Due Date through the date of such reimbursement; *provided, however*, that, if no Default shall have then occurred and be continuing, unless WWI has notified the Administrative Agent no later than one Business Day prior to the Disbursement Due Date that it will reimburse the Issuer for the applicable Disbursement, then the amount of the Disbursement shall be deemed to be a Revolving Loan constituting a Base Rate Loan and following the giving of notice thereof by the Administrative Agent to the Lenders, each Lender with a commitment to make Revolving Loans (other than the Issuer) will deliver to the Issuer on the Disbursement Due Date immediately available funds in an amount equal to such Lender's Percentage of such Revolving Loan. Each conversion of

Disbursement amounts into Revolving Loans shall constitute a representation and warranty by WWI that on the date of the making of such Revolving Loan all of the statements set forth in *Section 5.2.1* are true and correct.

SECTION 2.6.3. Reimbursement. The obligation (a " *Reimbursement Obligation* ") of WWI under *Section 2.6.2* to reimburse the Issuer with respect to each Disbursement (including interest thereon) not converted into a Base Rate Loan pursuant to *Section 2.6.2*, and, upon the failure of WWI to reimburse the Issuer and the giving of notice thereof by the Administrative Agent to the Lenders, each Lender's (to the extent it has a Revolving Loan Commitment) obligation under *Section 2.6.1* to reimburse the Issuer or fund its Percentage of any Disbursement converted into a Base Rate Loan, shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which WWI or such Lender, as the case may be, may have or have had against the Issuer or any such Lender, including any defense based upon the failure of any Disbursement to conform to the terms of the applicable Letter of Credit (if, in the Issuer's good faith opinion, such Disbursement is determined to be appropriate) or any non-application or misapplication by the beneficiary of the proceeds of such Letter of Credit; *provided, however*, that after paying in full its Reimbursement Obligation hereunder, nothing herein shall adversely affect the right of WWI or such Lender, as the case may be, to commence any proceeding against the Issuer for any wrongful Disbursement made by the Issuer under a Letter of Credit as a result of acts or omissions constituting gross negligence or willful misconduct on the part of the Issuer.

SECTION 2.6.4. Deemed Disbursements. Upon the occurrence and during the continuation of any Event of Default of the type described in *Section 9.1.9* or, with notice from the Administrative Agent acting at the direction of the Required Lenders, upon the occurrence and during the continuation of any other Event of Default,

(a) an amount equal to that portion of all Letter of Credit Outstandings attributable to the then aggregate amount which is undrawn and available under all Letters of Credit issued and outstanding shall, without demand upon or notice to WWI or any other Person, be deemed to have been paid or disbursed by the Issuer under such Letters of Credit (notwithstanding that such amount may not in fact have been so paid or disbursed); and

(b) upon notification by the Administrative Agent to WWI of its obligations under this Section, WWI shall be immediately obligated to reimburse the Issuer for the amount deemed to have been so paid or disbursed by the Issuer.

Any amounts so payable by WWI pursuant to this Section shall be deposited in cash with the Administrative Agent and held as collateral security for the Obligations in connection with the Letters of Credit issued by the Issuer. At such time when the Events of Default giving rise to the deemed disbursements hereunder shall have been cured or waived, the Administrative Agent shall return to WWI all amounts then on deposit with the Administrative Agent pursuant to this Section, together with accrued interest at the Federal Funds Rate, which have not been applied to the satisfaction of such Obligations.

SECTION 2.6.5. Nature of Reimbursement Obligations. WWI and, to the extent set forth in *Section 2.6.1*, each Lender with a Revolving Loan Commitment, shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary thereof. The Issuer (except to the extent of its own gross negligence or willful misconduct) shall not be responsible for:

(a) the form, validity, sufficiency, accuracy, genuineness or legal effect of any Letter of Credit or any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(b) the form, validity, sufficiency, accuracy, genuineness or legal effect of any instrument transferring or assigning or purporting to

transfer or assign a Letter of Credit or the rights or benefits thereunder or the proceeds thereof in whole or in part, which may prove to be invalid or ineffective for any reason;

(c) failure of the beneficiary to comply fully with conditions required in order to demand payment under a Letter of Credit;

(d) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise; or

(e) any loss or delay in the transmission or otherwise of any document or draft required in order to make a Disbursement under a Letter of Credit.

None of the foregoing shall affect, impair or prevent the vesting of any of the rights or powers granted to the Issuer or any Lender with a Revolving Loan Commitment hereunder. In furtherance and extension and not in limitation or derogation of any of the foregoing, any action taken or omitted to be taken by the Issuer in good faith (and not constituting gross negligence or willful misconduct) shall be binding upon WWI, each Obligor and each such Lender, and shall not put the Issuer under any resulting liability to WWI, any Obligor or any such Lender, as the case may be.

SECTION 2.7. Notes . Each Lender's Loans under a Commitment for a Loan shall be evidenced, if such Lender shall request, by a Note payable to the order of such Lender in a maximum principal amount equal to such Lender's Percentage of the original applicable Commitment Amount. All Swing Line Loans made by the Swing Line Lender shall be evidenced by a Swing Line Note payable to the order of the Swing Line Lender in a maximum principal amount equal to the Swing Line Loan Commitment Amount. WWI hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Notes (or on any continuation of such grid), which notations, if made, shall evidence, *inter alia* , the date of, the outstanding principal of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall be conclusive and binding on WWI absent manifest error; *provided, however* , that the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of WWI or any other Obligor.

SECTION 2.8. Registered Notes . (a) Any Non-U.S. Lender that could become completely exempt from withholding of any taxes in respect of payment of any interest due to such Non-U.S. Lender under this Agreement if the Notes held by such Lender were in registered form for U.S. Federal income tax purposes may request WWI (through the Administrative Agent), and WWI agrees (i) to exchange for any Notes held by such Lender, or (ii) to issue to such Lender on the date it becomes a Lender, promissory notes(s) registered as provided in *clause (b)* of this *Section 2.8* (each a Registered Note). Registered Notes may not be exchanged for Notes that are not Registered Notes.

(b) The Administrative Agent shall enter, in the Register, the name of the registered owner of the Non-U.S. Lender Obligation(s) evidenced by a Registered Note.

(c) The Register shall be available for inspection by WWI and any Lender at any reasonable time upon reasonable prior notice.

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 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 TLC, *provided, however* , that

(A) any such prepayment of the Term Loans, Designated New Term Loans or TLCs shall be made *pro rata* among such Term Loans, or Designated New Term Loans or 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 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 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 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 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:

3/31/03 through (and including)	
09/30/04	\$3,280,510.07
10/01/04 through (and including)	\$4,647,389.26, or the then outstanding principal
Stated Maturity Date	amount of all Term A Loans, if different;

provided, that each remaining amortization amount of Term A Loans occurring after the date of the making of a Designated Additional Term A Loan will be increased *pro rata* by the aggregate principal amount of any Designated Additional Term A Loan.

(g) WWI shall, on the Stated Maturity Date and on each Quarterly Payment Date occurring on or during any period set forth below, make a scheduled repayment of the aggregate outstanding principal amount, if any, of all Term B Loans in an amount equal to the amount set forth below opposite the Stated Maturity Date or such Quarterly Payment Date (as such amounts may have otherwise been reduced pursuant to this Agreement), as applicable:

03/31/03 through (and including) 12/31/06	\$245,889.83
01/01/07 through (and including) Stated Maturity Date	\$23,359,533.77, or the then outstanding principal amount of all Term B Loans, if different;

provided, that each remaining amortization amount of Term B Loans occurring after the date of the making of a Designated Additional Term B Loan will be increased *pro rata* by the aggregate principal amount of any Designated Additional Term B Loan;

37

(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 TLCs in an amount equal to the amount set forth below opposite the Stated Maturity Date or such Quarterly Payment Date, as applicable (as such amounts may have otherwise been reduced pursuant to this Agreement):

03/31/03 through (and including) 12/31/06	\$145,712.49
01/01/07 through (and including) Stated Maturity Date	\$13,842,686.78, or the then outstanding principal amount of all TLCs, if different;

(i) 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 D 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:

06/30/03 through (and including) 12/31/07	\$212,500.00
01/01/08 through (and including) Stated Maturity Date	\$20,240,625.00, or the then outstanding principal amount of all Term D Loans, if different;

provided, that each remaining amortization amount of Term D Loans occurring after the date of the making of a Designated Additional Term D Loan will be increased *pro rata* by the aggregate principal amount of any Designated Additional Term D Loan;

(j) 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 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 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

(k) 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 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*.

(l) 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*.

38

Each prepayment of any Loans or 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.

(a) Subject to *clause (b)*, each prepayment or repayment of the principal of the Loans or 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 TLCs and each prepayment of Term Loans and 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 TLCs (with the amount of such prepayment of the Term Loans or TLCs being applied to the remaining Term Loan and 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 TLCs have been paid in full; *provided*, *however*, that in the case of each prepayment of Term Loans and TLCs required pursuant to *clause (b)* of *Section 3.1.1*, any Lender that has Term B Loans, TLCs, and Term D Loans 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 Term B Loans, Term D Loans or 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 Term B Loans, Term D Loans or 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 Term B Loans, Term D Loans or TLCs, as the case may be (with no right to decline such prepayment) and then to a reduction of the outstanding Revolving Loans (without any reduction in the Revolving Loan Commitment Amount) and (y) permit the remaining 50% of such amount to be retained by the applicable Borrower.

SECTION 3.2. Interest Provisions. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this *Section 3.2*.

SECTION 3.2.1. Rates. Pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, WWI may elect that Loans comprising a Borrowing accrue interest at a rate per annum:

- (i) 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
- (ii) 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),

39

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 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.

40

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 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

44

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, 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*.

45

ARTICLE V

CONDITIONS TO EFFECTIVENESS AND TO FUTURE CREDIT EXTENSIONS

SECTION 5.1. *Conditions Precedent to the Effectiveness of this Agreement and Making of Credit Extensions* . The conditions to effectiveness of this Agreement and the obligations of the Lenders to continue Existing Loans as Loans under this Agreement, to continue Existing Letters of Credit as Letters of Credit under this Agreement and to make the Term D Loans 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. Each of the delivery of a Borrowing Request or an Issuance Request and the acceptance by any Borrower of the proceeds of such Credit Extension shall constitute a representation and warranty by the applicable Borrower that on the date of such Credit Extension (both immediately before and after giving effect to such Credit Extension and the application of the proceeds thereof) the statements made in Section 5.2.1 are true and correct.

SECTION 5.2.3. *Satisfactory Legal Form* . All documents executed or submitted pursuant hereto by or on behalf of WWI or any of its Subsidiaries or any other Obligors shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel; the Administrative Agent and its counsel shall have received all information, as the Administrative Agent or its counsel may reasonably request.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders, the Issuer and the Administrative Agent to enter into this Agreement, continue the Existing Loans as Loans hereunder and the Existing Letters of Credit as Letters of Credit hereunder and to make Credit Extensions hereunder, each of the Borrowers, jointly and severally, represents and warrants unto the Administrative Agent, the Issuer and each Lender as set forth in this Article VI .

SECTION 6.1. *Organization, etc.* WWI and each of its Subsidiaries (a) is a corporation validly organized and existing and in good standing under the laws of the jurisdiction of its incorporation

(other than as listed in Item 6.1 ("Good Standing") on Schedule I hereto), is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification, except to the extent that the failure to qualify would not reasonably be expected to result in a Material Adverse Effect, and (b) has full power and authority and holds all requisite governmental licenses, permits and other approvals to (x) enter into and perform its Obligations in connection with the Acquisition 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, etc.* The execution, delivery and performance by each Borrower of this Agreement, the Notes, the 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 Acquisition 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 TLCs or any other Loan Document to which it is a party, or for each Obligor's participation in the consummation of the Acquisition, 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 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.

47

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

48

- (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 Acquisition 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 Acquisition 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 by the Guaranties by the Obligors parties thereto, will not involve or result in any fraudulent transfer or fraudulent conveyance under the provisions of Section 548 of the Bankruptcy Code (11 U.S.C. §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 Acquisition, 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

52

Materials in compliance with all applicable Environmental Laws, in each case except where the failure to comply with the terms of this clause could not reasonably be expected to have a Material Adverse Effect;

(b) promptly notify the Administrative Agent and provide copies of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws which relate to environmental matters which would have, or would reasonably be expected to have, a Material Adverse Effect, and promptly cure and have dismissed with prejudice any material actions and proceedings relating to compliance with Environmental Laws, except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on their books; and

(c) provide such information and certifications which the Administrative Agent may reasonably request from time to time to evidence compliance with this *Section 7.1.6* .

SECTION 7.1.7. *Future Subsidiaries* . Upon any Person becoming a Subsidiary of WWI, or upon WWI or any of its Subsidiaries acquiring additional Capital Securities of any existing Subsidiary, WWI shall notify the Administrative Agent of such acquisition, and

(a) WWI shall promptly cause such Subsidiary to execute and deliver to the Administrative Agent, with counterparts for each Lender, (i) if such Subsidiary is a U.S. Subsidiary or a U.K. Subsidiary, a supplement to the Subsidiary Guaranty or, if such Subsidiary is an Australian Subsidiary, a supplement to the Australian Guaranty, (ii) if such a Subsidiary is a U.S. Subsidiary, a supplement to the WWI Security Agreement or, if such Subsidiary is an Australian Subsidiary, a supplement to the Australian Security Agreement or if such Subsidiary is a U.K. Subsidiary, a security agreement substantially in the form of the U.K. Security Agreement and (iii) if such Subsidiary is a U.S. Subsidiary, a U.K. Subsidiary or an Australian Subsidiary and owns any real property having a value as determined in good faith by the Administrative Agent in excess of \$2,000,000, a Mortgage, together with acknowledgment copies of Uniform Commercial Code financing statements (form UCC-1) executed and delivered by the Subsidiary naming the Subsidiary as the debtor and the Administrative Agent as the secured party, or other similar instruments or documents, filed under the Uniform Commercial Code and any other applicable recording statutes, in the case of real property, of all jurisdictions as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the security interest of the Administrative Agent pursuant to the applicable Security Agreement or a Mortgage, as the case may be; and

(b) WWI shall promptly deliver, or cause to be delivered, to the Administrative Agent under a supplement to the WWI Pledge Agreement (or, if such Subsidiary is an Australian Subsidiary, a supplement to the Australian Pledge Agreement or if such Subsidiary is a U.K. Subsidiary, a pledge agreement substantially in the form of the U.K. Pledge Agreement), certificates (if any) representing all of the issued and outstanding shares of Capital Securities of such Subsidiary (to the extent required to be delivered pursuant to the applicable Pledge Agreement) owned by WWI or any of its Subsidiaries, as the case may be, along with undated stock powers for such certificates, executed in blank, or, if any securities subject thereto are uncertificated securities, confirmation and evidence satisfactory to the Administrative Agent that appropriate book entries have been made in the relevant books or records of a financial intermediary or the issuer of such securities, as the case may be, under applicable law resulting in the perfection of the security interest granted in favor of the Administrative Agent pursuant to the terms of the applicable Pledge Agreement; *provided* , that notwithstanding anything to the contrary herein or in any Loan Document, in no event shall more than 65% of the Capital Securities of any non-Guarantor be required to be pledged and in no event shall non-Guarantors (other than the SP1 Borrower) be required to pledge Capital Securities of their Subsidiaries, together, in each case, with such

opinions, in form and substance and from counsel satisfactory to the Administrative Agent, as the Administrative Agent may reasonably require.

SECTION 7.1.8. *Future Leased Property and Future Acquisitions of Real Property* .

(a) Prior to entering into any new lease of real property or renewing any existing lease of real property, WWI shall, and shall cause each of its U.S. Subsidiaries and each of the other Guarantor's to, use its (and their) best efforts (which shall not require the expenditure of cash or the making of any material concessions under the relevant lease) to deliver to the Administrative Agent a Waiver executed by the lessor of any real property that is to be leased by WWI or any of its U.S. Subsidiaries or any of the other Guarantors for a term in excess of one year in any state which by statute grants such lessor a "landlord's" (or similar) Lien which is superior to the Administrative Agent's, to the extent the value of any personal property of WWI or its U.S. Subsidiaries or any of the other Guarantors to be held at such leased property exceeds (or it is anticipated that the value of such personal property will, at any point in time during the term of such leasehold term, exceed) \$5,000,000.

(b) In the event that WWI or any of its U.S. Subsidiaries or any of the other Guarantors shall acquire any real property having a value as determined in good faith by the Administrative Agent in excess of \$2,000,000, WWI or the applicable Subsidiary shall, promptly after such acquisition, execute a Mortgage and provide the Administrative Agent with

(i) evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of such Mortgage as may be necessary or, in the reasonable opinion of the Administrative Agent, desirable effectively to create a valid, perfected first priority Lien, subject to Liens permitted by *Section 7.2.3* , against the properties purported to be covered thereby;

(ii) mortgagee's title insurance policies in favor of the Administrative Agent and the Lenders in amounts and in form and substance and issued by insurers, reasonably satisfactory to the Administrative Agent, with respect to the property purported to be covered by such Mortgage, insuring that title to such property is marketable and that the interests created by the Mortgage constitute valid first Liens thereon free and clear of all defects and encumbrances other than as approved by the Administrative Agent, and such policies shall also include a revolving credit endorsement and such other endorsements as the Administrative Agent shall request and shall be accompanied by evidence of the payment in full of all premiums thereon; and

(iii) such other approvals, opinions, or documents as the Administrative Agent may reasonably request.

SECTION 7.1.9. *Use of Proceeds, etc.* The proceeds of the Credit Extensions shall be applied by the Borrowers as follows:

(a) the proceeds of the Term D Loans shall be applied by WWI (i) to fund the Acquisition and (ii) to finance the payment of the fees and expenses related to the Acquisition; 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 SP1 Borrower or the Designated Subsidiary) owing to WWI or any other Subsidiary of WWI or of WWI to any Subsidiary of WWI, which Indebtedness

(i) if between Guarantors shall be evidenced by one or more promissory notes in form and substance satisfactory to the Administrative Agent which have been duly executed and delivered to (and endorsed to the order of) the Administrative Agent in pledge pursuant to a supplement to the applicable Pledge Agreement;

(ii) if between Guarantors (other than Indebtedness incurred by WWI) shall, except in the case of Indebtedness of WWI owing to any of its Subsidiaries, not be forgiven or otherwise discharged for any consideration other than payment in cash in the currency in which such Indebtedness was loaned or advanced unless the Administrative Agent otherwise consents; and

(iii) owing by Subsidiaries which are not Guarantors to Guarantors shall not exceed \$15,000,000 in the aggregate at any time outstanding;

(g) unsecured Subordinated Debt of WWI owing to the Senior Subordinated Noteholders in an initial aggregate outstanding principal amount not to exceed the sum of \$150,000,000 and Euro 100,000,000;

(h) Indebtedness of Non-Guarantor Subsidiaries to Guarantors to the extent permitted as Investments under *clause (h)* of *Section 7.2.5* ;

(i) the Subordinated Guaranty;

55

(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;

56

(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;

57

(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 50% of Net Income from the Effective Date, so long as (i) both before and after giving effect to such Restricted Payment no Default has occurred and is continuing, (ii) WWI's Senior Debt to EBITDA ratio on a pro forma basis after giving effect to such Restricted Payment is less than 2.0 to 1 and (iii) WWI shall have at least \$30,000,000 of unused Revolving Loan Commitments (x) WWI may make dividend payments under the WWI Preferred Shares so long as no Default has occurred, no default has occurred under or the Senior Subordinated Note Indenture or, in either case, would result therefrom, (y) WWI may repurchase its stock held by employees constituting management, in an amount not to exceed \$5,000,000 in any Fiscal Year and an aggregate amount of \$20,000,000 (amounts unused in any Fiscal Year may be used in the immediately succeeding

Fiscal Year) and (z) WWI may make Restricted Payments to redeem, in whole or in part, WWI Preferred Shares, so long as before and after giving effect to such Restricted Payment, (i) no Default has occurred and is continuing, (ii) WWI's Senior Debt to EBITDA ratio on a pro forma basis after giving effect to such Restricted Payment is less than 2.0 to 1 and (iii) WWI shall have at least \$30,000,000 of unused Revolving Loan Commitments;

(b) WWI will not, and will not permit any of its Subsidiaries to

(i) make any payment or prepayment of principal of, or interest on, any Senior Subordinated Notes (A) on any day other than, in the case of interest only, the stated, scheduled date for such payment of interest set forth in the applicable Senior Subordinated Notes or in the Senior Subordinated Note Indenture, or (B) which would violate the terms of this Agreement or the subordination provisions of the Senior Subordinated Note Indenture; or

(ii) redeem, purchase or defease, any Senior Subordinated Notes, unless, so long as, both before and after giving effect to any such redemption, purchase or defeasance, (x) WWI's Senior Debt to EBITDA ratio on a pro forma basis after giving effect to such Restricted Payment is less than 2.0 to 1.0 and (y) WWI shall at the time of any such redemption, purchase or defeasance (have at least \$30,000,000 of unused Revolving Loan Commitments; and

(c) WWI will not, and will not permit any Subsidiary to, make any deposit for any of the foregoing purposes (except in connection with any permitted expenditure described in *clauses (a) and (b)* above).

SECTION 7.2.7. *Capital Expenditures, etc.* Each of the Borrowers will not, and will not permit any of its respective Subsidiaries to, make or commit to make Capital Expenditures (other than (w) Permitted Acquisitions, (x) investments under (1) *clause (j)* of Section 7.2.5 and (2) *clause (i)* of Section 7.2.5 to the extent, in the case of this *clause (2)*, that the aggregate amount of such investments does not exceed \$30,000,000 (it being understood that Capital Expenditures may be made pursuant to this *clause (x)* whether or not constituting "Investments", but shall be treated as such for the purposes of said Sections), (y) nonrecurring restructuring costs and Weighco 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:

Fiscal Year	Maximum Capital Expenditures
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 or which would increase the purchase price with respect to the Acquisition.

60

(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

61

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

(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 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 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 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 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.

65

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 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 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 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* .

66

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

67

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 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 TLCs outstanding and Commitments (or, if no Term Loans, 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, 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 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 TLCs or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement, the Notes, the 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

69

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

70

(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 TLCs held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not an Agent. Each Agent and its respective Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with any Borrower or any Subsidiary or Affiliate of WWI, as if such Agent were not an Agent hereunder.

SECTION 10.6. *Credit Decisions* . Each Lender acknowledges that it has, independently of each Agent and each other Lender, and based on such Lender's review of the financial information of the Borrowers, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitments. Each Lender also acknowledges that it will, independently of each Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 10.7. *Copies, etc.* The Administrative Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Administrative Agent by any Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by such Borrower). The Administrative Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by the Administrative Agent from any Borrower for distribution to the Lenders by the Administrative Agent in accordance with the terms of this Agreement.

SECTION 10.8. *Reliance by the Administrative Agent* . The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including any thereof by telephone, telecopy, telegram or cable) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. As to any matters not expressly provided for by this Agreement or any other Loan Document, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions given by the Required Lenders or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. For purposes of applying amounts in accordance with this Section, the Administrative Agent shall be entitled to rely upon any Secured Party that has entered into a Rate Protection Agreement with any Obligor for a determination (which such Secured Party agrees to provide or cause to be provided upon request of the Administrative Agent) of the outstanding Secured Obligations owed to such Secured Party under any Rate Protection Agreement. Unless it has actual knowledge evidenced by way of written notice from any such Secured Party and any Borrower to the contrary, the Administrative Agent, in acting hereunder and under each other Loan Document, shall be entitled to assume that no Rate Protection Agreements or Obligations in respect thereof are in existence or outstanding between any Secured Party and any Obligor.

SECTION 10.9. *Defaults* . The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Administrative Agent has received notice from a Lender or any Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall

71

(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 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, 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 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, refile 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 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,

73

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 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

74

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 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 TLCs* . Each Lender may assign, or sell participations in, its Loans, its 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

75

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, 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 and (iii) such minimum assignment amounts shall not apply to assignments among Lenders, their Affiliates and Related Funds; *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 TLCs, as the case may be, evidencing such Assignee Lender's assigned Loans, TLCs, TLC Commitments and Commitments and, if the assignor Lender has retained Loans, TLCs, TLC Commitments and Commitments hereunder, replacement Notes or TLCs, as the case may be, in the principal amount of the Loans or TLCs, as the case may be, and TLC Commitments or Commitments, as the case may be, retained by the assignor Lender hereunder (such Notes or TLCs, as the case may be, to be in exchange for, but not in payment of, those Notes or TLCs, as the case may be, then held by such assignor Lender). Each such Note or TLC, as the case may be, shall be dated the date of the predecessor Notes

76

or TLCs, as the case may be. The assignor Lender shall mark the predecessor Notes or TLCs, as the case may be, "exchanged" and deliver them to the applicable Borrower. Accrued interest on that part of the predecessor Notes or TLCs, as the case may be, evidenced by the new Notes or 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 TLCs, as the case may be, evidenced by the replacement Notes or 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 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, 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;

77

(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, 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 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 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 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 TLCs to any person if, at the time of such

78

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 TLCs or an interest in any 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 TLCs, and each repayment in respect of the principal amount of the Loans and the 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 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 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 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 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 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

79

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

80

(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, 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.

81

QuickLinks

[AMENDMENT NO. 4](#)

[PART IV REPRESENTATIONS AND WARRANTIES](#)

[Table of Contents](#)

[Applicable Margin for Revolving Loans, Swing Line Loans and Term A Loans](#)

WEIGHT WATCHERS COMPLETES ACQUISITION OF FRANCHISES

Woodbury, NY, April 1, 2003—Weight Watchers International, Inc. (NYSE: WTW) today announced that it has completed the acquisition of eight Weight Watchers franchises previously owned and operated by The WW Group, Inc., and plans to close the acquisition of The WW Group franchise in Mexico subject to the completion of appropriate due diligence. The acquired operations had annual attendances of over 5 million in calendar 2002 at meetings held in twelve states in the Northeastern and Central United States. With this acquisition, Company-owned operations will now account for over 70% of all U.S. classroom attendances.

In calendar 2002, the acquired franchises generated annual revenue of approximately \$76 million and operating earnings (adjusted for non-recurring expenses but before integration and other incremental costs) of approximately \$24 million. The purchase price for the nine franchises is \$181.5 million and was funded with cash and additional borrowings of \$85 million under the Company's senior loan facility.

"We consider ourselves very fortunate to be able to purchase these fine organizations from our longtime franchisee and friend, Florine Mark," said Weight Watchers President and Chief Executive Officer Linda Huett. "These businesses have consistently provided members with a high degree of service and owning them will significantly expand our geographical footprint."

"We know that Weight Watchers International will continue to provide the very finest service to those seeking help with their weight in the acquired areas," said Florine Mark, President, The WW Group, Inc. Ms. Mark and The WW Group will continue to operate Weight Watchers meetings in portions of Michigan, where she started her first Weight Watchers franchise in 1966, as well as in portions of Canada."

About Weight Watchers International, Inc.

Weight Watchers International, Inc. is the world's leading provider of weight loss services, operating in 30 countries through a network of company-owned and franchise operations. Weight Watchers holds over 44,000 weekly meetings where members receive group support and education about healthy eating patterns, behavior modification and physical activity. In addition, Weight Watchers offers a wide range of products, publications and programs for those interested in weight loss and weight control.

Forward-Looking Statements:

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and beliefs, as well as a number of assumptions concerning future events. These statements are subject to risks, uncertainties, assumptions and other important factors. Readers are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied. The reports filed by the company pursuant to United States securities laws contain discussions of these risks and uncertainties. Weight Watchers International assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are advised to review our filings with the United States Securities and Exchange Commission (which are available from the SEC's EDGAR database at <http://www.sec.gov> , at various SEC reference facilities in the United States and via the company's website at <http://www.weightwatchers.com>).

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For immediate release

QuickLinks

[WEIGHT WATCHERS COMPLETES ACQUISITION OF FRANCHISES](#)