WEIGHT WATCHERS INTERNATIONAL INC
Form DEF 14A
April 05, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

WEIGHT WATCHERS INTERNATIONAL, INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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WEIGHT WATCHERS INTERNATIONAL, INC.

11 Madison Avenue, 17th Floor

New York, New York 10010

Corporate Website: www.weightwatchersinternational.com

NOTICE OF 2013 ANNUAL MEETING OF SHAREHOLDERS

To Be Held On May 7, 2013

The 2013 Annual Meeting of Shareholders of Weight Watchers International, Inc. (the Company) will be held at The Carlton Hotel, 88 Madison Avenue, New York, New York 10016 on Tuesday, May 7, 2013, at 10:00 a.m. Eastern Time (the 2013 Annual Meeting), to consider and act upon each of the following matters:

1. The election of the three nominees named in the attached Proxy Statement as members of the Board of Directors to serve for a three-year term as Class III directors;

2. The ratification of the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for fiscal 2013;

3. To re-approve the material terms of the performance goals under the Weight Watchers International, Inc. 2008 Stock Incentive Plan; and

4. Such other business as may properly come before the meeting and any adjournments or postponements thereof.

These items of business are more fully described in the attached Proxy Statement. Only shareholders of record at the close of business on March 26, 2013, the record date, are entitled to notice of, and to vote at, the 2013 Annual Meeting and at any adjournments or postponements of the 2013 Annual Meeting.

By Order of the Board of Directors

JEFFREY A. FIARMAN

Executive Vice President,

General Counsel and Secretary

New York, New York

April 5, 2013

WHETHER OR NOT YOU EXPECT TO ATTEND THE 2013 ANNUAL MEETING OF SHAREHOLDERS, PLEASE VOTE BY USING THE INTERNET OR TELEPHONE BY FOLLOWING THE INSTRUCTIONS IN THE PROXY STATEMENT AND ON THE ENCLOSED PROXY CARD OR COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.

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WEIGHT WATCHERS INTERNATIONAL, INC.

11 Madison Avenue, 17^{th} Floor

New York, New York 10010

PROXY STATEMENT

FOR THE 2013 ANNUAL MEETING OF SHAREHOLDERS

To Be Held On May 7, 2013

The Board of Directors of Weight Watchers International, Inc. is soliciting proxies for the 2013 Annual Meeting of Shareholders to be held at The Carlton Hotel, 88 Madison Avenue, New York, New York 10016 on Tuesday, May 7, 2013, at 10:00 a.m. Eastern Time. This Proxy Statement and the accompanying proxy card contain information about the items you will vote on at the 2013 Annual Meeting of Shareholders. It is anticipated that this Proxy Statement and the accompanying proxy card will be first mailed to shareholders on or about April 5, 2013.

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BASIS OF PRESENTATION

Weight Watchers International, Inc. is a Virginia corporation with its principal executive offices in New York, New York. In this Proxy Statement unless the context indicates otherwise: we , us , our and the Company refer to Weight Watchers International, Inc. and all of its businesses consolidated for purposes of its financial statements; Weight Watchers International and WWI refer to Weight Watchers International, Inc. and all of the Company s businesses other than WeightWatchers.com; WeightWatchers.com refers to WeightWatchers.com, Inc. and all of the Company s Internet-based businesses; NACO refers to our North American Company-owned meeting operations; WWI Europe refers to our European Company-owned meeting operations; and Artal refers to Artal Group, S.A. together with its parents and its subsidiaries. Our fiscal year ends on the Saturday closest to December 31st and consists of either 52- or 53-week periods. In this Proxy Statement:

fiscal 2010 refers to our fiscal year ended January 1, 2011;

fiscal 2011 refers to our fiscal year ended December 31, 2011;

fiscal 2012 refers to our fiscal year ended December 29, 2012; and

fiscal 2013 refers to our fiscal year ended December 28, 2013.

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INFORMATION ABOUT THE 2013 ANNUAL MEETING OF SHAREHOLDERS AND VOTING

The Board of Directors of Weight Watchers International, Inc. is soliciting proxies to be voted at the 2013 Annual Meeting of Shareholders (the 2013 Annual Meeting), to be held at The Carlton Hotel, 88 Madison Avenue, New York, New York 10016 on Tuesday, May 7, 2013, at 10:00 a.m. Eastern Time, and at any adjournment or postponement thereof. You may obtain directions to the 2013 Annual Meeting by contacting our investor relations department at 212-589-2713. This Proxy Statement and the accompanying proxy card contain information about the items you will vote on at the 2013 Annual Meeting. It is anticipated that this Proxy Statement and the accompanying proxy card will be first mailed to shareholders on or about April 5, 2013.

Who is entitled to vote?

As of the close of business on March 26, 2013 (such date and time, the Record Date), there were 55,854,187 shares of common stock, no par value per share, of the Company (the Common Stock) outstanding. If you are a shareholder of record or a beneficial owner of Common Stock on the Record Date, you are entitled to receive notice of and to vote at the 2013 Annual Meeting and at any and all adjournments or postponements of the 2013 Annual Meeting. You are entitled to one vote for each share of Common Stock you hold as a shareholder of record or as beneficial owner for each matter presented for vote at the 2013 Annual Meeting.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with the Company s transfer agent, Computershare Trust Company, N.A., you are considered the shareholder of record with respect to those shares, and these proxy materials are being sent directly to you by the Company. As the shareholder of record, you have the right to grant your proxy to the Company or to vote in person at the 2013 Annual Meeting. The Company has enclosed a proxy card for you to use.

If your shares are held in a bank, brokerage or trustee account or by another nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded by a bank, broker, trustee or other nominee to you together with a voting instruction form.

If I am a shareholder of record of the Company s shares, how do I vote?

If you are a shareholder of record, you may vote in person at the 2013 Annual Meeting. We will give you a ballot when you arrive at the 2013 Annual Meeting. If you do not wish to vote in person or if you will not be attending the 2013 Annual Meeting, you may vote as follows:

1. Over the Internet: go to www.investorvote.com/WTW;

2. By telephone: call 1-800-652-VOTE (8683) (toll-free within the United States, U.S. territories and Canada) or 1-781-575-2300 (collect); or

3. By mail: complete, sign and date and promptly mail the enclosed proxy card in the enclosed envelope (postage-prepaid for mailing in the United States).

Any proxy may be revoked at any time prior to its exercise at the 2013 Annual Meeting.

If I am a beneficial owner of shares held in street name, how do I vote?

As the beneficial owner, you have the right to direct your bank, broker, trustee or other nominee how to vote and are also invited to attend the 2013 Annual Meeting. Since a beneficial owner is not the shareholder of record,

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you may not vote these shares in person at the 2013 Annual Meeting unless you obtain and present at the 2013 Annual Meeting a legal proxy from the bank, broker, trustee or other nominee that holds your shares, giving you the right to vote the shares at the 2013 Annual Meeting. Your bank, broker, trustee or other nominee will send you separate instructions describing the procedure for voting your shares in person.

If you do not wish to vote in person at the 2013 Annual Meeting, you may vote by providing voting instructions to your bank, broker, trustee or other nominee. Subject to and in accordance with the instructions provided by your bank, broker, trustee or other nominee, you may vote in one of the following manners: over the Internet, by telephone or by mail.

Why is there information regarding the Internet availability of proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission (the SEC), we provide access to our proxy materials over the Internet.

How can I get access to the proxy materials over the Internet?

You can view our proxy materials for the 2013 Annual Meeting on the Internet on our website at www.weightwatchersinternational.com.

What happens if I do not give specific voting instructions?

Shareholders of Record. If you are a shareholder of record and you indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors, or if you sign and return the enclosed proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the 2013 Annual Meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the New York Stock Exchange (NYSE) rules, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. We encourage you to provide voting instructions to the organization that holds your shares. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform our Inspector of Election that it does not have the authority to vote on such matter with respect to your shares. This is generally referred to as a broker non-vote. Under current NYSE rules, Proposal 1 (Election of Class III Directors) and Proposal 3 (Re-Approval of the Material Terms of the Performance Goals under the 2008 Stock Incentive Plan) are considered non-routine matters.

How can I revoke my proxy or change my vote?

You may revoke your proxy or change your voting instructions before the proposals are voted on at the 2013 Annual Meeting:

1. If you are a shareholder of record, by (a) voting on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the 2013 Annual Meeting will be counted), (b) timely delivering a written revocation or a valid, later-dated proxy to the Corporate Secretary of the Company at the address of the Company s principal executive offices, or (c) attending the 2013 Annual Meeting and voting in person (attendance at the 2013 Annual Meeting will not itself revoke a proxy); or

2. If you are a beneficial owner of shares held in street name, by submitting new voting instructions by contacting your bank, broker, trustee or other nominee, or as otherwise provided in the instructions provided to you by your bank, broker, trustee or other nominee.

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How many shares must be present or represented to constitute a quorum for the 2013 Annual Meeting?

The presence of a majority of the outstanding shares, in person or represented by proxy, of the Common Stock entitled to vote at the 2013 Annual Meeting constitutes a quorum. A quorum is necessary in order to conduct business at the 2013 Annual Meeting. Abstentions, withheld votes in the election of directors and broker shares that include broker non-votes are counted as present for purposes of determining a quorum. If a quorum is not present, the Company expects that the 2013 Annual Meeting will be rescheduled for a later date.

What is the voting requirement to approve each of the proposals?

Proposal 1 Election of Class III Directors. Directors are elected by a plurality of the votes cast, in person or by proxy, at the 2013 Annual Meeting. This means that the three nominees to be Class III directors receiving the highest number of affirmative votes cast at the 2013 Annual Meeting will be elected as Class III directors for a three-year term. A withhold vote in the election of directors will have the same effect as an abstention. Neither a withhold vote nor a broker non-vote will affect the outcome of the election of directors.

Proposal 2 Ratification of the Selection of Independent Registered Public Accounting Firm. The selection of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) as our independent registered public accounting firm for fiscal 2013 will be ratified if the votes cast, in person or by proxy, at the 2013 Annual Meeting for ratification exceed the number of votes cast against ratification. Abstentions will have no effect on this proposal. Proposal 2 is an advisory vote and non-binding.

Proposal 3 Re-Approval of the Material Terms of the Performance Goals under the 2008 Stock Incentive Plan. The material terms of the performance goals under the Weight Watchers International, Inc. 2008 Stock Incentive Plan (the 2008 Plan) will be re-approved if the votes cast, in person or by proxy, at the 2013 Annual Meeting for this proposal exceed the number of votes cast against this proposal. Neither an abstention nor a broker non-vote will affect the outcome of the vote on this proposal.

Other Matters. Any other matters that may properly come before the 2013 Annual Meeting will generally require that the votes cast for must exceed the votes cast against. If any other matter not discussed in this Proxy Statement properly comes before the 2013 Annual Meeting upon which a vote may be taken, shares represented by all proxies received by the Company will be voted on that matter in accordance with the discretion of the persons named as proxies. Abstentions will have no effect on the proposal to approve any such other matter.

How does the Board of Directors recommend that I vote?

The Board of Directors recommends that you vote your shares FOR the election of each of the nominees for Class III director to the Board of Directors (Proposal 1); FOR the ratification of the selection of PricewaterhouseCoopers as our independent registered public accounting firm for fiscal 2013 (Proposal 2); and FOR the re-approval of the material terms of the performance goals under the 2008 Plan (Proposal 3).

How are votes counted?

Representatives of the Company s transfer agent, Computershare Trust Company, N.A., will tabulate the vote and act as Inspector of Election. The vote will be certified by the Company s Inspector of Election. Except as necessary to meet legal requirements, proxies and ballots that identify the vote of individual shareholders will be kept confidential in cases where shareholders write comments on their proxy cards or in a contested proxy solicitation. During the proxy solicitation period, the Company will receive vote tallies from time to time from the Inspector of Election, but such tallies will provide aggregate figures rather than names of shareholders.

Who will bear the cost of soliciting votes for the 2013 Annual Meeting?

The Company will bear the entire cost of this proxy solicitation, including the preparation, printing and mailing of this Proxy Statement, the proxy card and any additional soliciting materials sent by the Company to

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shareholders. The Company will reimburse brokerage firms and other persons representing beneficial owners of shares for reasonable expenses incurred by them in forwarding proxy-soliciting materials to such beneficial owners. In addition to solicitations by mail, certain of the Company s directors, officers and regular employees, without additional remuneration, may solicit proxies on the Company s behalf by telephone, e-mail, facsimile or personal interviews.

How can interested parties communicate with the Board of Directors?

Any interested person who wants to communicate with the Board of Directors or any individual director can write to them at Weight Watchers International, Inc., Attention: Corporate Secretary, prior to April 15, 2013, 11 Madison Avenue, 17th Floor, New York, New York 10010 and, on or following April 15, 2013, 675 Avenue of Americas, 6th Floor, New York, New York 10010. In any such communication, such person may also designate a particular audience, including a committee of the Board of Directors, such as the Audit Committee, the non-management directors as a group, or the director designated to preside over the meetings of the non-management directors. Depending on the subject matter, our Corporate Secretary will: (i) forward the communication to the director or directors to whom it is addressed; (ii) attempt to handle the inquiry directly, for example when the request is for information about the Company or is a stock-related matter; or (iii) not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic. At each Board of Directors meeting, a member of management will present a summary of communications, if any, received since the last meeting that were not forwarded to the director or directors to whom they were addressed, other than communications that are primarily commercial in nature or relate to improper or irrelevant topics, and shall make those communications available to the Board of Directors upon request.

Our Board of Directors encourages interested persons who are interested in communicating directly with our independent directors as a group to do so by writing to the independent directors in care of our Corporate Secretary. Interested persons can send communications by mail to: Weight Watchers International, Inc., Attention: Corporate Secretary, prior to April 15, 2013, 11 Madison Avenue, 17th Floor, New York, New York 10010 and, on or following April 15, 2013, 675 Avenue of Americas, 6th Floor, New York, New York 10010. Such correspondence received addressed to our independent directors will be reviewed by our Corporate Secretary or his designee, who will regularly forward to our independent directors all correspondence that, in the opinion of our Corporate Secretary, deals with the functions of the Board of Directors or committees thereof or that our Corporate Secretary otherwise determines requires their attention. Our independent directors may at any time review a log of all correspondence received by the Company that is addressed to the independent members of the Board of Directors and request copies of any such correspondence.

When do we anticipate mailing the proxy materials to shareholders?

It is anticipated that this Proxy Statement and the accompanying proxy card will be first mailed to shareholders on or about April 5, 2013.

Important Notice Regarding the Availability of Proxy Materials

for the 2013 Annual Meeting of Shareholders to Be Held on May 7, 2013

The Proxy Statement and the Annual Report to Shareholders are

available at www.weightwatchersinternational.com.

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PROPOSAL 1

ELECTION OF CLASS III DIRECTORS

Our Board of Directors is currently divided into three classes, with members of each class holding office for staggered three-year terms (in all cases subject to election and qualification of their successors or until the earlier of their death, resignation or removal). The following individuals are our current directors and serve for the terms indicated:

Class III Directors (term expiring in 2013)

Steven M. Altschuler

Philippe J. Amouyal

David P. Kirchhoff

Class I Directors (term expiring in 2014)

Raymond Debbane

John F. Bard

Jonas M. Fajgenbaum

Class II Directors (term expiring in 2015)

Marsha Johnson Evans

Sacha Lainovic

Christopher J. Sobecki

The Board of Directors has nominated for election at the 2013 Annual Meeting as Class III directors, to serve until the 2016 annual meeting of shareholders and until their successors have been duly elected and qualified, the following slate of three nominees: Steven M. Altschuler, Philippe J. Amouyal and David P. Kirchhoff. Each of the Class III director nominees is currently serving as a director of the Company. Mr. Amouyal and Mr. Kirchhoff were elected by the shareholders at the Company s 2010 annual meeting of shareholders. The Board of Directors elected Dr. Altschuler as a member of the Board of Directors effective as of September 30, 2012 to serve the remainder of the term of the former Class III director, Kimberly Roy Tofalli, who resigned from the Board of Directors effective as of September 29, 2012. Dr. Altschuler also became a member of the Audit Committee on September 30, 2012 to fill the vacancy left by Ms. Roy Tofalli s resignation.

Unless authority to vote for the election of any or all of the nominees is withheld by marking the proxy card to that effect, the proxies named in the enclosed proxy card will, upon receipt of a properly executed proxy card, vote to elect Dr. Altschuler, Mr. Amouyal and Mr. Kirchhoff as Class III directors for a term expiring at the 2016 annual meeting of shareholders and until their successors have been duly elected and qualified. The Board of Directors knows of no reason why these nominees should be unable or unwilling to serve, but if that should be the case, proxies will be voted for the election of such substitutes as the Board of Directors may designate.

Set forth below are the names and certain information with respect to each of the persons nominated to serve as a Class III director of the Company.

Background Information on Nominees

Background information about each of the persons nominated to serve as Class III directors for a three-year term expiring at the 2016 annual meeting of shareholders and until their successors have been duly elected and qualified is as follows:

Steven M. Altschuler. Dr. Altschuler has been a director since September 2012. Dr. Altschuler has served and continues to serve as the Chief Executive Officer of The Children s Hospital of Philadelphia (CHOP), one

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of the leading children s hospitals in the United States, since April 2000. Prior to assuming the role of Chief Executive Officer, Dr. Altschuler held several positions at CHOP, including Physician-in-Chief and chief of the Division of Gastroenterology, Hepatology and Nutrition. Prior to joining CHOP, Dr. Altschuler was faculty member and chair of the Department of Pediatrics at the Perelman School of Medicine at the University of Pennsylvania. Dr. Altschuler received a B.A. in mathematics and an M.D. from Case Western Reserve University. Dr. Altschuler is a director of Mead Johnson Nutrition Company, serves on its Compensation and Management Development Committee and is also Chair of its Nutrition Science and Technology Committee.

Philippe J. Amouyal. Mr. Amouyal has been a director since November 2002. Mr. Amouyal is a Managing Director of The Invus Group, LLC, a position he has held since 1999. Previously, Mr. Amouyal was a Vice President and director of The Boston Consulting Group in Boston, MA. He holds an M.S. in Engineering and a DEA in Management from Ecole Centrale de Paris and was a Research Fellow at the Center for Policy Alternatives of the Massachusetts Institute of Technology. Mr. Amouyal is a director and member of the Compensation Committee of Lexicon Pharmaceuticals, Inc. and a number of private companies of which Artal or Invus, L.P. are shareholders.

David P. Kirchhoff. Mr. Kirchhoff has been a director and our Chief Executive Officer since December 31, 2006. He served as our President from December 31, 2006 to January 3, 2013. Mr. Kirchhoff has served and continues to serve as the Chief Executive Officer of WeightWatchers.com since rejoining WeightWatchers.com in June 2004. He also served as President of WeightWatchers.com from June 2004 until April 2008 and our Chief Operating Officer, Europe and Asia from September 2005 until December 2006. Prior to rejoining WeightWatchers.com, Mr. Kirchhoff served as Chief Financial Officer of the Enthusiast Media Group of Primedia, Inc., a print and digital content provider, from September 2003 to June 2004. Mr. Kirchhoff originally joined WeightWatchers.com in January 2000 as Senior Vice President, Strategy and Business Development, and served as Chief Financial Officer of WeightWatchers.com from January 2003 until his departure in August 2003. Prior to joining WeightWatchers.com in January 2000, he was Director of Corporate Strategy and Development for PepsiCo, Inc. Previously, Mr. Kirchhoff was a manager and consultant with The Boston Consulting Group in Washington, D.C. He holds a B.S. in Biomedical and Electrical Engineering from Duke University and an M.B.A. from the University of Chicago Graduate School of Business.

The Board of Directors recommends that you vote FOR the election of

each of the Class III director nominees.

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PROPOSAL 2

RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers to serve as the Company s independent registered public accounting firm for fiscal 2013. Representatives of PricewaterhouseCoopers are expected to be present at the 2013 Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Ratification by the shareholders of the selection of the independent registered public accounting firm is not required, but the Board of Directors believes that it is desirable to submit this matter to the shareholders. If the selection of PricewaterhouseCoopers is not ratified at the meeting, the Audit Committee will investigate the reason for the rejection and reconsider the appointment.

The Board of Directors recommends that you vote FOR the ratification of the selection of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for fiscal 2013.

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PROPOSAL 3

RE-APPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS

UNDER THE 2008 STOCK INCENTIVE PLAN

The Weight Watchers International, Inc. 2008 Stock Incentive Plan (the 2008 Plan) was initially adopted by shareholders on May 6, 2008. In order to allow for certain awards under the 2008 Plan to qualify as tax-deductible performance-based compensation within the meaning of Section 162(m) (Section 162(m)) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), the Company is seeking shareholder re-approval of the material terms of the performance goals that may be utilized for purposes of determining performance awards that may be granted under the 2008 Plan. The material terms include the employees eligible under the 2008 Plan, the business criteria on which performance goals are based and the maximum amount of compensation payable under the 2008 Plan to any one employee during a specified period.

The Company is not seeking to make any changes with respect to the material terms of the performance goals or any other terms of the 2008 Plan at this time. However, the regulations under Section 162(m) require the Company to seek re-approval of the material terms of the performance goals under the 2008 Plan no later than the first shareholder meeting that occurs in the fifth year following the year in which shareholders previously approved those terms.

The Board of Directors believes that it is in the best interests of the Company and its shareholders for the Company to provide an incentive plan under which compensation awards made to executive officers can be deducted by the Company for federal income tax purposes. The Board of Directors and the Compensation Committee (defined below) believe that performance-based awards are vital to the interests of the Company and its shareholders as such awards play an important role in attracting and motivating employees as well as rewarding achievement of annual goals important to the Company s near- and long-term financial and strategic success and employees adherence to, and demonstration of, the Company s values.

If shareholders do not re-approve the performance goals under the 2008 Plan, the 2008 Plan will not be available for future grants of certain types of performance-based awards and we may not be entitled to a tax deduction for some or all of the performance-based compensation paid to our Chief Executive Officer and our other most highly compensated executive officers (other than our Chief Financial Officer).

The following is a summary of the 2008 Plan. For a more complete understanding of the 2008 Plan, please refer to the entire text of the 2008 Plan, which is attached to this Proxy Statement as Appendix A.

Summary of the 2008 Plan

Administration. The 2008 Plan is administered by the Compensation and Benefits Committee of the Board of Directors (the Compensation Committee), which may delegate its duties and powers in whole or in part to any subcommittee consisting solely of at least two individuals who are intended to qualify as non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (or any successor rule thereto) (the Exchange Act) and, to the extent required by Section 162(m), outside directors within the meaning thereof. In addition, as long as grants are made consistent with Compensation Committee guidelines and the 2008 Plan, the Compensation Committee may delegate the authority to grant awards under the 2008 Plan to any employee or group of employees of the Company or an Affiliate.

The Compensation Committee has the authority to make, and establish the terms and conditions of, any award to any person eligible to be a participant under the 2008 Plan and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). The Compensation Committee is authorized to interpret the 2008 Plan, to establish, amend and rescind any rules and regulations relating to the 2008 Plan and to make any other determinations that it deems necessary or desirable for the

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administration of the 2008 Plan. The Board of Directors shall be authorized and shall have the power to act on behalf and in lieu of the Compensation Committee with respect to the matters contained in the 2008 Plan.

Eligibility. Any employee, prospective employee, director, advisor or consultant of the Company or an Affiliate is eligible to receive an Award grant under the 2008 Plan. The Compensation Committee selects individuals eligible to participate in the 2008 Plan and, as of December 29, 2012, only employees and directors of the Company were eligible to participate based on established criteria utilized by the Compensation Committee in determining awards.

Aggregate Past Grants Under the 2008 Plan. The table below sets forth the stock options and restricted stock units (RSUs) issued under the 2008 Plan that have been received by or allocated since the inception of the 2008 Plan through December 29, 2012 to the following persons or groups: (i) each of our named executive officers , (ii) our current executive officers as a group and (iii) all employees, other than current executive officers, as a group. Since the inception of the 2008 Plan through December 29, 2012, no stock options or RSUs were granted to any of our current directors who are not executive officers. Any awards granted to our current directors who are not executive officers have been granted under the Weight Watchers International, Inc. 2004 Stock Incentive Plan (the 2004 Plan). In addition, since the inception of the 2008 Plan through December 29, 2012, no stock options or RSUs were granted to (i) any associate of any current director who is not an executive officer or (ii) any associate of any executive officer, and other than with respect to our Chief Executive Officer, no person was granted stock options or RSUs which account for five percent or more of the total number of shares available for issuance under the 2008 Plan.

	Number of Securities Underlying Stock Options Granted	Number of Securities Underlying Restricted Stock Units Granted
David P. Kirchhoff, Chief Executive Officer	268,411	28,865
Nicholas P. Hotchkin, Chief Financial Officer	28,690	2,912
Ann M. Sardini, Former Chief Financial Officer(1)	61,787	7,198
David A. Burwick, Former President, North America(2)	42,968	6,214
Michael Basone, President, WeightWatchers.com and Chief Technology Officer	85,103	9,586
Melanie Stack (Stubbing), President, Europe	86,600	9,739
All current executive officers as a group	576,622	63,012
All employees, other than current executive officers, as a group	1,195,862	256,947

(1) Ms. Sardini resigned from her position as Chief Financial Officer effective March 30, 2012 and subsequently retired from the Company effective June 29, 2012.

(2) Mr. Burwick resigned from the Company effective December 31, 2012.

Common Stock Price: On March 26, 2013, the closing price of the Common Stock, as reported on the NYSE, was $41.10 per share.

Shares Subject to the 2008 Plan. Initially, the total number of shares available for issuance under the 2008 Plan was 3,000,000. Pursuant to the terms of the 2008 Plan, the number of shares available for issuance under the 2008 Plan was subsequently increased by 550,272 shares, the remaining number of shares to which awards could be granted under the 1999 Stock Purchase and Option Plan of Weight Watchers International, Inc. and Subsidiaries (the 1999 Plan) upon its termination. As of December 29, 2012, 244,191 shares had been previously issued under the 2008 Plan pursuant to previously settled awards and there were 1,448,151 shares subject to outstanding stock options and 228,029 RSUs outstanding under the 2008 Plan. This leaves 1,653,849 shares available for the grant of future awards under the 2008 Plan. The maximum number of shares with respect to which awards may be granted during each calendar year to any given participant may not exceed 500,000. The shares may consist, in whole or in part, of unissued shares or shares that the Company has reacquired, bought on the market or otherwise. The issuance of shares or the payment of cash upon the exercise of an award or in consideration of the cancellation or termination of an award shall reduce the total number of shares available under the 2008 Plan. Shares subject to awards (or portions thereof) that terminate or lapse without the payment of consideration may be granted again under the 2008 Plan. In addition, shares withheld by the Company to satisfy any tax withholding obligation may be granted again under the 2008 Plan.

Stock Options and Stock Appreciation Rights. The Compensation Committee may award non-qualified or incentive stock options under the 2008 Plan. Options granted under the 2008 Plan will become vested and exercisable at such times and upon such terms and conditions as may be determined by the Compensation Committee, but an option will generally not be exercisable for a period of more than ten years after it is granted.

The exercise price per share of Common Stock for any stock option awarded will not be less than the average of the closing price of our Common Stock on the grant date and the four previous trading days on the New York Stock Exchange (the NYSE) or such other national securities exchange on which the shares are traded. To the extent permitted by the Compensation Committee, the exercise price of a stock option may be paid (i) in cash or its equivalent (*e.g.* a check or wire transfer); (ii) in shares of Common Stock having a fair market value equal to the aggregate option exercise price, so long as the shares have been held by the participant for no less than six months; (iii) partly in cash and partly in shares of Common Stock; or (iv) through the delivery of irrevocable instructions to a broker to sell, to the extent permitted by applicable law, shares of Common Stock obtained upon the exercise of the stock option and to deliver promptly to the Company an amount out of the proceeds of the sale equal to the aggregate option exercise price for the shares being purchased.

The Compensation Committee may grant stock appreciation rights independent of, or in connection with, a stock option. The exercise price of a stock appreciation right will not be less than the average of the closing price of our Common Stock on the grant date and the four previous trading days on the NYSE or such other national securities exchange on which the shares are traded; provided, however, that, in the case of a stock appreciation right granted in connection with a stock option, the exercise price will not be less than the exercise price of the related stock option. Each stock appreciation right granted independent of a stock option will entitle a participant, upon exercise, to an amount equal to (i) the excess of (A) the fair market value on the exercise date of one share of Common Stock over (B) the exercise price, multiplied by (ii) the number of shares of Common Stock covered by the stock appreciation right, and each stock appreciation right granted in connection with a stock option will entitle a participant upon surrender of his or her unexercised, but exercisable, stock option to receive the same amount. Payment will be made in shares of Common Stock (any Common Stock is valued at fair market value) and/or cash, as determined by the Compensation Committee.

Limitations. No award may be granted under the 2008 Plan after May 6, 2018 (the Expiration Date), unless shareholders re-approve the material terms of the 2008 Plan, but awards granted prior to the Expiration Date may extend beyond that date. Except as discussed below in *Adjustments Upon Certain Events* , the 2008 Plan prohibits the repricing of the exercise price of any stock options or stock appreciation rights after they have been granted.

Restricted Stock Units. An RSU award gives the participant an opportunity to receive shares of Common Stock free of restrictions upon vesting of the RSU award. The Compensation Committee will determine the number of RSUs to grant to a participant, the duration of the period during which any restrictions may remain imposed on such RSUs, the conditions, if any, under which the RSUs may be forfeited to the Company, and the other terms and conditions of the RSU awards. At the discretion of the Compensation Committee, an RSU award may entitle the participant to receive an amount that is equal to the amount of any dividends that the participant would have been paid if the RSUs were actual Common Stock. If the participant is entitled to these types of dividend equivalent payments, the Compensation Committee will decide whether these payments will be made to the participant currently or held until the RSU award vests, in which case such amount may be paid with or without interest.

Restricted Stock. The Compensation Committee will determine the number of shares of restricted stock to grant to a participant, the duration of the period during which any restrictions may remain imposed on such

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restricted stock, the conditions, if any, under which the restricted stock may be forfeited to the Company, and the other terms and conditions of restricted stock awards. Certain restricted stock awards granted under the 2008 Plan may be granted in a manner designed to make them deductible by the Company under Section 162(m). Such awards shall be based upon one or more of the performance criteria described below in *Plan Awards Section 162(m) of the Internal Revenue Code* .

Other Equity-Based Awards. The Compensation Committee, in its sole discretion, may grant or sell stock awards, unrestricted Common Stock and other awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value, of the Common Stock. Such other equity-based awards may be in such form, and dependent on such conditions, as the Compensation Committee determines, including, without limitation, the right to receive, or vest with respect to, one or more shares of Common Stock (or the equivalent cash value of such shares of Common Stock based on the fair market value of such stock) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of certain performance objectives. The maximum amount of other equity-based awards that may be granted during a calendar year to any participant is (x) with respect to other equity-based awards that are denominated or payable in shares, 500,000 shares and (y) with respect to other equity-based awards that are not denominated or payable in shares, $1 million.

Cash Awards. The Company may also make awards of cash to participants in a manner which is intended to allow such awards to be deductible by the Company under Section 162(m). Cash awards shall be provided for pursuant to the procedures regarding the grant, determination and payment of the Performance-Based Award, as described below in *Plan Awards Section 162(m) of the Internal Revenue Code* and *Tax Consequences of 2008 Plan Awards* .

Plan Awards Section 162(m) of the Internal Revenue Code. Restricted stock, RSU and other equity-based and cash awards granted under the 2008 Plan may be granted in a manner designed to make them deductible by the Company under Section 162(m). Such awards (Performance-Based Awards) shall be based upon one or more of the following performance criteria: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per share; (v) book value per share; (vi) return on shareholders equity; (vii) expense management; (viii) return on investment; (ix) improvements in capital structure; (x) profitability of an identifiable business unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales; (xv) costs; (xvi) cash flow; (xvii) working capital; and (xviii) return on assets. With respect to Performance-Based Awards, (A) the Compensation Committee shall establish in writing the objective performance goals applicable to a given period of service no later than 90 days after the commencement of such period of service (but in no event after 25% of such period of service has elapsed), and (B) no awards shall be paid to any participant for such period of service until the Compensation Committee certifies that the objective performance goals (and any other material terms) applicable to such period have been satisfied.

No participant who is a covered employee within the meaning of Section 162(m) shall receive payment of a cash award under the 2008 Plan in respect of any performance period in excess of $5 million, and the Compensation Committee shall have the right, in its absolute discretion, to reduce or eliminate the amount of any cash award otherwise payable to any participant under the 2008 Plan based on individual performance or any other factors that the Compensation Committee, in its discretion, shall deem appropriate.

Adjustments Upon Certain Events. In the event of any stock split, spin-off, share combination, reclassification, recapitalization, liquidation, dissolution, reorganization, merger, Change in Control, payment of a dividend (other than a cash dividend paid as part of a regular dividend program) or other similar transaction or occurrence which affects the equity securities of the Company or the value of such equity securities, the Compensation Committee has the discretion to (i) adjust the number and kind of shares subject to the 2008 Plan and available for or covered by awards granted under the 2008 Plan, (ii) adjust the share prices related to outstanding awards granted under the 2008 Plan and/or (iii) take such other action (including providing for the payment of a cash amount to holders of outstanding awards granted under the 2008 Plan in cancellation of any such awards), in each case as it deems reasonably necessary to address, on an equitable basis, the effect of the applicable corporate event on the 2008 Plan and any outstanding awards granted under the 2008 Plan; provided, however, that the Compensation Committee may, upon the consummation of the transactions constituting a Change in Control, cancel without consideration any outstanding stock option having an Option Price that is greater than the per share consideration received by a holder of Common Stock in such transaction.

Amendment and Termination. The Compensation Committee may amend, alter or discontinue the 2008 Plan, but, except as discussed above in *Adjustments Upon Certain Events* , no amendment, alteration or discontinuation shall be made (i) without the approval of the shareholders of the Company, if such action would increase the total number of shares of Common Stock reserved for the purposes of the 2008 Plan, or increase the maximum number of shares of restricted stock or other equity-based awards that may be awarded under the 2008 Plan, or increase the maximum number of shares for which awards may be granted to any participant, (ii) without the consent of a participant, if such action would diminish any of the rights of the participant under any award previously granted to the participant under the 2008 Plan or (iii) to the provision prohibiting the repricing of stock options or stock appreciation rights to permit such repricing. No new awards may be made under the 2008 Plan after May 6, 2018 unless and until the shareholders re-approve the material terms of the 2008 Plan.

Tax Consequences of 2008 Plan Awards

Introduction. The following general discussion of the federal income tax consequences of awards to be granted under the 2008 Plan is based on current federal tax laws and regulations, does not purport to be a complete description of the federal income tax laws, and does not purport to be a representation as to the actual tax consequences that any participant or the Company may in fact incur. Participants may also be subject to certain state and local taxes, which are not described below.

Non-qualified Stock Options. If the award granted is a non-qualified stock option, no income is realized by the participant at the time of grant of the option, and no deduction is available to the Company at such time. At the time of a cash or equivalent exercise, ordinary income is realized by the participant in an amount equal to the excess, if any, of the fair market value of the Common Stock on the date of exercise over the option exercise price, and the Company receives a tax deduction for the same amount. Upon disposition, any difference between the participant s tax basis in the Common Stock and the amount realized on disposition of the shares is treated as capital gain or loss.

Incentive Stock Options. If the award granted is an incentive stock option (as described in Section 422 of the Internal Revenue Code), no income is realized by the participant upon award or exercise of the option and no compensation deduction is available to the Company at such times. If the Common Stock purchased upon the exercise of an incentive stock option is held by a participant for at least two years from the date of the grant of such option and for at least one year after exercise, any resulting gain is taxed, upon disposition of the Common Stock, at long-term capital gains rates. If the Common Stock purchased pursuant to the option is disposed of before the expiration of that period, any gain on the disposition, up to the excess of the fair market value of the Common Stock at the time of exercise over the option exercise price, is taxed at ordinary income rates as compensation paid to the participant, and the Company is entitled to a compensation deduction for an equivalent amount. Any amount realized on the disposition by the participant in excess of the fair market value of the Common Stock at the time of exercise is taxed at capital gains rates.

Stock Appreciation Rights. The participant realizes no income at the time a stock appreciation right is granted, and no deduction is available to the Company at such time. When the right is exercised, ordinary income is realized by the participant in the amount of the cash and/or the fair market value of the Common Stock received by the participant, and the Company shall be entitled to a deduction of the same amount.

Restricted Stock Units. If the award granted is an RSU, the participant will not recognize any income for federal income tax purposes when RSUs are granted because restricted share units are not considered to be

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property for purposes of the Internal Revenue Code and no deduction is available to the Company at such time. After the RSUs vest and are settled, the participant will be required to treat as ordinary income an amount equal to the full fair market value of the shares of Common Stock and any cash received. If the participant sells the shares of Common Stock, the participant generally will have a taxable capital gain (or loss). Because the participant will have recognized income when any stock was distributed, the amount of this gain (or loss) is the difference between the sale price and the fair market value of the stock on the date it was distributed.

Subject to Section 162(m), discussed below, the Company is generally entitled to a deduction equal to the amount of ordinary income recognized by the participant as the result of an RSU award. If a participant forfeits his or her RSU award, no gain or loss is recognized and no deduction is allowed.

Restricted Stock Awards. Subject to Section 162(m), discussed below, the Company receives a deduction and the participant recognizes taxable income equal to the fair market value of the restricted stock award at the time the restrictions on the stock awarded lapse, unless the participant elects to recognize such income immediately by so electing, within 30 days after the date of grant by the Company to the participant of a restricted stock award, as permitted under Section 83(b) of the Internal Revenue Code, in which case both the Company s deduction and the participant s inclusion in income occur on the grant date. The value of any other stock award granted to participants shall be taxable as ordinary income to such participant in the year in which such stock is received, and the Company will be entitled to a corresponding tax deduction, subject to Section 162(m).

Section 162(m) of the Internal Revenue Code. Section 162(m) generally disallows a tax deduction to public companies for compensation over $1,000,000 paid to the chief executive officer and the three other most highly compensated executive officers of the Company or any of its subsidiaries (excluding the Company s principal financial officer) in any taxable year of the Company. Qualifying performance-based compensation is not subject to this deduction limit if certain requirements are met. One requirement is shareholder approval of (i) the performance criteria upon which performance-based awards may be based, (ii) the annual participant limits on awards and (iii) the class of employees eligible to receive awards. In the case of restricted stock awards and performance-based awards, other requirements generally are that objective performance goals and the amounts payable upon achievement of the goals be established by a committee of at least two outside directors (within the meaning of Section 162(m)) and that no discretion be retained to increase the amount payable under the awards. In the case of stock options and stock appreciation rights, other requirements are that the stock option or stock appreciation right be granted by a committee of at least two outside directors and that the exercise price of the stock option or stock appreciation right be not less than the fair market value of the Common Stock subject to such award on the date of grant of the award.

Section 409A of the Internal Revenue Code. Section 409A of the Internal Revenue Code (Section 409A) covers certain nonqualified deferred compensation arrangements and generally establishes rules that must be followed with respect to covered deferred compensation arrangements in order to avoid the imposition of an additional 20% tax (plus interest) on the service provider who is entitled to receive the deferred compensation. Certain awards that may be granted under the 2008 Plan may constitute deferred compensation within the meaning of and subject to Section 409A. While the Compensation Committee intends to administer and operate the 2008 Plan and establish terms (or make required amendments) with respect to awards subject to Section 409A in a manner that will avoid the imposition of additional taxation under Section 409A upon a participant, there can be no assurance that additional taxation under Section 409A will be avoided in all cases. If any payments or benefits that the Company would otherwise be required to provide under the 2008 Plan cannot be provided in the manner contemplated without subjecting the participant to income tax under Section 409A, the Company shall provide such intended payments or benefits to the participant in an alternative manner that conveys an equivalent economic benefit to the participant (without materially increasing the aggregate cost to the Company).

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The following table summarizes our equity compensation plan (including the 2008 Plan) information as of December 29, 2012:

Equity Compensation Plan Information

Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights[(1)] (a)**	**Weighted-average exercise price of outstanding options, warrants and rights[(2)] (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[(3)] (c)**
Equity compensation plans approved by security holders	2,485,664	$ 38.51	2,098,055
Equity compensation plans not approved by security holders			
Total	2,485,664	$ 38.51	2,098,055

(1) Consists of 2,239,372 shares of Common Stock issuable upon the exercise of outstanding options and 246,292 shares of Common Stock issuable upon the vesting of restricted stock units awarded under the 2008 Plan, the 2004 Plan, and the 1999 Plan.

(2) Includes weighted-average exercise price of stock options outstanding of $42.75 and restricted stock units of $0.

(3) Consists of shares of Common Stock issuable under the 2008 Plan and the 2004 Plan pursuant to various awards the Compensation Committee may make, including non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock units, restricted stock and other equity-based awards. The 1999 Plan terminated on December 16, 2009 pursuant to its terms and in connection with such termination no additional securities can be issued under the plan. Pursuant to the terms of the 2008 Plan, the number of shares of Common Stock available for issuance under the 2008 Plan was increased by 550,272 shares, the remaining number of shares of Common Stock with respect to which awards could be granted under the 1999 Plan upon its termination.

The Board of Directors recommends a vote FOR the re-approval of the material terms of the performance goals under the Company s 2008 Stock Incentive Plan.

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CORPORATE GOVERNANCE

BOARD OF DIRECTORS AND COMMITTEES

Board of Directors

Our Board of Directors is comprised of nine members. The Board of Directors is divided into three classes, equal in number, with each director serving a three-year term and one class being elected at each year s annual meeting of shareholders. We expect directors to attend and participate in all meetings of the Board of Directors and of the committees of the Board of Directors on which they serve. We understand, however, that occasionally a director may be unable to attend a meeting.

The Board of Directors held ten meetings in fiscal 2012. In fiscal 2012, each of the directors attended at least 90% of the meetings of the Board of Directors and of the committees of the Board of Directors on which he or she served and average attendance at such meetings was over 95%. We also expect directors to attend our 2013 Annual Meeting. Eight of our then current nine directors attended the Company s 2012 annual meeting of shareholders. In addition to attending and participating in meetings of the Board of Directors, the committees thereof and annual meetings of shareholders, the directors communicate with our executive management team to remain informed about the Company s business and for such other purposes as may be helpful to the Board of Directors in fulfilling its responsibilities.

Directors of Weight Watchers International, Inc.

Set forth below in the section entitled *Executive Officers and Directors of the Company* are the names and certain information with respect to each of our current directors.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines that include guidelines for determining director independence and qualifications for directors. The Company s corporate governance materials, including the Corporate Governance Guidelines and charters of the committees of the Board of Directors, are available on the Corporate Governance page of our website at www.weightwatchersinternational.com. The Board of Directors regularly reviews corporate governance developments and modifies our Corporate Governance Guidelines and committee charters as warranted.

Committees of the Board of Directors

The standing committees of the Board of Directors consist of the Audit Committee and the Compensation Committee. Due to Artal beneficially holding more than 50% of the voting power for the election of the Company s directors, we are considered a controlled company as defined in the listing standards of the NYSE. As such, we have elected to be exempt from the requirements to have nominating/corporate governance and compensation committees composed entirely of independent directors and to have a majority of independent directors on our Board of Directors.

Audit Committee

We have an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), the rules and regulations of the SEC and the listing standards of the NYSE. The current members of the Audit Committee are Mr. Bard, Dr. Altschuler and Ms. Evans. The Chairman of the Audit Committee is Mr. Bard. Dr. Altschuler joined the Audit Committee on September 30, 2012 to fill the vacancy left by Ms. Roy Tofalli s resignation from the Board of Directors effective September 29, 2012. The Audit Committee held 11 meetings during fiscal 2012.

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The principal duties of the Audit Committee are as follows:

- to oversee that our management has maintained the reliability and integrity of our accounting policies and financial reporting and our disclosure practices;
- to oversee that our management has established and maintained processes to ensure that an adequate system of internal controls is functioning;
- to oversee that our management has established and maintained processes to ensure our compliance with all applicable laws, regulations and corporate policy;
- to prepare an annual performance evaluation of the Audit Committee;
- to establish and maintain procedures for the receipt, retention and treatment of complaints received by us, from any source, regarding accounting, internal accounting controls or auditing matters, and from our employees for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters;
- to assist the Board of Directors in its oversight of the integrity of our financial statements;
- to review the earnings press releases prior to the release of earnings and to review our annual and quarterly financial statements prior to their filing;
- to oversee the performance of our independent registered public accounting firm and to retain or terminate the independent registered public accounting firm and approve all audit and non-audit engagement fees and terms with such registered public accounting firm;
- to review, at least annually, the qualifications, performance and independence of our independent registered public accounting firm; and
- in consultation with the independent accountants, management and the internal auditors, to review the integrity of the Company s financial reporting processes, both internal and external.

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

The Board of Directors has determined that each of the Audit Committee members, Mr. Bard, Dr. Altschuler and Ms. Evans, is an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K of the Exchange Act, has satisfied the financial literacy requirements of the NYSE and has no direct or indirect material relationship with us and thus is independent under applicable listing standards of the NYSE, Rule 10A-3 under the Exchange Act and our Corporate Governance Guidelines. The Audit Committee operates under a written charter, which is available on our website at www.weightwatchersinternational.com.

Compensation Committee

The current members of the Compensation Committee are Mr. Debbane, Mr. Amouyal and Mr. Bard. The Chairman of the Compensation Committee is Mr. Debbane. The Compensation Committee held nine meetings during fiscal 2012. The principal duties of the Compensation Committee are as follows:

- to establish and review the overall compensation philosophy of the Company;
- to review and approve corporate goals and objectives relevant to the Chief Executive Officer s and other executive officers compensation, including annual performance objectives;
- to evaluate the performance of the Chief Executive Officer and other executive officers in light of approved goals and objectives and, based on such evaluation, review and approve the annual salary, bonus, equity-based incentive compensation and other benefits, direct and indirect, of the Chief Executive Officer and other executive officers;

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to review, and make recommendations to the Board of Directors with respect to, the Company s equity-based plans, and oversee the activities of the individuals responsible for administering those plans;

to review and recommend to the Board of Directors compensation of directors as well as directors and officers indemnification and insurance matters;

to review, and make recommendations to the Board of Directors with respect to, or approve, employee pension, profit sharing and benefit plans; and

to prepare recommendations and periodic reports to the Board of Directors concerning these matters.

The day-to-day administration of savings plans, profit sharing plans, stock plans, health, welfare and paid time-off plans and policies applicable to salaried employees in general are handled by the Company s human resources, finance and legal department employees. The responsibility for certain fundamental changes outside the day-to-day requirements necessary to maintain these plans and policies belongs to the Compensation Committee. The Compensation Committee operates under a written charter, which is available on our website at www.weightwatchersinternational.com.

For additional information on the Compensation Committee s activities, its use of outside advisors and its consideration and determination of executive compensation, see *Compensation Discussion and Analysis* .

Board Structure

It has been the policy of the Company for more than a decade to separate the positions of Chief Executive Officer and Chairman of the Board of Directors. While we recognize that different board leadership structures may be appropriate for companies in different situations, we believe that our current policy of separation of these two positions is most appropriate for the Company. To meet their responsibilities of overseeing management and setting strategic direction, as well as fostering the long-term value of the Company, among their other responsibilities, directors are required to spend time and energy in successfully navigating a wide variety of issues and guiding the policies and practices of the companies they oversee. To that end, we believe that having a separate non-executive Chairman of the Board of Directors, Mr. Debbane, who is solely responsible for leading the Board of Directors, allows our Chief Executive Officer, Mr. Kirchhoff, to focus his time and energy on running the day-to-day operations of the Company. We believe that our Chief Executive Officer and our Chairman of the Board of Directors have an excellent working relationship and open lines of communication. In addition, our Chairman of the Board of Directors does not have any relationships with Mr. Kirchhoff or other members of management that would compromise his ability to act free from the control of the Chief Executive Officer and management.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Mr. Debbane, Mr. Amouyal and Mr. Bard. There were no Compensation Committee interlocks or insider (employee) participation during fiscal 2012. See *Transactions with Related Persons and Certain Control Persons Transactions with Related Persons* for a description of the relationships that Messrs. Debbane and Amouyal have with the Company.

Director Nominations

Because the Board of Directors believes that all of the directors of the Company should be involved in the process of nominating persons for election as directors and the Company is not required to have a nominating committee under the listing standards of the NYSE as described above under *Committees of the Board of Directors* , the Board of Directors as a whole performs the functions of a nominating committee and is responsible for reviewing the requisite skills and characteristics of the nominees for the Board of Directors.

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Identifying and Evaluating Nominees for Directors

The Board of Directors will consider candidates for nomination as a director recommended by the Company s shareholders, current directors and officers, third-party search firms and other sources. In evaluating candidates, the Board of Directors considers the candidate s minimum individual qualifications, including integrity, accountability, experience and an ability to work collegially with the other members of the Board of Directors. In addition, the Board of Directors will take into account all other factors it considers appropriate, including a candidate s skills and experience, legal and regulatory requirements and the needs of the Board of Directors. While the Board of Directors has not adopted a formal policy regarding diversity, the Board of Directors evaluates each candidate in the context of the Board of Directors membership as a whole and seeks to achieve a mix of members that represents a diversity of background and experience in order to promote the representation of diverse views on the Board of Directors. The Board of Directors will review all candidates in the same manner, regardless of the source of the recommendation. The Board of Directors will consider individuals recommended by shareholders for nomination as a director in accordance with the procedures described below. The Board of Directors may engage consultants or third-party search firms to assist in identifying and evaluating potential candidates. While the Board of Directors has not adopted a separate charter setting forth the guidelines for its nomination duties, the guidelines for determining director independence and qualifications for directors are described in Articles II and III of our Corporate Governance Guidelines.

Recommendation of the Nominee Replacement Class III Director. As part of the succession planning for Ms. Roy Tofalli, who previously indicated to the Company that she might not stand for re-election at the 2013 Annual Meeting due to her increased responsibilities outside of her position on the Board of Directors, the Chairman of the Board of Directors, Mr. Debbane, identified and proposed the nomination of Dr. Altschuler for election to the Company s Board of Directors. In September 2012, following receipt of Ms. Roy Tofalli s resignation from the Board of Directors effective September 29, 2012 and evaluation of Dr. Altschuler, the Company s Board of Directors unanimously elected Dr. Altschuler to serve the remainder of Ms. Roy Tofalli s term as a Class III director.

Procedures for Submitting Director Recommendations and Nominations

The Company s Amended and Restated Bylaws (the Bylaws) provide that shareholders may nominate persons for election as directors at the Company s shareholders meeting by giving timely written notice to the Corporate Secretary of the Company containing required information. The Bylaws require that, to be timely and proper, notice of a nomination by a shareholder must be personally delivered to, or mailed to and received at, the Company s principal executive offices as follows: (a) for elections to be held at an annual meeting of shareholders, at least 120 days and no more than 150 days before the first anniversary of the date of the proxy statement in conjunction with the annual meeting of shareholders for the prior year; (b) if the date of the annual meeting is more than 30 days earlier or later than the anniversary date of the prior year s annual meeting, not less than 60 days prior to such annual meeting; and (c) for elections that are going to take place at a special meeting of shareholders, no later than the close of business on the seventh day after the day on which notice of the date of the special meeting is first given to shareholders. Notwithstanding the foregoing, so long as Artal owns a majority of our Common Stock, notice by Artal shall be timely and proper if delivered in writing or orally at least five business days prior to the date the Company mails its proxy statement in connection with the applicable meeting of shareholders.

In notifying the Corporate Secretary, the shareholder making the submission must provide the following information: (i) the name and the address of the shareholder, as they appear on the Company s stock transfer books, and the name, age and business address (and, if known, residential address) of the candidate to be considered; (ii) a representation by the shareholder that the shareholder is a shareholder of record and intends to appear in person or by proxy at the meeting to nominate the candidate; (iii) the class or series and number of shares of the Company s stock that are beneficially owned by the shareholder and by the candidate; (iv) a description of all arrangements or understandings between the shareholder and the candidate and any other

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person (naming such person) pursuant to which such nomination is to be made by such shareholder; (v) an executed written consent of the candidate to be named in the proxy statement as a nominee and to serve as a director of the Company if so elected; (vi) the principal occupation or employment of the candidate; and (vii) any other information relating to the candidate required to be disclosed in accordance with the Bylaws and the Exchange Act. For the 2014 annual meeting of shareholders, the foregoing information must be submitted to the Board of Directors through Weight Watchers International, Inc., Attention: Corporate Secretary, 675 Avenue of Americas, 6th Floor, New York, New York 10010.

The Board of Directors will also consider director candidates recommended by shareholders. All recommendations for nomination received by the Corporate Secretary that are made in accordance with the requirements in our Bylaws relating to director nominations, as described above, will be presented to the Board of Directors for its consideration.

Director Independence

Three of our nine directors, Dr. Altschuler, Mr. Bard, and Ms. Evans, are (and in connection with the 2012 annual meeting of shareholders, that Ms. Roy Tofalli, who resigned from the Board of Directors effective as of September 29, 2012, was) independent under applicable listing standards of the NYSE and our Corporate Governance Guidelines. For a director to be considered independent, the Board of Directors must determine that the director does not have any direct or indirect material relationship with the Company. The Board of Directors has established guidelines to assist it in determining director independence, which conform to the independence requirements in the NYSE listing standards. In addition to applying these guidelines, which are set forth in Article II of our Corporate Governance Guidelines, the Board of Directors will consider all relevant facts and circumstances in making an independence determination.

All members of the Audit Committee must be independent directors based on our Corporate Governance Guidelines and under the listing standards of the NYSE. Members of the Audit Committee must also satisfy a separate SEC independence requirement pursuant to Rule 10A-3 under the Exchange Act, which provides that they may not (i) accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than their directors compensation, and (ii) be an affiliate of the Company. The Board of Directors has determined that each of the Audit Committee members, Mr. Bard, Dr. Altschuler and Ms. Evans, has no material relationship with us and satisfies (and in connection with the 2012 annual meeting of shareholders, that Ms. Roy Tofalli, who resigned from the Board of Directors effective as of September 29, 2012, satisfied) the independence requirements under our Corporate Governance Guidelines, the listing standards of the NYSE and Rule 10A-3 under the Exchange Act.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics for our officers, including our principal executive officer, principal financial officer, principal accounting officer and controller, and our employees and directors. Our Code of Business Conduct and Ethics is available on our website at www.weightwatchersinternational.com.

In addition to any disclosures required under the Exchange Act, the date and nature of any substantive amendment of our Code of Business Conduct and Ethics or waiver thereof applicable to any of our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, and that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K of the Exchange Act, will be disclosed on our website at www.weightwatchersinternational.com within four business days of the date of such amendment or waiver. In the case of a waiver, the name of the person to whom the waiver was granted will also be disclosed on our website within four business days of the date of such waiver.

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Oversight of Risk Management

We are exposed to a number of risks, including financial risks, credit risks, operational risks and risks relating to regulatory and legal compliance. Our executive management team is responsible for identifying and evaluating these risks and developing plans to manage them effectively. Risk management is a Company-wide initiative that involves each of our operating segments. We take a multi-disciplinary approach to risk and our risk management function includes senior executives with backgrounds in finance, operations, human resources, and legal and regulatory compliance. For example, our Chief Financial Officer advises our executive management team on both financial and credit risks faced by the Company and our General Counsel advises our executive management team on the Company s legal and regulatory compliance. Our Chief Executive Officer is advised of and oversees these risk management efforts by the Company s executive management team. The Board of Directors actively supervises the Company s risk management. Both the Audit Committee and Compensation Committee play a significant role in the oversight of the Company s risk management. For example, the Audit Committee oversees our risk management efforts related to the Company s audit function while the Compensation Committee oversees our risk management efforts related to employment and compensation matters. Members of our executive management team meet with the Board of Directors, Audit Committee and Compensation Committee regularly to discuss, as well as provide reports relating to, the risks facing the Company.

Executive Sessions of Non-Management and Independent Directors

Non-management directors meet in executive sessions of the Board of Directors in which management directors and other members of management do not participate. These sessions are periodically scheduled for non-management directors at meetings of the Board of Directors. The Chairman of the Board of Directors, Mr. Debbane, presides over the meetings of the non-management directors. In addition, the directors who are independent under applicable listing standards of the NYSE and our Corporate Governance Guidelines hold executive sessions at least once a year. Ms. Evans presided over these sessions in fiscal 2012.

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EXECUTIVE OFFICERS AND DIRECTORS OF THE COMPANY

Set forth below are the names, ages, and current positions with us as of March 15, 2013 of our executive officers and directors. Directors are elected at the annual meeting of shareholders. Executive officers are appointed by, and hold office at, the discretion of the Board of Directors.

Name	Age	Position
David P. Kirchhoff	46	Chief Executive Officer, Director
James R. Chambers	55	President and Chief Operating Officer
Nicholas P. Hotchkin	47	Chief Financial Officer
Michael Basone(1)	55	President, WeightWatchers.com and Chief Technology Officer
Melanie Stack (Stubbing)(1)	51	President, Europe
Bruce Rosengarten	54	President, Asia Pacific
Jeffrey A. Fiarman	44	Executive Vice President, General Counsel and Secretary
Raymond Debbane(2)	58	Chairman of the Board of Directors
Steven M. Altschuler(3)	59	Director
Philippe J. Amouyal(2)	54	Director
John F. Bard(2)(3)	72	Director
Marsha Johnson Evans(3)	65	Director
Jonas M. Fajgenbaum	40	Director
Sacha Lainovic	56	Director
Christopher J. Sobecki	54	Director

(1) In February 2013, we announced that Mr. Basone and Ms. Stubbing will be resigning from their respective positions with the Company during the first half of fiscal 2013.
(2) Member of Compensation Committee.
(3) Member of Audit Committee.

David P. Kirchhoff. Mr. Kirchhoff has been a director and our Chief Executive Officer since December 31, 2006. He served as our President from December 31, 2006 to January 3, 2013. Mr. Kirchhoff has served and continues to serve as the Chief Executive Officer of WeightWatchers.com since rejoining WeightWatchers.com in June 2004. He also served as President of WeightWatchers.com from June 2004 until April 2008 and our Chief Operating Officer, Europe and Asia from September 2005 until December 2006. Prior to rejoining WeightWatchers.com, Mr. Kirchhoff served as Chief Financial Officer of the Enthusiast Media Group of Primedia, Inc., a print and digital content provider, from September 2003 to June 2004. Mr. Kirchhoff originally joined WeightWatchers.com in January 2000 as Senior Vice President, Strategy and Business Development, and served as Chief Financial Officer of WeightWatchers.com from January 2003 until his departure in August 2003. Prior to joining WeightWatchers.com in January 2000, he was Director of Corporate Strategy and Development for PepsiCo, Inc. Previously, Mr. Kirchhoff was a manager and consultant with The Boston Consulting Group in Washington, D.C. He holds a B.S. in Biomedical and Electrical Engineering from Duke University and an M.B.A. from the University of Chicago Graduate School of Business.

James R. Chambers. Mr. Chambers has served as our President and Chief Operating Officer since January 4, 2013. Prior to joining us, Mr. Chambers served as President of the U.S. Snacks and Confectionary business unit and General Manager of the Immediate Consumption Channel of Kraft Foods Inc., a global food and beverage company, from January 2010 to July 2011. Prior to joining Kraft, Mr. Chambers held various positions in the North America business unit at Cadbury plc, a beverage and confectionary company, from September 2005 to January 2010, most recently as the President and Chief Executive Officer. Mr. Chambers began his career at Nabisco, Inc. and also held various executive positions with Rémy Cointreau USA, Paxonix Inc., NetGrocer.com, Inc. and Information Resources, Inc. Mr. Chambers received a Bachelor s degree in Civil Engineering from Princeton University and an M.B.A. from the Wharton School of Business of the University of Pennsylvania. Mr. Chambers is a director of Big Lots, Inc. Mr. Chambers was previously a director of B&G Foods, a food manufacturer.

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Nicholas P. Hotchkin. Mr. Hotchkin has served as our Chief Financial Officer since August 20, 2012. Prior to joining us, Mr. Hotchkin had spent several years at Staples, Inc., a global leader in the office supply industry. Most recently, Mr. Hotchkin served as Senior Vice President of Finance for the U.S. Retail division of Staples based in Massachusetts, a position he held from May 2010 to August 2012. Before assuming that position, he had been Senior Vice President of Finance and Treasurer of Staples, a position he held from November 2006 to April 2010. Prior to joining Staples, Mr. Hotchkin held several corporate finance positions with Delphi Corporation and General Motors Corporation including assignments in the United States, Asia and Europe. Mr. Hotchkin received a B.A. in Economics from Harvard College and an M.B.A. from the Harvard Business School.

Michael Basone. Mr. Basone has served as our President, WeightWatchers.com and Chief Technology Officer since April 2008. Prior to that time, Mr. Basone served as the Chief Technology Officer of WeightWatchers.com, Inc. from January 2002 to April 2007 and our Executive Vice President, Global Technology and Operations, from May 2007 to March 2008. Prior to joining us, Mr. Basone was with Modem Media Inc., an interactive advertising and web site development agency, where he served as Managing Director of the Marketing Platforms Practice from April 2001 to January 2002 and Vice President, Strategic Engineering, from February 2000 to April 2001. Previously, Mr. Basone served as Executive Vice President, Chief Operating Officer and Chief Information Officer of Warrantech Corporation from 1994 to January 2000. He holds a B.S. in Management from La Salle University.

Melanie Stack (Stubbing). Ms. Stubbing has served as our President, Europe since December 2011. Prior to that time, Ms. Stubbing served as our President, International from August 2008 to December 2011 and our Senior Vice President of Operations, United Kingdom from December 2003 to July 2008. Ms. Stubbing ran the UK-based toy, game and trading card operations for Hasbro, Inc. from January 2002 to November 2003. From November 2000 to January 2002, Ms. Stubbing served as the Vice President for WeightWatchers.com. Prior to joining WeightWatchers.com, Ms. Stubbing was Managing Director, Hedstrom, U.K. from August 1998 to October 2000, and from July 1989 to July 1998 she held various marketing positions at Mattel UK Ltd., including Group Marketing Director. Ms. Stubbing is a business graduate of Manchester Metropolitan University.

Bruce Rosengarten. Mr. Rosengarten has served as our President, Asia Pacific since December 2011. Prior to joining us, from January 2009 until December 2011, Mr. Rosengarten advised and mentored senior management in various industries on strategy, business development and leadership while serving as Director of International Ideas Pty Ltd, a company he founded and which specialized in strategic consulting as well as leadership coaching. Mr. Rosengarten also authored and published a book on leadership in April 2010. Mr. Rosengarten served as the President of Jewish Care (Victoria) Inc, a not-for-profit, humanitarian organization, from November 2009 to November 2012. Mr. Rosengarten held various senior marketing, retail management and business development positions at Shell International Petroleum Company beginning in August 1998, including most recently serving in the senior marketing role of Global Vice President Retail Marketing Shell Downstream principally based in Singapore from January 2005 until September 2008 and prior to this role held the position Vice President Retail, Asia Pacific, Middle East from January 2001 until December 2004. Prior to joining Shell, Mr. Rosengarten held several senior retail management and business development positions with Crown Ltd, a casino operator, and the leading retailer Coles Myer Ltd. He is a graduate of Monash University in Australia, where he obtained a Bachelors degree in Economics and a Graduate Diploma in Physical Distribution Management.

Jeffrey A. Fiarman. Mr. Fiarman has served as our Executive Vice President, General Counsel and Secretary since May 2006. Prior to that time, Mr. Fiarman served as our Vice President and Associate General Counsel from July 2005 to May 2006 and as General Counsel of WeightWatchers.com since June 2000. He has also been Secretary of WeightWatchers.com since July 2000 and Senior Vice President of WeightWatchers.com since March 2002. Mr. Fiarman also held the position of Vice President, Business Development of WeightWatchers.com from June 2000 to March 2002. Prior to joining WeightWatchers.com, from September 1993 to May 2000, Mr. Fiarman was an attorney with Gibson, Dunn & Crutcher LLP in Washington, D.C.

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specializing in corporate and tax law. Mr. Fiarman holds a B.S. in Economics from The Wharton School of the University of Pennsylvania and a J.D. from Columbia University School of Law.

Raymond Debbane. Mr. Debbane has been the Chairman of our Board of Directors since our acquisition by Artal on September 29, 1999. Mr. Debbane is a co-founder and the Chief Executive Officer of The Invus Group, LLC. Prior to forming The Invus Group, LLC in 1985, Mr. Debbane was a manager and consultant for The Boston Consulting Group in Paris, France. He holds an M.B.A. from Stanford Graduate School of Business, an M.S. in Food Science and Technology from the University of California, Davis and a B.S. in Agricultural Sciences and Agricultural Engineering from American University of Beirut. Mr. Debbane is the Chairman of the Board of Directors of Lexicon Pharmaceuticals, Inc. and a director of Ceres, Inc. He is also the Chief Executive Officer and a director of Artal Group S.A. and the Chairman of the Board of Directors of a number of private companies of which Artal or Invus, L.P. are shareholders.

Steven M. Altschuler. Dr. Altschuler has been a director since September 2012. Dr. Altschuler has served and continues to serve as the Chief Executive Officer of The Children s Hospital of Philadelphia (CHOP), one of the leading children s hospitals in the United States, since April 2000. Prior to assuming the role of Chief Executive Officer, Dr. Altschuler held several positions at CHOP, including Physician-in-Chief and chief of the Division of Gastroenterology, Hepatology and Nutrition. Prior to joining CHOP, Dr. Altschuler was faculty member and chair of the Department of Pediatrics at the Perelman School of Medicine at the University of Pennsylvania. Dr. Altschuler received a B.A. in mathematics and an M.D. from Case Western Reserve University. Dr. Altschuler is a director of Mead Johnson Nutrition Company, serves on its Compensation and Management Development Committee and is also Chair of its Nutrition Science and Technology Committee.

Philippe J. Amouyal. Mr. Amouyal has been a director since November 2002. Mr. Amouyal is a Managing Director of The Invus Group, LLC, a position he has held since 1999. Previously, Mr. Amouyal was a Vice President and director of The Boston Consulting Group in Boston, MA. He holds an M.S. in Engineering and a DEA in Management from Ecole Centrale de Paris and was a Research Fellow at the Center for Policy Alternatives of the Massachusetts Institute of Technology. Mr. Amouyal is a director and member of the Compensation Committee of Lexicon Pharmaceuticals, Inc. and a number of private companies of which Artal or Invus, L.P. are shareholders.

John F. Bard. Mr. Bard has been a director since November 2002. From 1999 to 2008, Mr. Bard was a director of the Wm. Wrigley Jr. Company, where he served as Executive Vice President from 1999 to 2000, Senior Vice President from 1990 to 1999, and at the same time serving as Chief Financial Officer from 1990 until his retirement from management in 2000. He began his business career in 1963 with The Procter & Gamble Company in financial management. He subsequently was Group Vice President and Chief Financial Officer and a director of The Clorox Company and later President and a director of Tambrands, Inc., prior to joining Wrigley. Mr. Bard holds a B.S. in Business and Accounting from Northwestern University and an M.B.A. in Finance from the University of Cincinnati.

Marsha Johnson Evans. Ms. Evans has been a director since February 2002. Ms. Evans served as President and Chief Executive Officer of the American Red Cross, the preeminent humanitarian organization in the United States, from August 2002 to December 2005, and previously served as the National Executive Director of Girl Scouts of the U.S.A. from January 1998 to July 2002. A retired Rear Admiral in the United States Navy, Ms. Evans served as superintendent of the Naval Postgraduate School in Monterey, California from 1995 to 1998 and headed the Navy s worldwide recruiting organization from 1993 to 1995. Ms. Evans also served as the Acting Commissioner of the Ladies Professional Golf Association from July 2009 to January 2010. Ms. Evans received a B.A. from Occidental College and a Master s Degree from the Fletcher School of Law and Diplomacy at Tufts University. Ms. Evans is also a director of Office Depot Inc. and The First Tee. She chairs the Compensation Committee of Office Depot Inc. Ms. Evans was previously a director of Huntsman Corporation and the Estate of Lehman Brothers Holdings, Inc.

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Jonas M. Fajgenbaum. Mr. Fajgenbaum has been a director since our acquisition by Artal on September 29, 1999. Mr. Fajgenbaum is a Managing Director of The Invus Group, LLC, which he joined in 1996. Prior to joining The Invus Group, LLC, Mr. Fajgenbaum was a consultant for McKinsey & Company in New York from 1994 to 1996. He graduated with a B.S. in Economics with a concentration in Finance from The Wharton School of the University of Pennsylvania and a B.A. in Economics from the University of Pennsylvania. Mr. Fajgenbaum is a director of a number of private companies of which Artal or Invus, L.P. are shareholders.

Sacha Lainovic. Mr. Lainovic has been a director since our acquisition by Artal on September 29, 1999. Since 2007, Mr. Lainovic has been Managing Partner of Invus Financial Advisors, LLC, a New York-based investment firm, which he co-founded. From 1985 to 2006, Mr. Lainovic was Executive Vice President of The Invus Group, LLC, which he co-founded. Prior to forming The Invus Group, LLC in 1985, Mr. Lainovic was a manager and consultant for The Boston Consulting Group in Paris, France. He holds an M.B.A. from Stanford Graduate School of Business and an M.S. in Engineering from Insa de Lyon in Lyon, France.

Christopher J. Sobecki. Mr. Sobecki has been a director since our acquisition by Artal on September 29, 1999. Mr. Sobecki is a Managing Director of The Invus Group, LLC, which he joined in 1989. He received an M.B.A. from Harvard Business School. He also obtained a B.S. in Industrial Engineering from Purdue University. Mr. Sobecki is a director of Lexicon Pharmaceuticals, Inc. and a number of private companies of which Artal or Invus, L.P. are shareholders. Mr. Sobecki was previously a director of NitroMed Inc.

Director Qualifications

When considering whether directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of the Company s business and structure, the Board of Directors focused primarily on each person s background and experience as reflected in the information discussed in each of the directors individual biographies set forth immediately above. In particular, the Board of Directors considered:

Mr. Debbane s experience as a management consultant and private equity investor with extensive knowledge and understanding of international corporate strategy, brand management, complex financial matters, and numerous and varied global industries.

Dr. Altschuler s experience as a senior executive and physician for a leading healthcare organization with extensive knowledge and understanding of the healthcare industry, general management and business operations, complex regulatory matters, and financial management and accounting.

Mr. Amouyal s experience as a management consultant and private equity investor with extensive knowledge and understanding of international corporate strategy, information technology, research and development, and management operations and structures.

Mr. Bard s experience as a senior executive of several multinational consumer products companies with extensive knowledge and understanding of corporate finance and accounting, brand management, international business operations, and global marketing.

Ms. Evans experience as a senior executive of several different global field service organizations with extensive knowledge and understanding of global management processes and operations, recruitment and training, financial management and accounting, and business strategy.

Mr. Fajgenbaum s experience as a management consultant and private equity investor with extensive knowledge and understanding of consumer marketing and brand management, business development and licensing, international business and general management, and corporate strategy.

Mr. Kirchhoff s extensive knowledge of our business and the weight loss industry generally and his position as Chief Executive Officer of the Company with responsibility for the day-to-day oversight of the Company s business operations.

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Mr. Lainovic s experience as a management consultant, private equity investor and investment advisor with extensive knowledge and understanding of capital market investment and operations, international business and general management, investor relations, and complex financial matters and transactions.

Mr. Sobecki s experience as a private equity investor with extensive knowledge and understanding of global corporate strategy, corporate finance and accounting, capital market investment and operations, and general management processes and operations.

In addition, with regard to each of Messrs. Debbane, Amouyal, Fajgenbaum, Lainovic and Sobecki, the Board of Directors also considered their respective positions with The Invus Group, LLC, the exclusive investment advisor to Artal. Mr. Lainovic was a principal with The Invus Group, LLC but since 2007 has been the Managing Partner of Invus Financial Advisors, LLC, a New York-based investment firm.

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PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Audit fees for fiscal 2012 and fiscal 2011 were for professional services rendered by PricewaterhouseCoopers in connection with its (i) integrated audits of our consolidated financial statements and internal control over financial reporting as of and for fiscal 2012 and fiscal 2011, including statutory audits of the financial statements of our subsidiaries, (ii) reviews of our unaudited consolidated interim financial statements as of and for each of the quarterly interim periods within fiscal 2012 and fiscal 2011 and (iii) reviews of documents filed with the SEC.

Audit-Related Fees

The audit-related fees for fiscal 2012 and fiscal 2011 were for professional services rendered by PricewaterhouseCoopers related to the issuance of various special reports.

Tax Fees

Tax fees for fiscal 2012 and fiscal 2011 were for services rendered by PricewaterhouseCoopers primarily related to tax compliance and international tax planning and strategies.

All Other Fees

All other fees for fiscal 2012 and fiscal 2011 were for services rendered by PricewaterhouseCoopers primarily related to assistance with statutory account filings and other miscellaneous professional services.

All audit-related services, tax services and other services were pre-approved by the Audit Committee, which concluded that the provision of such services by PricewaterhouseCoopers was compatible with the maintenance of that firm s independence in the conduct of its auditing functions. The Audit Committee s Audit and Non-Audit Services Pre-Approval Policy provides for pre-approval of audit, audit-related, tax and other services by category so long as such services are specifically described to the Audit Committee on an annual basis (*e.g.*, in the engagement letter) (general pre-approval). In addition, individual engagements that have not received general pre-approval and/or are anticipated to exceed pre-established thresholds must be separately approved in advance on a case-by-case basis (specific pre-approval). The Audit Committee is mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may choose to determine, for a particular year, an appropriate ratio between the total amount of fees for audit, audit-related and tax services and the total amount of fees for certain permissible non-audit services classified as all other fees . The policy authorizes the Audit Committee to delegate to one or more of its members pre-approval authority with respect to permitted services. In its Audit and Non-Audit Services Pre-Approval Policy, the Audit Committee delegated specific pre-approval authority to its chairperson, provided that the estimated fee for any such proposed pre-approval service does not exceed $50,000. Pursuant to this delegation, the chairperson must report any pre-approval decision to the Audit Committee at the next meeting.

Principal Accountant Fees and Services

Aggregate fees for professional services rendered to us by PricewaterhouseCoopers for fiscal 2012 and fiscal 2011:

	Fiscal 2012	Fiscal 2011
Audit Fees	$ 2,379,145	$ 2,210,061
Audit-Related Fees	140,000	93,797
Tax Fees	383,898	287,369
All Other Fees	132,900	38,166
Total Fees	$ 3,035,943	$ 2,629,394

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AUDIT COMMITTEE REPORT

The following is the report of the Audit Committee of the Board of Directors with respect to the Company s audited financial statements for fiscal 2012.

The Audit Committee is governed by the Audit Committee Charter adopted by the Company s Board of Directors. Our Board of Directors has determined that each current member of the Audit Committee, John F. Bard, Steven M. Altschuler and Marsha Johnson Evans, is an independent director based on Rule 10A-3 of the Exchange Act, the listing standards of the NYSE and our Corporate Governance Guidelines and is an audit committee financial expert as defined by SEC rules.

The Audit Committee reviews the Company s financial reporting process on behalf of the Board of Directors. The Audit Committee has met, reviewed and discussed the Company s audited financial statements with management, which has primary responsibility for the financial statements and the reporting process, including the system of internal controls. In this context, the Audit Committee has held discussions with management and PricewaterhouseCoopers LLP (PricewaterhouseCoopers), the Company s independent registered public accounting firm for fiscal 2012, regarding the fair and complete presentation of the Company s financial position and results of operations in accordance with accounting principles generally accepted in the United States of America and regulations of the SEC. The Audit Committee also has held discussions with management and PricewaterhouseCoopers regarding the effectiveness of the Company s internal control over financial reporting in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee has discussed significant accounting policies applied by the Company in its financial statements, as well as alternative treatments. Management has represented to the Audit Committee that the Company s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. PricewaterhouseCoopers is responsible for expressing an opinion on the conformity of the Company s financial statements with accounting principles generally accepted in the United States of America. The Audit Committee has also discussed with PricewaterhouseCoopers the matters required to be discussed by Statement of Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1 AU Section 380) and as adopted by the Public Company Accounting Oversight Board in Rule 3200T, which includes, among other items, matters related to the conduct of the annual audit of the Company s financial statements.

In addition, the Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers required by the applicable requirements of the Public Company Accounting Oversight Board, regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence. The Audit Committee has also considered whether the independent registered public accounting firm s provision of non-audit services to the Company is compatible with the auditor s independence. The Audit Committee has concluded that PricewaterhouseCoopers is independent from the Company and its management. The Audit Committee has pre-approved all fiscal 2012 audit and permissible non-audit services and the fees associated with those services. Further, the Audit Committee has discussed with PricewaterhouseCoopers the overall scope and plans for the audit.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Company s Board of Directors, and the Board of Directors approved, that the Company s audited financial statements be included in the Company s Annual Report on Form 10-K for fiscal 2012.

The Audit Committee has selected PricewaterhouseCoopers as the Company s independent registered public accounting firm for fiscal 2013, and the Board of Directors has approved submitting such selection to the shareholders for ratification.

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The report is being provided by the following independent directors who constituted the Audit Committee as of March 14, 2013, the date of the approval of this Audit Committee Report by the Audit Committee.

Respectfully submitted,

Audit Committee

John F. Bard, Chair

Steven M. Altschuler

Marsha Johnson Evans

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COMPENSATION COMMITTEE REPORT

The Compensation and Benefits Committee has reviewed and discussed the section entitled *Compensation Discussion and Analysis* with management. Based on the review and discussion, the Compensation Committee recommended to the Board of Directors that the section entitled *Compensation Discussion and Analysis* be included in the Company s Annual Report on Form 10-K for fiscal 2012 and in this Proxy Statement.

Respectfully submitted,

Compensation and Benefits Committee

Raymond Debbane, Chair

Philippe J. Amouyal

John F. Bard

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This discussion explains the Company s executive compensation program with respect to fiscal 2012 as it relates to the following named executive officers :

David P. Kirchhoff	Chief Executive Officer
Nicholas Hotchkin	Chief Financial Officer
Ann Sardini(1)	Former Chief Financial Officer
David A. Burwick(2)	Former President, North America
Michael Basone(3)	President, WeightWatchers.com and Chief Technology Officer
Melanie Stack (Stubbing)(3)	President, Europe

(1) Ms. Sardini resigned from her position as Chief Financial Officer effective March 30, 2012 and subsequently retired from the Company effective June 29, 2012.
(2) Mr. Burwick resigned from the Company effective December 31, 2012.
(3) In February 2013, we announced that Mr. Basone and Ms. Stubbing will be resigning from their respective positions with the Company during the first half of fiscal 2013.

This discussion has three sections. In the first section, we discuss our approach to executive compensation, including our philosophy, objectives and general policies as they relate to the named executive officers. In the second section, we discuss specific practices as they relate to the five elements of our executive compensation program. In the third section, we provide analysis of decisions regarding compensation for the named executive officers with respect to fiscal 2012.

The Compensation Committee considered the voting results of the advisory, non-binding say-on-pay vote at our 2011 annual meeting of shareholders in connection with the discharge of its responsibilities. Our shareholders expressed their support of our named executive officer compensation with a substantial majority of the votes cast voting to approve the compensation of our named executive officers described in our 2011 proxy statement. Following the Compensation Committee s review and consideration of this shareholder support, as well as the other factors discussed in more detail in *Determination of Executive Compensation* , the Compensation Committee determined to make no changes to its approach to executive compensation.

At our 2011 annual meeting of shareholders, a majority of our shareholders voted for say-on-pay proposals to occur every three years. In light of this voting result on the frequency of say-on-pay proposals, the Board of Directors decided that the Company will present say-on-pay proposals every three years until the next

required vote on the frequency of shareholder votes on named executive officer compensation. Accordingly, we currently expect to hold the next say-on-pay vote at the Company s 2014 annual meeting of shareholders. We currently expect the next shareholder vote on the frequency of shareholder votes on named executive officer compensation to occur at the Company s 2017 annual meeting of shareholders.

Executive Compensation Approach

Our Philosophy, Objectives and Principles

The Company s executive compensation philosophy is to attract, motivate and retain exceptionally talented executives who are passionate about the Company s mission to help consumers manage their weight in a healthy, sensible, efficacious and sustainable manner. In furtherance of this philosophy, our executive compensation program is designed to achieve three key objectives:

- **Attract, Motivate and Retain Exceptional Talent**. Ensure that executive compensation serves to attract, motivate and retain exceptionally talented executives critical to our near- and long-term success.

- **Pay for Performance**. Align executive compensation with performance measures that ensure a strong connection between executive compensation and both (i) Company and individual performance on near- and long-term strategic and financial goals and (ii) creation of shareholder value.

- **Living Company Values**. Ensure that executive compensation directly supports the eight key Company values tied to our organizational success that the named executive officers, as well as all of our employees everywhere, need to demonstrate and adhere to on a daily basis in the performance of their duties.

The following principles guide us in developing executive compensation programs and setting total compensation levels for executives:

- Compensation levels should be closely tied to the performance and success of the Company as well as the executive s contribution to the Company s performance and success.

- Compensation programs should offer an opportunity for greater compensation for exceptional and superior performance, balanced by the risk of lower compensation when performance is less successful.

- While incentivizing strong Company performance and success, compensation programs should not encourage excessive risk taking.

- The mix and level of compensation for an executive should reflect the importance of the executive to the Company, competition for that executive s talent, and relative levels of compensation for other executives at the Company.

Elements of Executive Compensation

In furtherance of our compensation philosophy and in order to achieve the three objectives listed above, for the Company s executive compensation program in fiscal 2012, we used the following compensation elements:

- Base salary;

Cash bonuses such as an annual, performance-based cash bonus;

Long-term equity or other incentive compensation such as stock options and restricted stock units (RSUs);

Retirement and deferred compensation plans, and agreements defining when termination payments are payable upon a change of control of the Company; and

Benefits and perquisites.

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These elements combine to promote the Company s compensation philosophy and achieve the Company s compensation objectives as described above. Base salary, retirement and deferred compensation plans, change of control termination payments, special cash bonuses, and perquisites and other benefits provide a basic level of compensation that helps attract, motivate and retain exceptionally talented executives. Increases in base salary and annual, performance-based cash bonuses reward achievement of annual goals important to the Company s near- and long-term financial and strategic success and the executive s adherence to, and demonstration of, the Company s values. Equity-based incentive compensation aligns an executive s compensation directly with the creation of shareholder value by rewarding performance as well as serves as a form of compensation to motivate and to help retain the executive over time.

For senior executives, including the named executive officers, the Company believes that variable compensation such as equity-based and performance-based compensation should be a higher percentage of total compensation than for less senior executives. We feel that this type of compensation relates most directly to achievement of business, strategic and financial objectives and goals and to building shareholder value, and the performance of senior executives has a strong and direct impact on achieving these objectives and goals.

In making decisions with respect to any element of an executive s compensation, the Company considers the total current compensation that may be awarded to the executive, including base salary, annual, performance-based cash bonus and long-term equity incentive compensation. The Company s goal is to award compensation that is reasonable in relation to the Company s compensation philosophy and objectives when all elements of potential compensation are considered.

Competitive Considerations

The Company is a unique, global organization that operates and recruits across diverse markets and types of business lines and necessarily must make each compensation decision in the context of the particular situation, including the characteristics of the executive s specific role, responsibilities, qualifications and experience. The Company takes into account general information about the competitive market for talent, but because of the uniqueness and mix of business in which the Company is engaged, the Company believes that strict benchmarking against a select group of companies does not provide a meaningful basis for establishing compensation. Therefore, the Company does not attempt to maintain a specific target percentile with respect to a specific list of peer or benchmark companies in determining compensation for senior executives, including named executive officers. However, the Company does periodically review information regarding compensation trends and levels from a variety of sources in order to obtain a general understanding of current compensation practices. These sources vary depending on the position as well as geography. These sources include broad public company indexes and resources and market data provided by outside executive recruiting and consulting firms. For example, in fiscal 2011, the Compensation Committee engaged Pearl Meyer & Partners (PM&P), an executive compensation consulting firm, to provide information to the Compensation Committee on compensation trends and levels from general industry sources based on comparable revenue and market capitalization (but without reference to any specific company) for senior executives, including the named executive officers.

Policy Regarding Executive Stock Ownership

The Company has no formal policy regarding stock ownership or retention by the Company s senior executives, including the named executive officers. However, the Company encourages senior executives to retain ownership of a portion of the equity-based incentive compensation that they have been awarded. The Company encourages this equity retention so that our senior executives interests are more closely aligned with the interests of our shareholders.

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Determination of Executive Compensation

Roles and Responsibilities

The Compensation Committee determines the compensation for each of the named executive officers. All three Compensation Committee members are non-management directors of the Company. From time to time during the fiscal year, the Compensation Committee reviews the base salary, bonus, equity-based incentive compensation and other material benefits, direct and indirect, of the named executive officers.

The Chief Executive Officer does not participate in the Compensation Committee s deliberations or decisions with regard to his compensation. At the Compensation Committee s request, the Chief Executive Officer reviews the performance of the other named executive officers. No other senior executive, except the Company s principal human resources executive, has any regular input into executive compensation decisions. The Compensation Committee gives consideration, when determining appropriate executive compensation, to the named executive officer s impact on the Company s results, scope of responsibility, past accomplishments, data on prevailing compensation levels, prior experience and other similar factors. The Compensation Committee also gives considerable weight to the Chief Executive Officer s evaluation of the other named executive officers because of his direct knowledge of each executive s performance, responsibilities and contributions. For each named executive officer, the Compensation Committee determines each component of compensation based on its assessment of the executive s achievement of his or her individual performance goals and objectives as well as the Company s overall achievement of its goals and objectives.

From time to time, the Compensation Committee has engaged outside executive recruiting and consulting firms to review aspects of the executive compensation program for the Company s executives. The Compensation Committee periodically seeks input from these outside consulting firms on a range of external market factors, including evolving compensation trends and market survey data. These outside consulting firms may also provide general observations on the Company s compensation programs, but do not determine the amount or form of compensation for any executive. The Compensation Committee considers these inputs, observations and information as one factor in making decisions with respect to compensation matters along with information and analyses it receives from management and its own judgment and experience. The Compensation Committee has the ultimate authority to engage compensation consultants. In fiscal 2011, the Compensation Committee engaged PM&P to review certain aspects of the Company s long-term equity incentive compensation program and to provide information on general market compensation trends and levels for senior executives, including the named executive officers. This engagement commenced during the second half of fiscal 2011 and ended in early fiscal 2012. During fiscal 2012, PM&P did not provide any additional services to the Company.

Unless specifically required by law or local practice, the Company generally does not employ executives pursuant to employment agreements. Other than Ms. Stubbing, who has an employment agreement in accordance with local practice in the United Kingdom, none of the named executive officers has an employment agreement with the Company.

Base Salary

The objective of base salary is to provide fixed compensation to an executive that reflects his or her job responsibilities and performance. Base salary is determined for the named executive officers by the Compensation Committee based on its subjective evaluation of a variety of factors, including the executive s position, level and scope of responsibility, prior experience and past accomplishments. In addition, the Compensation Committee reviews data on prevailing compensation levels to obtain a general understanding of current base salary practices.

Base salary levels are reviewed and approved by the Compensation Committee annually, typically in the first fiscal quarter, as part of the Company s performance review process as well as upon a promotion or other change in job responsibilities. Base salary levels are based on the Compensation Committee s evaluation of the individual s strengths, development and expected future contributions with respect to the goals and objectives relevant to the individual s compensation, as well as the Company s overall financial performance and other general economic factors in the marketplace such as inflation. In addition, the Compensation Committee compares the base salaries of the named executive officers to ensure internal equity.

Cash Bonuses

Annual, Performance-Based Cash Bonus

The Company s executive compensation program provides for a variable cash bonus that is linked to annual performance. The objective of this compensation element is to compensate executives annually based on the achievement of specific individual and Company annual performance objectives.

Each named executive officer s annual cash bonus is determined as a percentage of the executive s base salary. As with base salary, the Compensation Committee determines each named executive officer s annual target bonus percentage based on its subjective evaluation of a variety of factors, including the executive s position, level and scope of responsibility, and review of data on prevailing compensation practices and levels. From time to time, the Compensation Committee reviews executives annual target bonus percentages and may make adjustments based on the Compensation Committee s evaluation of an executive s strengths, development and expected future contributions, changes in the executive s responsibilities and internal pay equity, as well as its review of data on prevailing compensation practices and levels.

Each year, the target cash bonus payout of each named executive officer, except the Company s Chief Executive Officer, may be over- or under-achieved based on a combination of the achievement of the Company s financial performance goals in the fiscal year and the named executive officer s performance during the fiscal year against his or her individual performance goals.

In fiscal 2012, for Mr. Kirchhoff, the Company s overall financial performance for the fiscal year determined 100% of his annual, performance-based cash bonus. In fiscal 2012, for Mr. Hotchkin, the Company s overall performance for the fiscal year determined 75% of his annual, performance-based cash bonus and his individual performance determined the remaining 25%. In fiscal 2012, for Mr. Burwick, a combination of the Company s overall performance (25%) and the performance of the NACO business (75%) for the fiscal year determined 75% of his annual, performance-based cash bonus and his individual performance determined the remaining 25%. However, since Mr. Burwick resigned prior to the Company paying the fiscal 2012 annual, performance-based cash bonuses in March 2013, he was not eligible to receive an annual, performance-based cash bonus with respect to fiscal 2012. In fiscal 2012, for Mr. Basone, a combination of the Company s overall performance (33%) and the performance of WeightWatchers.com (67%) for the fiscal year determined 75% of his annual, performance-based cash bonus and his individual performance determined the remaining 25%. In fiscal 2012, for Ms. Stubbing, a combination of the Company s overall performance (25%) and the performance of WWI Europe (75%) for the fiscal year determined 75% of her annual, performance-based cash bonus and her individual performance determined the remaining 25%. In connection with her retirement in June 2012, Ms. Sardini was not entitled to an annual, performance-based cash bonus for fiscal 2012.

Deductibility of Annual, Performance-Based Cash Bonus under Section 162(m)

The Compensation Committee believes it is in the best interests of the Company and its shareholders for the Company to provide an annual, performance-based cash bonus to executive officers that can be deducted by the Company for federal income tax purposes. Therefore, beginning with respect to fiscal 2012, the Compensation Committee approved an annual, performance-based cash bonus scheme under the 2008 Plan which provides certain of the Company s senior executive officers selected by the Compensation Committee the opportunity to receive an annual, performance-based cash bonus with respect to fiscal 2012 that is intended to qualify as tax-deductible performance-based compensation within the meaning of Section 162(m). All of our named executive officers, other than Mr. Hotchkin who commenced employment with us in August 2012 and Ms. Sardini who was not entitled to an annual, performance-based cash bonus in connection with her retirement, were selected by the Compensation Committee to participate in this annual, performance-based cash bonus scheme under the 2008 Plan.

Annual, performance-based cash bonuses under the 2008 Plan that are intended to qualify as performance-based compensation under Section 162(m) are funded upon the Company achieving a minimum of $100.0 million of operating income, as reported in the Company s audited financial statements, for fiscal 2012. The Compensation Committee selected this financial measure because it is an important indicator of the Company s financial performance during the fiscal year and shareholder value. Upon achievement of this financial measure, the maximum award payable to a participating senior executive is 200% of his or her target bonus percentage amount. However, this maximum award amount is not an expectation of the actual annual, performance-based cash bonus that will be paid. Rather, these amounts represent the maximum amount of bonus awards that the Compensation Committee may approve as qualified performance-based compensation for tax purposes pursuant to Section 162(m). Once the operating income financial measure is determined to be met by the Compensation Committee following the close of the fiscal year, the Compensation Committee exercises its negative discretion as permitted under Section 162(m) to determine the actual annual, performance-based cash bonus for each participating senior executive officer using the guidelines and performance criteria for annual, performance-based cash bonuses generally applicable to all executives as described below. If the operating income financial measure threshold under the 2008 Plan has not been met for fiscal 2012, no participating senior executive officer subject to the 2008 Plan would receive an annual, performance-based cash bonus.

General Guidelines and Performance Criteria for Annual, Performance-Based Cash Bonuses

In general, for each fiscal year, each executive, including named executive officers and other senior executive officers to which the Compensation Committee exercises negative discretion as permitted by Section 162(m) as described above, receives an annual, performance-based cash bonus payment between 0% and 200% of his or her target bonus percentage amount, determined and computed based on the financial performance goal rating applicable to the executive for the fiscal year and, except in the case of the Chief Executive Officer, the executive s individual performance rating for the fiscal year. The methodology and approach used by the Compensation Committee to determine these ratings are as follows:

Determination of Financial Performance Goal Rating

The Compensation Committee establishes the financial performance goals each year based on the Company s target operating income objectives in the Company s internal annual operating plan. The Compensation Committee has selected these performance goals because they are important indicators of the Company s financial performance during the fiscal year and shareholder value. Upon completion of the fiscal year, the Compensation Committee assesses the performance of the Company against the Company s financial performance goals by comparing the actual fiscal year results to the pre-determined target operating income objectives. The Compensation Committee has reserved the ability to adjust the actual fiscal year results to exclude the effects of extraordinary, unusual or infrequently occurring events or changes in accounting principles. The Compensation Committee believes that the evaluation of the Company s financial performance goals are best achieved if the actual fiscal year results are adjusted to exclude these items while the target operating income objectives remain fixed.

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A rating between 0% and 200% for the portion of each named executive officer s annual cash bonus determined by the Company s achievement of its financial performance goals is determined based on the following scale:

Range of Financial Performance Goal Ratings

Percentage of Target Operating Income Achieved during Fiscal Year	Financial Performance Goal Rating
75% or less	0%
90%	50%
100%	100%
115%(1) and greater	200%

(1) 125% with respect to the determination of WeightWatchers.com s achievement of its financial performance goal in the case of Mr. Basone.

The financial performance goal rating for a percentage of the operating income achieved for the fiscal year that falls between target percentages of operating income set forth above is calculated on a proportional, sliding scale between the target percentages. For example, if the Company achieves 95% of its target operating income for the fiscal year, the financial performance goal rating for the named executive officer would be 75%.

The Compensation Committee establishes the financial performance goals so that the minimum performance level is reasonably likely to be achieved, while the target financial performance goals are more challenging. In recent fiscal years, the Company has met, exceeded and not achieved the target financial performance goals.

Determination of Individual Performance Rating

All executives, including named executive officers other than the Chief Executive Officer, have individual performance goals for each fiscal year. Individual performance goals are set by the executive s manager during the first quarter of each fiscal year and vary depending on the Company s business and strategic plan and objectives and each executive s individual responsibilities.

Achieving the target individual performance goal for all individual performance objectives would yield a rating of 100%. However, performance may be over- or under-achieved by the executive. An executive can receive an individual performance rating between 0% and 200% for the portion of his or her annual cash bonus determined by the executive s individual performance. If an executive fails to achieve an individual performance rating of at least 65%, he or she is not eligible for any annual, performance-based cash bonus regardless of whether the Company achieves greater than 75% of the applicable target financial performance goals for the year. Typically, the Chief Executive Officer initially determines the individual performance rating for the other named executive officers. This rating is then reviewed by the Compensation Committee when it approves the named executive officers annual, performance-based cash bonuses.

Payout of Annual, Performance-Based Cash Bonus

After the close of a fiscal year, the Compensation Committee determines and approves the amount of the annual, performance-based cash bonus to be paid to each named executive officer. The payout typically occurs in March of the fiscal year following the fiscal year to which the annual, performance-based cash bonus relates. There is no provision for the adjustment or recovery of a cash bonus paid to a named executive officer if the results in a previous year are subsequently restated or adjusted in a manner that would have originally resulted in a smaller or larger bonus. However, the annual cash bonus is not paid until after the completion of the annual audit of the Company s financial statements by the Company s independent registered public accounting firm for the applicable fiscal year.

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Other Cash Bonuses

From time to time, in order to attract or retain executive talent, the Compensation Committee may award other cash bonuses to executives.

Long-Term Equity Incentive Compensation

The Compensation Committee may periodically award executives, including the named executive officers, stock options, RSUs and/or other equity-based awards. The principal objective of the Company s long-term equity incentive compensation program is to align compensation for executives over a multi-year period directly with the interests of shareholders of the Company. The Company believes that granting equity-based awards provides executives with a strong financial incentive to maximize shareholder returns over the longer term. The Company also believes that the practice of granting equity-based awards is important in retaining and recruiting the key talent necessary to ensure the Company s continued success.

Mix of Equity Incentive Compensation

The Company s long-term equity incentive compensation typically takes the form of a mix of non-qualified stock option and RSU awards. These two vehicles reward shareholder value creation in slightly different ways. Stock options (which have exercise prices equal to the average of the closing price of our Common Stock on the grant date and the four previous trading days on the NYSE) reward executives only if the stock price increases in comparison to the exercise price on the date of grant. Thus, stock options directly reward creation of shareholder value after the grant date. RSUs (which vary in value depending on the stock price of our Common Stock prior to vesting) are impacted by all stock price changes, so the value to executives is affected by both increases and decreases in stock price from the market price at the date of grant. Although an RSU s value may increase or decrease with changes in the stock price during the period before vesting, it will have value in the long-term, encouraging retention, as well as rewarding shareholder value creation. In fiscal 2010, fiscal 2011 and fiscal 2012, long-term equity incentive compensation of named executive officers took the form of a combination of non-qualified stock option and RSU awards. The Compensation Committee currently believes that a mixture of stock options and RSUs is the most appropriate form of long-term equity incentive compensation to award our executives. The Compensation Committee may in the future adjust this mix of award types or approve different award types as part of the further development of its long-term equity incentive compensation program.

Stock Option Awards Generally

The vesting of stock options is generally time-based and differs depending on whether the award is an annual award, a hiring award or a special award, as described below. Generally, option vesting rights cease upon a holder s termination of employment, death or disability, and exercise rights cease one year after the holder s termination for death or permanent disability, 90 days after a holder s termination for reasons other than for cause, death or permanent disability, or retirement, and immediately upon a termination for cause. Upon a termination for cause or a transfer in violation of the underlying terms and conditions of the award, all options, whether vested or unvested, generally terminate. In addition, stock options generally vest and become exercisable immediately prior to a change of control, and generally terminate within ten years from date of grant depending on the type of award. Prior to the exercise of a stock option, the holder has no rights as a shareholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents.

RSU Awards Generally

The vesting of RSUs is generally time-based and differs depending on whether the award is an annual award, a hiring award or a special award, as described below. Generally, upon a holder s termination of employment or transfer in violation of the underlying terms and conditions of the award, all vesting in the

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holder s RSUs shall cease and the unvested portion of the RSUs shall be cancelled without payment. However, RSUs generally immediately vest on the first to occur of (1) the vesting date, (2) a change of control, (3) death of the holder and (4) the date the holder s employment with the Company is terminated due to permanent disability. In addition, prior to the vesting of an RSU, the holder has no rights as a shareholder with respect to the shares subject to such RSU, including voting rights, except that the holder has the right to receive accrued dividend equivalents upon the date the RSU vests.

Types of Awards

Annual Awards. Annual awards may consist of stock options, RSUs or a combination of both. Stock options granted generally have three-year cliff vesting with respect to annual awards and are not subject to Company performance targets. RSUs granted generally have three-year cliff vesting with respect to annual awards and are not subject to Company performance targets. Annual awards constituting stock options generally terminate on the tenth anniversary of their grant date. The Company s historic practice was to grant annual awards in March of each year. In fiscal 2012, the Compensation Committee determined to grant annual awards in two equal installments: the first on May 15th of each year and the second on November 15th of each year; provided, however, in the event such date falls on a weekend, the applicable grant shall be made on the trading day of the NYSE immediately preceding that date. See *Equity Grant Procedures* for additional details on the Compensation Committee s recent procedural changes with respect to annual awards.

Hiring Awards. Hiring awards may consist of stock options or a combination of RSUs and stock options. Generally, hiring awards for newly-hired named executive officers are granted promptly following their hire with their first day of employment coinciding with the grant date of the award. These stock options and RSUs granted on the first day of employment vest proportionately and become exercisable in annual increments over a three- to five-year period. In addition, from time to time, hiring awards for newly-hired named executive officers are structured such that the stock options and RSUs awarded are granted in two equal installments with grant dates that align with the grant dates of the annual awards made in the fiscal year of hire. In such cases, when a newly-hired named executive officer commences employment after May 15th, the grant date of the first installment is typically the first day of employment. These stock options and RSUs that are aligned with annual awards generally vest proportionately and become exercisable in annual increments over a three- to five-year period and/or have three-year cliff vesting. The Compensation Committee may establish separate vesting and exercisability for each installment. Hiring awards constituting stock options generally terminate on the tenth anniversary of their grant date.

Special Awards. From time to time, special awards of stock options, RSUs or a combination of both may be made to certain named executive officers in connection with a promotion or other special circumstance. With respect to stock options and RSUs granted, vesting and exercisability are established at the time the Compensation Committee grants special awards and typically are in the form of annual increments over five years. Special awards constituting stock options generally terminate on the tenth anniversary of their grant date.

Equity Grant Procedures

The Compensation Committee administers our stock plans. In the second half of fiscal 2011 and early fiscal 2012, the Compensation Committee reviewed certain aspects of the Company s long-term equity incentive compensation program, including methodology, grant processes and timing. The Compensation Committee considered the information on general market compensation trends and levels for senior executives provided by PM&P, general market volatility, and historical trends of our Common Stock, as well as the Compensation Committee s members experience with equity compensation programs at other companies. See *Competitive Considerations* for additional details on our engagement of PM&P. Following this review, the Compensation Committee determined that the Company s equity grant procedures should be revised to no longer base awards on a particular amount of shares but to base awards on an aggregate dollar amount based on an executive s base salary which would then be converted into a number of stock options and RSUs as described below. For awards that include both stock options and RSUs, the aggregate dollar amount is divided between stock options and

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RSUs based on percentage amounts approved by the Compensation Committee, with the dollar value for stock options being a higher percentage of the aggregate dollar amount in the case of senior executives given their performance has a more direct impact on the Company achieving its objectives and goals.

Additionally, in connection with the Compensation Committee s review described above, the Compensation Committee determined that to reduce the exposure of annual awards to market volatility, among other things, annual awards would no longer be granted in one installment but, starting with annual awards made in fiscal 2012, would be granted in two equal installments. The first installment of an annual award is granted on May 15th of each year and the second installment of an annual award is granted on November 15th of each year; provided, however, in the event such grant date falls on a weekend, the applicable grant shall be made on the trading day of the NYSE immediately preceding that date. To provide for these two grant dates for annual awards, and any hiring award or special award that contemplates two or more grant dates, the aggregate dollar amounts allocated to either stock options or RSUs, as applicable, is divided evenly by the applicable number of grant dates and the resulting dollar amounts are then converted into stock options and/or RSUs per grant date as described below.

The number of stock options granted is determined based on the Black-Scholes value of an option with respect to our Common Stock one week before the applicable grant date. The number of RSUs granted is determined based on the closing price of our Common Stock one week before the applicable grant date.

Our stock options are generally granted at an exercise price determined by calculating the average of the closing prices of the shares of our Common Stock on the grant date and the four previous trading days on the NYSE, with all required approvals obtained in advance of or on the actual date of grant. In certain circumstances, this may result in an exercise price in excess of or less than the closing price of the Company s Common Stock on the grant date. All awards to named executive officers require the approval of the Compensation Committee or the Board of Directors.

Retirement and Deferred Compensation Plans, Termination Payments and Other Arrangements

The objectives of the Company s retirement and deferred compensation plans and other retirement arrangements are to help provide financial security into retirement, reward and motivate tenure and retain talent in a competitive market. In addition, the objective of the Company s termination payments to senior executives in the event of a change of control is to motivate certain executives to remain with the Company despite the uncertainty that may arise in the context of change of control situations.

Savings Plans

We sponsor a savings plan for salaried and certain hourly U.S. employees, including our U.S. named executive officers. The savings plan is a tax-qualified 401(k) retirement savings plan pursuant to which participants are able to contribute, on a pre-tax basis, up to the lesser of 50% of their eligible earnings and the limit prescribed by the Internal Revenue Service. The Company will match dollar-for-dollar 100% of the participant s tax deferred contributions up to 3% of the participant s eligible earnings. All participant contributions to the savings plan are fully-vested upon contribution. All matching contributions by the Company become vested on the date on which the participant s aggregate service to the Company totals three years. Matching contributions also fully vest immediately upon the participant reaching the age of 65, becoming permanently disabled or dying, or being terminated by the Company without cause.

We also sponsor a savings plan for eligible, salaried U.K. employees, including Ms. Stubbing. Contributions to the plan by participating employees are made on a pre-tax basis. Her Majesty s Revenue & Customs has an annual allowance for the total payments that the employee, employer and any third party can make on the employee s behalf. Generally, the Company contributes between 5% and 9%, in the case of Ms. Stubbing 9%, of an employee s annual base salary to the savings plan, provided that the employee contributes a minimum of 2% of his or her annual base salary to the savings plan. All Company and employee contributions to the savings plan are fully-credited upon contribution.

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Executive Profit Sharing Plan

We have also established a non-qualified executive profit sharing plan for U.S. management personnel, including the U.S. named executive officers. The executive profit sharing plan provides for a guaranteed monthly Company contribution for each participant based on the participant s age and the participant s eligible earnings. In addition, the executive profit sharing plan provides for supplemental Company contributions to be made at the discretion of the Company under certain circumstances. Historically, our practice has been to make these discretionary supplemental Company contributions. In addition to the Company contributions, the Company will also credit each participant s executive profit sharing account with interest at an annual rate equal to the sum of (a) 2% plus (b) the annualized prime rate, as published in The Wall Street Journal, compounded as of the end of each fiscal month, subject to a cap of 15%.

The following table sets forth the guaranteed monthly contribution amounts based on the age of the participant:

Age of Participant	**Guaranteed Monthly Contribution of Participant s Eligible Earnings**
35-39	2.50%
40-44	3.50%
45-49	4.50%
50-54	5.50%
55-59	6.00%
60 and Over	6.50%

Historically, the Company has approved supplemental contributions ranging from 50% to 100% of the aggregate guaranteed contribution amount for the applicable fiscal year.

Contributions to a participant s executive profit sharing account are fully-vested upon the date on which the participant s aggregate service to the Company totals three years. Contributions also generally fully vest immediately upon the participant reaching the age of 65, becoming permanently disabled or dying, or being terminated by the Company without cause . Generally, the vested contributions to a participant s executive profit sharing account are paid to the participant, or his or her beneficiary or legal representative, as the case may be, following the participant s termination of employment with the Company other than termination by the Company for cause in which case all benefits are forfeited by the participant. The timing of any such distribution following termination is subject to the terms of the executive profit sharing plan. The executive profit sharing plan also provides for certain early payments from a participant s executive profit sharing account in limited hardship situations subject to the terms of the plan.

Termination Payments upon a Change of Control

The Company has determined that it is in the best interests of its shareholders to reinforce and encourage the continued attention and dedication of our key executives to their duties, without personal distraction or conflict of interest in circumstances that could arise in connection with any change of control of the Company. Therefore, the Company has entered into continuity agreements with each of the named executive officers and certain other senior executives.

Each agreement generally has an initial term of two to three years from the date of execution and continues to renew annually thereafter unless the Company provides 180-day advance written notice to the executive that the term of the agreement will not renew. However, upon the occurrence of a change in control (as defined in the agreement) of us, the term of the agreement may not terminate until the second anniversary of the date of the change in control.

The continuity agreements for Mr. Kirchhoff and Mr. Hotchkin provide that, among other benefits discussed more fully below in the section entitled *Payments Made Upon a Change of Control Continuity Agreements* , if

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(a) during the two-year period following a change in control of us, such named executive officer s employment is terminated (other than termination by the Company for cause or by reason of death, disability or retirement), (b) during the three-month period prior to, but in connection with, or during the two-year period following, a change in control of us, such named executive officer voluntarily terminates his or her employment for good reason , or (c) an agreement is signed which would result in a change in control of us and during the period between the effective date of the agreement and a change in control of us, such named executive officer s employment is terminated in connection with the change in control (other than termination by the Company for cause or by reason of death, disability or retirement), then he is entitled to receive, among certain other payments and benefits, a lump sum cash payment equal to three times the sum of (x) the named executive officer s annual base salary on the date of the change in control (or, if higher, the annual base salary in effect immediately prior to when the notice of termination is given), and (y) the named executive officer s target annual bonus under our bonus plan in respect of the fiscal year in which the termination occurs (or, if higher, the average annual bonus actually earned by the named executive officer in respect of the three full fiscal years prior to the year in which the notice of termination is given).

The continuity agreements for Mr. Basone and Ms. Stubbing and certain other senior executives who are not named executive officers have similar terms and conditions as described above but entitle the executive to receive, among certain other payments and benefits, a lump sum cash payment equal to two times the sum of (x) the executive s annual base salary on the date of the change in control (or, if higher, the annual base salary in effect immediately prior to when the notice of termination is given), and (y) the executive s target annual bonus under our bonus plan in respect of the fiscal year in which the termination occurs (or, if higher, the average annual bonus actually earned by the executive in respect of the three full fiscal years prior to the year in which the notice of termination is given).

Other Retirement, Retention or Severance Arrangements

The Company has no formal policy regarding retirement arrangements. From time to time, the Compensation Committee or the Board of Directors in its discretion, based upon the nature and circumstances of the individual retiring, has approved retirement arrangements for named executive officers and certain other senior executives. For example, in connection with Ms. Sardini s retirement from the Company effective June 29, 2012, the Company and Ms. Sardini entered into a retirement transition letter agreement, dated December 22, 2011. See *Potential Payments upon Termination, Retirement or Change of Control Payments Made Upon Retirement Retirement of Named Executive Officer* for details regarding the payments made to Ms. Sardini under the agreement. Additionally, with respect to those executives, including the named executive officers, with whom the Company has entered into a continuity agreement as described above, the Company has agreed to pay such executives upon his or her retirement amounts unvested in the Company s qualified defined contribution plan and a pro rata portion of his or her annual, performance-based cash bonus as set forth therein.

The Company also has no formal policy regarding retention arrangements. From time to time, the Compensation Committee or the Board of Directors in its discretion, based upon the role and skill set of the individual as well as the transition needs of the Company, has approved retention arrangements for named executive officers and certain other senior executives. In February 2013, the Company announced the resignation of Mr. Basone from his positions with the Company effective May 31, 2013. In connection with his resignation, the Company and Mr. Basone entered into a retention agreement, dated February 12, 2013, with respect to his continued employment with the Company until his departure date. See *Potential Payments upon Termination, Retirement or Change of Control Payments Made Upon Termination Departure of Named Executive Officers* for details regarding Mr. Basone s retention agreement.

Additionally, the Company has no formal policy regarding severance arrangements. From time to time, the Compensation Committee or the Board of Directors in its discretion, based upon the nature and circumstances of an individual being hired, has approved separate severance arrangements for certain named executive officers. For example, in accordance with his offer letter dated July 2, 2012, upon termination by the Company for any reason other than those set forth in his continuity agreement or for cause , Mr. Hotchkin will receive a lump sum equal to six months of salary and six months of continued medical insurance coverage for him on the same basis available to him immediately prior to termination.

In connection with Mr. Burwick s resignation from the Company effective December 31, 2012, he did not receive any severance or additional benefits. See *Potential Payments upon Termination, Retirement or Change of Control Payments Made Upon Termination Departure of Named Executive Officers* for additional details.

Benefits and Perquisites

The Company provides benefits to its salaried employees including health care coverage, life and disability insurance protection, reimbursement for educational expenses, a wellness-related allowance and access to favorably priced group insurance coverage. The Company provides these benefits to help alleviate the financial costs and loss of income arising from illness, death or disability, to encourage ongoing education in job-related areas, and to allow employees to take advantage of reduced insurance rates available for group policies. In addition to the benefits provided to salaried employees generally, the Company provides named executive officers with certain perquisites that the Company and the Compensation Committee believe are reasonable and consistent with the Company s overall compensation program to better enable the Company to attract and retain employees for key positions. These perquisites include cost of living, housing, car and/or transportation allowances and reimbursement of costs associated with relocation, temporary living arrangements and mobile devices (which are permitted to be used for personal matters). The Compensation Committee periodically reviews the levels of benefits and perquisites provided to named executive officers.

Tax and Accounting Implications

Excess Parachute Payment Excise Taxes

If under the terms of a continuity agreement (i) it is determined that certain payments and benefits provided under the agreement and under any other plan or arrangement with the Company and its affiliates in the aggregate (the parachute payment) would be subject to the excise tax imposed under Section 4999 of the Internal Revenue Code, or to any similar tax, and the aggregate value of the parachute payment exceeds a certain threshold amount calculated under the Internal Revenue Code by 5% or less, then (ii) the parachute payment will be reduced to the extent necessary so that the aggregate value of the parachute payment is equal to an amount that is less than such threshold amount; provided, however, that if the aggregate value of the parachute payment exceeds the threshold amount by more than 5%, then the executive will be entitled to receive an additional payment or payments in an amount such that, after payment by the executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any excise tax imposed upon this payment, the executive retains an amount equal to the excise tax imposed upon the parachute payment.

Internal Revenue Code Section 409A

If, under the continuity agreements or our stock plans, any payments or benefits that the Company would be required to provide under the continuity agreements or any of our stock plans cannot be provided in the manner contemplated in the continuity agreements or under the applicable plan without subjecting the executive to income tax under Section 409A of the Internal Revenue Code, the Company shall provide such intended payments or benefits to the executive in an alternative manner that conveys an equivalent economic benefit to the executive without materially increasing the aggregate cost to the Company.

The Section 162(m) of the Internal Revenue Code $1 Million Deduction Limit

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to a public corporation for compensation over $1.0 million paid in any fiscal year to the company s chief executive officer or to any of up to three other executive officers (excluding the company s principal financial officer) whose compensation must be

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included in the proxy statement of the company because they are the most highly compensated executive officers. However, the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met. Our 2008 Plan currently provides that certain awards may be made in a manner to qualify for this exemption. The Compensation Committee seeks to structure performance-based compensation for our named executive officers in a manner that complies with Section 162(m) of the Internal Revenue Code in order to provide for the deductibility of such compensation. However, the Compensation Committee may authorize compensation in excess of $1.0 million that is not performance-based under Section 162(m) of the Internal Revenue Code if it believes doing so is in the best interests of the Company and its shareholders.

Accounting Considerations

The Compensation Committee also considers the accounting and cash flow implications of various forms of executive compensation. In its financial statements, the Company records salaries and performance-based compensation incentives as expenses in the amount paid, or to be paid, to the named executive officers. Accounting rules also require the Company to record an expense in its financial statements for equity awards, even though equity awards are not paid as cash to employees. The accounting expense of equity awards to employees is calculated in accordance with FASB ASC Topic 718. The Compensation Committee believes, however, that the many advantages of equity-based compensation, as discussed above, more than compensate for the non-cash accounting expense associated with them.

2012 Executive Compensation Determinations

The following is a discussion of the specific factors considered in determining base salary, cash bonuses, including the annual, performance-based cash bonus, and long-term equity incentive compensation for the named executive officers for fiscal 2012. There were no material changes in fiscal 2012 for the named executive officers in the policies governing retirement and deferred compensation plans, termination payments upon a change of control of the Company, perquisites or other benefits.

Base Salary

The following table identifies actions taken during fiscal 2012 with respect to the base salaries of the named executive officers:

Named Executive Officer	Action
David P. Kirchhoff	Increase in base salary from $850,000 to $1,000,000 effective April 1, 2012
Nicholas P. Hotchkin	Employment commenced on August 20, 2012 with a base salary of $475,000
David A. Burwick	Increase in base salary from $566,546 to $589,208 effective April 1, 2012
Michael Basone	Increase in base salary from $430,560 to $447,783 effective April 1, 2012
Melanie Stack (Stubbing)	Increase in base salary from $468,669 (£290,000) to $485,072 (£300,150) effective April 1, 2012[1]

(1) Amounts shown in pounds sterling were converted to U.S. dollars using the applicable exchange rate on December 28, 2012 (i.e., 1.6161).

The Compensation Committee decided to increase the base salary of Mr. Kirchhoff, Mr. Burwick, Mr. Basone and Ms. Stubbing effective April 1, 2012. In determining each of their increased base salaries, the Compensation Committee reviewed his or her past performance of his or her job responsibilities and contributions made to the Company, competitive conditions and the relationship of his or her compensation to the compensation of other senior executives at the Company and determined that the increase in base salary was appropriate to reward performance and ensure retention. Pursuant to the terms of Ms. Sardini s retirement transition letter agreement, Ms. Sardini s base salary remained fixed for the period of her employment with the Company during fiscal 2012.

Mr. Hotchkin s employment with the Company commenced on August 20, 2012. In determining Mr. Hotchkin s base salary, the Compensation Committee reviewed the job responsibilities of his position, expected future contributions, his compensation at his prior employer, competitive conditions for a candidate with his experience and skills, and the relationship of his compensation to the compensation of other senior executives at the Company and determined that the base salary was appropriate to attract him to the position of Chief Financial Officer given his experience and skills and the competitive environment, to ensure retention and to motivate his future performance.

Cash Bonuses

Annual, Performance-Based Cash Bonus

Annual Target Bonus Percentages

The following table identifies actions taken during fiscal 2012 with respect to the annual target bonus percentages of the named executive officers:

Named Executive Officer	Action
David P. Kirchhoff	Increase in annual target bonus percentage from 75% to 100%
Nicholas P. Hotchkin	Employment commenced on August 20, 2012 with an annual target bonus percentage of 65%
David A. Burwick(1)	Increase in annual target bonus percentage from 60% to 65%
Michael Basone	Increase in annual target bonus percentage from 50% to 60%

(1) Since Mr. Burwick resigned from the Company prior to the Company paying the fiscal 2012 annual, performance-based cash bonuses in March 2013, he was not eligible to receive an annual, performance-based cash bonus with respect to fiscal 2012.

The Compensation Committee decided to increase the annual target bonus percentages of Mr. Kirchhoff, Mr. Burwick, and Mr. Basone. In determining each of their increased annual target bonus percentages, the Compensation Committee reviewed the change in each of their respective job responsibilities since the percentage was last fixed, competitive conditions and the relationship of their respective compensation to the compensation of other senior executives at the Company and determined that the increase in annual target bonus percentage was appropriate to reward performance and ensure retention.

Annual, Performance-Based Cash Bonus Plan

For fiscal 2012, the Company had to achieve at least $100.0 million of operating income for the named executive officer, other than Mr. Hotchkin and Ms. Sardini, to be eligible to receive an annual, performance-based cash bonus. The Company reported operating income of $510.8 million. The Compensation Committee then exercised its negative discretion to determine the actual annual, performance-based cash bonus for each such named executive officer using the guidelines and performance criteria generally applicable to executives of the Company. The Compensation Committee also used such guidelines and performance criteria to determine the annual, performance-based cash bonus for Mr. Hotchkin.

The Company s global financial performance goal for fiscal 2012 for annual, performance-based cash bonuses paid to executives generally was equal to the Company s target operating income of $606.6 million. The operating income of the Company for fiscal 2012, as adjusted by the Compensation Committee to exclude the one-time net benefit related to the Company s settlement of the previously reported U.K. self-employment tax litigation, was $496.3 million. Based on the global financial performance goal and adjusted operating income results, the Company achieved a global financial performance goal rating of 22.7% with respect to fiscal 2012. In addition, in fiscal 2012, WeightWatchers.com s financial performance goal rating was 70.0% and WWI Europe s financial performance goal rating was 2.0%.

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The following table shows the annual target bonus percentage, the overall rating and the related actual bonus paid for each of the named executive officers for fiscal 2012:

Named Executive Officer	Target Bonus (as a % of Fiscal Year Base Salary)	Overall Performance-Based Bonus Rating(1)	Actual Performance-Based Cash Bonus	Actual Performance-Based Bonus (as a % of 2012 Base Salary(2))
David P. Kirchhoff	100%	22.7%	$ 217,833	22.7%
Nicholas P. Hotchkin	65%	105.2%(3)	$ 112,433(4)	68.4%
Ann M. Sardini(5)				
David A. Burwick(6)	65%			
Michael Basone	60%	67.0%	$ 178,260	40.2%
Melanie Stack (Stubbing)	60%	34.3%	$ 92,533(7)	19.6%

(1) Other than with respect to Mr. Kirchhoff, ratings were determined by a combination of the applicable financial performance goal rating and individual performance rating.
(2) See salary amounts reported in the column Salary of the *Summary Compensation Table*.
(3) Pursuant to the terms of his offer letter dated July 2, 2012, Mr. Hotchkin s financial performance goal rating was fixed at 100% with respect to fiscal 2012.
(4) Amount shown for Mr. Hotchkin reflects a pro-rated annual, performance-based cash bonus based on his August 20, 2012 employment date.
(5) In connection with her retirement in June 2012, Ms. Sardini was not entitled to an annual, performance-based cash bonus with respect to fiscal 2012.
(6) Since Mr. Burwick resigned from the Company prior to the Company paying the fiscal 2012 annual, performance-based cash bonuses in March 2013, he was not eligible to receive an annual, performance-based cash bonus with respect to fiscal 2012.
(7) Amount shown was paid in pounds sterling and was converted to U.S. dollars using the applicable exchange rate on March 5, 2013 (i.e., $1.5127), the date on which Ms. Stubbing s annual, performance-based cash bonus was approved.

Other Cash Bonuses

In order to attract Mr. Hotchkin to the position of Chief Financial Officer, the Compensation Committee determined to pay him a sign-on cash bonus of $180,000 in connection with the commencement of his employment with the Company. Mr. Hotchkin must repay his sign-on bonus, less lawful deductions, to the Company if he fails to relocate to the New York metropolitan area, voluntarily resigns or is terminated for cause prior to August 20, 2013, the one-year anniversary of his employment date.

In connection with Ms. Sardini s retirement, and pursuant to the terms of her retirement transition letter agreement, Ms. Sardini was paid a retention cash bonus equal to $601,030. See *Potential Payments upon Termination, Retirement or Change of Control Payments Made Upon Retirement Retirement of Named Executive Officer* for details regarding Ms. Sardini s retirement transition letter agreement.

Long-Term Equity Incentive Compensation

Annual Awards

In determining the size and mix of named executive officers annual equity grant awards for fiscal 2012, the Compensation Committee reviewed the total current compensation that may be awarded to the executive, the achievement of business, strategic, individual, and financial objectives during the prior fiscal year, competitive conditions and the relationship of the executive s compensation to the compensation of other senior executives, and determined the size of the award in an aggregate dollar amount based on the executive s base salary as appropriate to reward and incentivize performance, ensure retention, and maintain appropriate compensation differentials among senior executives. The aggregate dollar amount was then converted into a number of stock options and RSUs in accordance with procedures established by the Compensation Committee. See *Long-Term Equity Incentive Compensation Equity Grant Procedures* above. All named executive officers, other than Mr. Hotchkin and Ms. Sardini, received an annual award in fiscal 2012. Given Mr. Hotchkin commenced employment in August 2012, he did not receive an annual award in fiscal 2012. In connection with Ms. Sardini s retirement from the Company in June 2012, she was not entitled to receive an annual award in fiscal 2012.

All annual awards to a named executive officer in fiscal 2012 were allocated 75% to stock options and 25% to RSUs. In fiscal 2012, the named executive officers received the following annual awards on the grant dates specified: 71,095 stock options and 7,278 RSUs on May 15, 2012 and 76,206 stock options and 7,809 RSUs on November 15, 2012 to Mr. Kirchhoff; 14,808 stock options and 1,516 RSUs on May 15, 2012 and 15,873 stock options and 1,626 RSUs on November 15, 2012 to Mr. Burwick; 11,253 stock options and 1,152 RSUs on May 15, 2012 and 12,063 stock options and 1,236 RSUs on November 15, 2012 to Mr. Basone; and 11,976 stock options and 1,226 RSUs on May 15, 2012 and 12,837 stock options and 1,315 RSUs on November 15, 2012 to Ms. Stubbing. All stock options and RSUs granted to named executive officers as part of an annual award in fiscal 2012 vest 100% on the third anniversary of the applicable grant date. As a result of Mr. Burwick s resignation effective December 31, 2012, the stock options and RSUs that were granted to him as his annual award in fiscal 2012 were forfeited on such date.

Hiring Award

The Compensation Committee also decided to grant Mr. Hotchkin a hiring award in an aggregate dollar amount to attract him to the position of Chief Financial Officer as well as to ensure retention and to reward and incentivize performance and creation of shareholder value. The aggregate dollar amount was then converted into a number of stock options and RSUs in accordance with procedures established by the Compensation Committee. See *Long-Term Equity Incentive Compensation Equity Grant Procedures* above. Mr. Hotchkin received a hiring award consisting of a combination of stock options and RSUs in the following amounts and on the grant dates specified: 15,382 stock options and 1,549 RSUs on August 20, 2012, his first date of employment, and 13,308 stock options and 1,363 RSUs on November 15, 2012. Stock options and RSUs granted to Mr. Hotchkin on August 20, 2012 vest proportionately over four years on each anniversary of the grant date. Stock options and RSUs granted to Mr. Hotchkin on November 15, 2012 vest 100% on the third anniversary of the grant date.

Mix of Compensation Elements

As discussed above in *Executive Compensation Approach Elements of Executive Compensation* , the Company weights compensation for the named executive officers more toward variable, performance-based compensation. Approximately 65% of fiscal 2012 total compensation for named executive officers (excluding Ms. Sardini) was variable, performance-based (which includes short-term variable performance-based compensation and long-term variable performance-based compensation). As reflected in the Summary Compensation Table, aggregate fiscal 2012 compensation for the named executive officers (excluding Ms. Sardini) was allocated as follows:

	Mix of Total Compensation in 2012[(1)]
Base Salary	27%
Short-Term Variable Performance-Based Compensation[(2)]	6%
Long-Term Variable Performance-Based Compensation[(3)]	59%
Other Compensation[(4)]	8%
Total	100%

(1) Ms. Sardini was excluded from the percentage calculations because in fiscal 2011 the Company and Ms. Sardini entered into her retirement transition letter agreement which contained her compensation with respect to fiscal 2012. Ms. Sardini retired from the Company effective as of June 29, 2012.
(2) Represents annual, performance-based cash bonuses reported in the column *Non-Equity Incentive Plan Compensation* of the *Summary Compensation Table*.
(3) Represents RSU and stock option awards reported in the columns *Stock Awards* and *Option Awards* , respectively, of the *Summary Compensation Table*.
(4) Represents sign-on cash bonus paid to Mr. Hotchkin, the guaranteed portion of Mr. Hotchkin s annual, performance-based cash bonus, contributions to the savings plan, contributions to and earnings on the executive profit sharing plan and perquisites and other personal benefits reported in the columns *Bonus* , *Change in Pension Value and Nonqualified Deferred Compensation Earnings* and *All Other Compensation* , as applicable, of the *Summary Compensation Table*.

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SUMMARY COMPENSATION TABLE

The table below summarizes the total compensation paid to or earned by each of the named executive officers as follows: for fiscal 2012, fiscal 2011 and fiscal 2010 with respect to Mr. Kirchhoff, Ms. Sardini, Mr. Burwick, Mr. Basone and Ms. Stubbing; and for fiscal 2012 with respect to Mr. Hotchkin.

The named executive officers, except Mr. Hotchkin and Ms. Sardini in fiscal 2012 and Mr. Burwick in fiscal 2010, were not entitled to receive payments which would be characterized as Bonus payments in the fiscal years with respect to which information is provided for each executive. Amounts listed under the column *Non-Equity Incentive Plan Compensation* consist solely of the named executive officers annual, performance-based cash bonuses which were approved by the Compensation Committee, and paid by the Company, in March 2013 with respect to fiscal 2012.

Name and Principal Position	Fiscal Year	Salary[1]	Bonus	Stock Awards[2]	Option Awards[3]	Non-Equity Incentive Plan Compensation[4]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5]	All Other Compensation	Total
David P. Kirchhoff	2012	$ 959,615		$ 838,476	$ 2,447,488	$ 217,833	$ 24,505	$ 183,119[6]	$ 4,671,036
Chief Executive	2011	$ 823,462		$ 358,049	$ 452,888	$ 1,235,192	$ 17,833	$ 98,153[7]	$ 2,985,577
Officer	2010	$ 730,385		$ 106,095	$ 984,770	$ 471,098	$ 12,969	$ 110,768	$ 2,416,085
Nicholas P. Hotchkin Chief Financial Officer	2012	$ 164,423	$ 241,961[8]	$ 151,564	$ 450,944	$ 50,472	$ 45	$ 66,585[9]	$ 1,125,994
Ann M. Sardini	2012	$ 224,736	$ 601,030[10]				$ 41,736	$ 99,907[11]	$ 967,409
Former	2011	$ 428,406		$ 198,973	$ 251,680	$ 465,892	$ 35,794	$ 86,999[7]	$ 1,467,744
Chief Financial Officer	2010	$ 412,496		$ 53,060	$ 195,768	$ 232,493	$ 29,972	$ 103,995	$ 1,027,784
David A. Burwick	2012	$ 583,107		$ 174,620	$ 509,782	$	$ 6,320	$ 89,735[12]	$ 1,363,564
Former President, North	2011	$ 562,155		$ 198,973	$ 251,680	$ 629,684	$ 2,365	$ 81,928[7]	$ 1,726,785
America	2010	$ 339,519	$ 100,000		$ 1,102,740	$ 213,897	$ 201	$ 42,168	$ 1,798,525
Michael Basone	2012	$ 443,146		$ 132,716	$ 387,408	$ 178,260	$ 21,988	$ 91,390[13]	$ 1,254,908
President,	2011	$ 426,166		$ 198,973	$ 251,680	$ 389,942	$ 17,685	$ 73,314[7]	$ 1,357,760
WeightWatchers.com and Chief Technology Officer	2010	$ 410,339		$ 53,060	$ 195,768	$ 291,644	$ 13,336	$ 85,543	$ 1,049,690
Melanie Stack (Stubbing) (14)	2012	$ 471,540		$ 141,219	$ 412,282	$ 92,533		$ 66,697[15]	$ 1,184,271
President, Europe	2011[16]	$ 400,517		$ 198,973	$ 251,680	$ 250,422		$ 61,534	$ 1,163,126
	2010	$ 374,268		$ 53,060	$ 195,768	$ 177,556		$ 63,049	$ 863,701

(1) Amounts shown reflect the named executive officer s annual base salary earned during the fiscal year taking into account any increases in base salary during the course of the year and are not reduced to reflect the named executive officers elections, if any, to defer receipt of salary into our savings plan for salaried U.S. employees or, in the case of Ms. Stubbing, our savings plan for salaried U.K. employees. Increases, if any, in base salary for named executive officers for each fiscal year were determined following the beginning of that year. In fiscal 2012, there were increases in base salaries for the named executive officers except for Mr. Hotchkin and Ms. Sardini. Therefore, the amounts shown in fiscal 2012 (except in the case of Mr. Hotchkin and Ms. Sardini) reflect a base salary paid at different annual rates during such fiscal year. Mr. Hotchkin s salary earned in fiscal 2012 reflects that portion of his annual base salary earned from August 20, 2012, the date he joined the Company as its Chief Financial Officer. Ms. Sardini s salary earned in fiscal 2012 reflects that portion of her annual base salary earned until her retirement date.

(2) Stock awards consist solely of awards of RSUs and amounts represent the aggregate grant date fair value of awards granted in each fiscal year shown calculated in accordance with applicable accounting standards. The grant date fair value for RSUs is based solely on the closing price of our Common Stock on the date of grant.

(3) Amounts represent the aggregate grant date fair value of stock option awards granted in each fiscal year shown calculated in accordance with applicable accounting standards. The assumptions made in determining option values with respect to awards granted during fiscal 2012, fiscal 2011 and fiscal 2010 are disclosed in *Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Share-Based Compensation* and Note 9 of the Consolidated Financial Statements in our Annual Report on Form 10-K for fiscal 2012.

(4) Amounts shown consist solely of the named executive officer s annual, performance-based cash bonus. Amount shown for Mr. Hotchkin in fiscal 2012 reflects a pro-rated performance-based cash bonus based on his August 20, 2012 employment date, but does not reflect the guaranteed portion of his annual, performance-based cash bonus that is reported in *Bonus* . Amount shown for Mr. Burwick in

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fiscal 2010 reflects a pro-rated performance-based cash bonus based on his April 30, 2010 employment date. Amount shown for Ms. Stubbing in fiscal 2011 reflects a pro-rated performance-based cash bonus as a result of a six-week unpaid leave of absence that she took in fiscal 2011 for personal reasons. In connection with her retirement in June 2012, Ms. Sardini was not entitled to an annual, performance-based cash bonus for fiscal 2012. In addition, since Mr. Burwick resigned prior to the Company paying the fiscal 2012 annual, performance-based cash bonuses in March 2013, he was not eligible to receive an annual, performance-based cash bonus with respect to fiscal 2012. See *Compensation Discussion and Analysis Determination of Executive Compensation Cash Bonuses* above.

(5) Amounts shown consist solely of the aggregate earnings on the executive profit sharing plan account balance for the named executive officer, which include above-market earnings. For information on the applicable interest rate, see *Compensation Discussion and Analysis Determination of Executive Compensation Retirement and Deferred Compensation Plans, Termination Payments and Other Arrangements Executive Profit Sharing Plan* above.

(6) Amount shown includes $148,150 in contributions by the Company to the executive profit sharing plan for Mr. Kirchhoff s benefit as well as amounts with respect to the payment of life insurance premiums, a car allowance, a wellness allowance, the payment of employment taxes with respect to his profit sharing account and the payment of a gross-up amount for both income and employment taxes thereon, the payment of mobile device charges, and contributions by the Company to its savings plan for salaried U.S. employees for Mr. Kirchhoff s benefit.

(7) Amounts shown include supplemental contributions by the Company to the executive profit sharing plan with respect to fiscal 2011 as follows: Mr. Kirchhoff, $24,453; Ms. Sardini, $21,479; Mr. Burwick, $18,442; and Mr. Basone; $19,740. These amounts were not credited to each of the named executive officer s profit sharing account until July 2012 and therefore not previously reported.

(8) Mr. Hotchkin received a $180,000 sign-on cash bonus in connection with his joining the Company on August 20, 2012. The sign-on cash bonus is subject to repayment, less lawful deductions, to the Company if Mr. Hotchkin fails to relocate to the New York metropolitan area, or voluntarily resigns or is terminated for cause, during the twelve month period following his first day of employment (i.e., August 20, 2012). See *Compensation Discussion and Analysis 2012 Executive Compensation Determinations Cash Bonuses* above. In addition, pursuant to the terms of his offer letter dated July 2, 2012, Mr. Hotchkin s financial performance goal rating was fixed at 100% with respect to fiscal 2012. The amount shown includes the portion of Mr. Hotchkin s annual, performance-based cash bonus ($61,961) for fiscal 2012 in excess of the amount that would have been payable under the pre-determined formula under the Company s performance-based cash bonus scheme but is payable due to the fixing of his financial performance goal rating at 100%. See *Compensation Discussion and Analysis Cash Bonuses Annual, Performance-Based Cash Bonus* above.

(9) Amount shown includes $11,099 in contributions by the Company to the executive profit sharing plan and $27,027 in reimbursements of temporary living costs and travel costs between temporary and permanent living locations, as well as a tax gross-up payment of $16,723 with respect to such reimbursements, for Mr. Hotchkin s benefit as well as amounts with respect to a car allowance, the payment of mobile device charges and contributions by the Company to its savings plan for salaried U.S. employees for Mr. Hotchkin s benefit.

(10) Ms. Sardini received a $601,030 retention bonus pursuant to her retirement transition letter agreement with the Company. See *Potential Payments upon Termination, Retirement or Change of Control Payments Made Upon Retirement Retirement of Named Executive Officer* for details regarding Ms. Sardini s retirement transition letter agreement.

(11) Amount shown includes $46,460 in contributions by the Company to the executive profit sharing plan for Ms. Sardini s benefit as well as amounts with respect to a car allowance, a wellness allowance, the payment of mobile device charges, and contributions by the Company to its savings plan for salaried U.S. employees for Ms. Sardini s benefit. Amount shown also includes $24,138 paid for accrued and unpaid vacation days and $12,031 paid or accrued for continued health coverage under Company-sponsored health plans for a period of 18 months following her retirement date pursuant to the terms of Ms. Sardini s retirement transition letter agreement.

(12) Amount shown includes $66,704 in contributions by the Company to the executive profit sharing plan for Mr. Burwick s benefit as well as amounts with respect to a car allowance, a wellness allowance, the payment of mobile device charges, and contributions by the Company to its savings plan for salaried U.S. employees for Mr. Burwick s benefit.

(13) Amount shown includes $69,448 in contributions by the Company to the executive profit sharing plan for Mr. Basone s benefit as well as amounts with respect to a car allowance, a wellness allowance, the payment of employment taxes with respect to his profit sharing account and the payment of a gross-up

amount for both income and employment taxes thereon, and the payment of mobile device charges.

(14) Ms. Stubbing s *Salary* , *Non-Equity Incentive Plan Compensation* and amounts reported in *All Other Compensation* are paid to her in pounds sterling. These amounts shown were converted to U.S. dollars using the average monthly exchange rate applicable to the month during which such salary or other compensation was earned, such rates ranging from $1.5560 to $1.6140, except for the amount shown for her *Non-Equity Incentive Plan Compensation* , which was converted to U.S. dollars using the applicable exchange rate on March 5, 2013 (i.e., $1.5127), the date on which Ms. Stubbing s annual, performance-based cash bonus was approved.

(15) Amount shown includes $42,439 in contributions by the Company to its savings plan for salaried U.K. employees for Ms. Stubbing s benefit as well as amounts with respect to the payment of life insurance premiums, a car allowance and payments for additional family healthcare coverage.

(16) During fiscal 2011, Ms. Stubbing took a six-week unpaid leave of absence for personal reasons. Accordingly, Ms. Stubbing s fiscal 2011 salary, annual, performance-based cash bonus and contributions by the Company to its savings plan for salaried U.K. employees as set forth in *All Other Compensation* reflect this unpaid leave of absence.

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GRANTS OF PLAN-BASED AWARDS FOR FISCAL 2012

The following table sets forth information regarding non-equity incentive plan awards and each RSU or stock option award made to a named executive officer during fiscal 2012 under any stock plan. All RSU and stock option awards made to our named executive officers in fiscal 2012 were made under our 2008 Plan. For fiscal 2012, there were no awards made under any equity incentive plan.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]							
Name	Grant Date	Compensation Committee Approval Date	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)[2]	All Other Option Awards: Number of Securities Underlying Options (#)[3]	Exercise or Base Price of Option Awards ($/Sh)[4]	Closing Market Price on Grant Date ($)	Grant Date Fair Value of Stock and Option Awards[5]
David P. Kirchhoff	5/15/2012	5/4/2012				7,278[6]				$ 406,404
	5/15/2012	5/4/2012					71,095[6]	$ 57.69	$ 55.84	$ 1,176,181
	11/15/2012	5/4/2012				7,809[6]				$ 432,072
	11/15/2012	5/4/2012					76,206[6]	$ 56.36	$ 55.33	$ 1,271,307
			$ [7]	$ 959,615	$ 1,919,231					
Nicholas P. Hotchkin	8/20/2012	7/2/2012				1,549[8]				$ 76,149
	8/20/2012	7/2/2012					15,382[8]	$ 49.40	$ 49.16	$ 228,933
	11/15/2012	7/2/2012				1,363[8]				$ 75,415
	11/15/2012	7/2/2012					13,308[8]	$ 56.36	$ 55.33	$ 222,011
			$ 97,523[9]	$						