WEIGHT WATCHERS INTERNATIONAL INC
Form 10-K/A
May 13, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

Amendment No. 1

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 3, 2015.

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to .

Commission file number 001-16769

WEIGHT WATCHERS INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

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

675 Avenue of the Americas, 6th Floor, New York, New York 10010

(Address of principal executive offices) (Zip code)

Registrant s telephone number, including area code:

(212) 589-2700

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

Title of each class	Name of each exchange on which registered
Common Stock, no par value	**New York Stock Exchange**

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

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ¨ No x

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

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ¨ No x

The aggregate market value of the registrant s common stock held by non-affiliates as of June 27, 2014 (based upon the closing price of $20.54 per share of common stock as of June 27, 2014, the last business day of the registrant s second fiscal quarter of 2014, as quoted on the New York Stock Exchange) was $571,205,322. For purposes of this computation, it is assumed that shares of common stock held by our directors, executive officers and our controlling shareholders as of June 27, 2014 would be deemed stock held by affiliates.

The number of shares outstanding of common stock as of May 5, 2015 was 57,182,008.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive Proxy Statement for its 2015 annual meeting of shareholders are incorporated herein by reference in Part III, Items 10-14. Such Proxy Statement was filed with the SEC no later than 120 days after the registrant s fiscal year ended January 3, 2015.

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EXPLANATORY NOTE

Weight Watchers International, Inc. (the Company) is filing this amendment on Form 10-K/A (this Amendment) to amend its Annual Report on Form 10-K for the fiscal year ended January 3, 2015, as filed on March 4, 2015 (the Form 10-K or Original Filing), to restate (1) its consolidated financial statements as of and for the fiscal year ended January 3, 2015, (2) its selected financial data as of and for the fiscal year ended January 3, 2015, (3) its quarterly results of operations for the fiscal quarter ended January 3, 2015 and (4) its Management s Annual Report on Internal Control Over Financial Reporting as of January 3, 2015, as well as to revise (1) its consolidated financial statements as of and for the fiscal year ended December 28, 2013, (2) its selected financial data as of and for the fiscal year ended December 28, 2013 and (3) its quarterly results of operations for all fiscal quarters in the fiscal year ended December 28, 2013.

On May 4, 2015, the Audit Committee of the Board of Directors of the Company (the Audit Committee) concluded that the Company s previously issued consolidated financial statements for the fiscal year ended January 3, 2015 (fiscal 2014) as contained in the Original Filing should be restated with respect to the accounting for certain franchise rights acquired. Based on discussions with the Staff of the Securities and Exchange Commission (the SEC) regarding the Company s accounting of its franchise rights acquired, the Company determined that, subsequent to the fiscal 2009 adoption of ASC 350-30-35-2, franchise rights acquired in connection with franchise agreements that have a renewal term at the option of the franchisee should be accounted for as definite-lived assets. Previously these acquired franchise rights were accounted for as indefinite-lived assets based on the franchisee s ability to elect indefinitely to renew the franchise rights. After this correction, the value of these rights and the amortization period thereon will contemplate the remainder of the contractual term from the date of acquisition without giving any effect to the franchisee s renewal rights.

As a result, the value previously assigned to the impacted franchise rights was reduced and the resulting difference was re-allocated to goodwill. This re-allocation in value also resulted in the Company reversing the $26.1 million impairment charge previously recorded in the fourth quarter of fiscal 2014 with respect to its franchise rights acquired because of a difference in methodologies for impairment testing of franchise rights acquired and goodwill. Accordingly, the Company s Balance Sheet as of January 3, 2015 set forth in this Amendment reflects a reduction in Franchise rights acquired of $38.9 million and an increase in Goodwill of $61.5 million. The Company s Statement of Income for the year ended January 3, 2015 set forth in this Amendment reflects an increase in Income before income taxes and Net income attributable to Weight Watchers International, Inc. of $26.1 million and $19.1 million, respectively.

The Company s consolidated Balance Sheet as of January 3, 2015 was also revised to correct the previously disclosed immaterial misclassification of $56.7 million of the Company s $2.358 billion of total debt. This revision which is set forth in this Amendment resulted in an additional $56.7 million being reflected as a portion of long-term debt due within one year as a result of the calculation of the Company s excess cash flow under the Credit Agreement, dated as of April 2, 2013, among the Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and an issuing bank, and The Bank of Nova Scotia, as revolving agent, swingline lender and an issuing bank.

In addition, the Company also recorded other miscellaneous adjustments as part of this restatement that are either related to the aforementioned or were previously identified but determined to be immaterial. Refer to Note 3 Restatement of Financial Statements in the Notes to the Consolidated Financial Statements set forth in this Amendment for further information relating to this restatement.

The Company s management has determined that the improper design of controls with respect to the accounting for certain franchise rights acquired was a deficiency in its internal control over financial reporting that constitutes a material weakness, as defined by SEC regulations, at January 3, 2015, as discussed in Part II, Item 9A Controls and Procedures of this Amendment.

The Company is remediating this material weakness by revising, clarifying and implementing accounting policies and controls related to the accounting for franchise rights acquired in instances in which the terms of those agreements are not explicitly perpetual. Franchise acquisitions and the accounting thereon will be subject to ongoing senior management review and Audit Committee oversight. Management believes the foregoing efforts will effectively remediate the material weakness.

Except as required to reflect the effects of the corrections for the items above, no additional modifications or updates have been made to the Original Filing and are set forth in this Amendment. Information not affected by these corrections remains unchanged and reflects the disclosures made at the time of the Original Filing. This Amendment does not describe other events occurring after the Original Filing, including exhibits, or modify or update those disclosures affected by subsequent events. This Amendment should be

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read in conjunction with the Company s filings made with the SEC subsequent to the filing of the Original Filing, as information in such reports and documents may update or supersede certain information contained in this Amendment. Accordingly, this Amendment only amends and restates Item 1A of Part I, Items 6, 7, 8 and 9A of Part II and Item 15 of Part IV of the Original Filing, in each case, solely as a result of, and to reflect, the corrections noted above, and no other information in the Original Filing is amended hereby. Additionally, pursuant to the rules of the SEC, Item 15 of Part IV of the Original Filing has been amended to contain the currently dated certifications of the Company s Chief Executive Officer and Chief Financial Officer. As required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, the certifications of the Company s Chief Executive Officer and Chief Financial Officer, and the consent of its independent registered public accounting firm, are attached to this Amendment as Exhibits 31.1, 31.2, 32.1 and 23.1, respectively.

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Weight Watchers International, Inc.

Annual Report on Form 10-K

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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 Annual Report on Form 10-K unless the context indicates otherwise: we, us, our, the Company and WWI refer to Weight Watchers International, Inc. and all of its operations consolidated for purposes of its financial statements; North America refers to our North American Company-owned operations; United Kingdom refers to our United Kingdom Company-owned operations; Continental Europe refers to our Continental Europe Company-owned operations; and Other refers to Asia Pacific and emerging markets operations and franchise revenues and related costs. Each of North America, United Kingdom, Continental Europe and Other is also a reporting segment.

Our fiscal year ends on the Saturday closest to December 31st and consists of either 52- or 53-week periods. In this Annual Report on Form 10-K:

- fiscal 2008 refers to our fiscal year ended January 3, 2009 (included a 53rd week);
- fiscal 2009 refers to our fiscal year ended January 2, 2010;
- 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;
- fiscal 2013 refers to our fiscal year ended December 28, 2013;
- fiscal 2014 refers to our fiscal year ended January 3, 2015 (included a 53rd week); and
- fiscal 2015 refers to our fiscal year ended January 2, 2016.

The following terms used in this Annual Report on Form 10-K are our trademarks: *Weight Watchers*®, ***PointsPlus***®, ***ProPoints***® and ActiveLink®.

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PART I

Item 1. Business
Overview

We are a leading, global-branded consumer company and the world s leading commercial provider of weight management services, operating globally through a network of Company-owned and franchise operations. With over five decades of weight management experience, expertise and know-how, we have established Weight Watchers as one of the most recognized and trusted brand names among weight-conscious consumers. In fiscal 2014, consumers spent approximately $5 billion on Weight Watchers branded products and services, including meetings conducted by us and our franchisees, digital weight management products provided through our websites, mobile sites and apps, products sold at meetings, licensed products sold in retail channels and magazine subscriptions and other publications. Our primary sources of revenue are subscriptions for our monthly commitment plan for Weight Watchers meetings and subscriptions for our Online products. Our meetings business refers to providing access to meetings to our monthly commitment plan subscribers, pay-as-you-go members, Total Access subscribers and other meeting members. Online refers to Weight Watchers Online, Weight Watchers Online*Plus*, Personal Coaching and other digital subscription products.

Our brand enjoys high awareness and credibility among all types of weight-conscious consumers women and men, consumers online and offline, the support-inclined and the self-help-inclined. We are one of only a few commercial weight management programs whose efficacy has been clinically proven repeatedly. As the number of overweight and obese people worldwide grows, the demand for an effective, scalable and consumer-friendly weight management program increases. We believe our global presence and brand awareness uniquely position us in the global weight management market. We continue to explore different channels to access this market, including through our healthcare strategic initiative.

We believe the unique value provided by our offerings is inspiration, accountability and support. In the more than 50 years since our founding, we have built our meetings business by helping millions of people around the world lose weight through sensible and sustainable food plans, exercise, behavior modification and group support. Each week, approximately 800,000 members attend over 36,000 Weight Watchers meetings around the world, which are run by more than 10,000 leaders each of whom has lost weight on our program. We also believe we are the leading global provider of Online subscription weight management products. As of the end of fiscal 2014, we had approximately 1.5 million active Online subscribers. Our Online products, including applications for mobile and tablet devices, have evolved over time and, at times, vary by market. Our strong brand, together with the effectiveness of our plans, loyal customer base and unparalleled network of service providers, are unique in the marketplace.

Business Organization and Global Operations

Effective the first day of fiscal 2014 (i.e., December 29, 2013), we realigned our organizational structure to improve the leverage of our significant assets and the alignment of our innovation efforts, which resulted in new reporting segments (North America, United Kingdom, Continental Europe, and Other) for the purpose of making operational and resource decisions and assessing financial performance. Each reporting segment provides similar products and services through various offerings. Further information regarding our reporting segments and our geographic areas can be found in Part II, Item 7 of this Annual Report on Form 10-K under Management s Discussion and Analysis of Financial Condition and Results of Operations and in Part IV, Item 15 of this Annual Report on Form 10-K under Note 15 Segment and Geographic Data in the Notes to the Consolidated Financial Statements. Information concerning some of the risks to which we are exposed resulting from our international operations and foreign currency exchange rates is set forth in Item 1A. Risk Factors of this Annual Report on Form 10-K.

We operate in numerous countries around the world. Our North America reporting segment consists of our United States and Canada Company-owned operations; our United Kingdom reporting segment consists of our United Kingdom Company-owned operations; our Continental Europe reporting segment consists of our Germany, Switzerland, France, Spain, Belgium, Netherlands and Sweden Company-owned operations; and our Other reporting segment includes our Australia, New Zealand, Mexico and Brazil Company-owned operations. We also have franchise operations in the United States and certain other countries. Revenues from our North America, United Kingdom, Continental Europe, and Other reporting segments contributed 64.0%, 10.6%, 20.2% and 5.2%, respectively, of our total revenues in fiscal 2014. Revenues from our North America, United Kingdom, Continental Europe, and Other reporting segments contributed 67.4%, 10.0%, 17.4% and 5.2%, respectively, of our total revenues in fiscal 2013. Finally, revenues from our North America, United Kingdom, Continental Europe, and Other reporting segments contributed 68.4%, 11.1%, 14.7% and 5.8%, respectively, of our total revenues in fiscal 2012.

The Global Weight Management Market

We participate in the global weight management market. According to Marketdata Enterprises, the weight management industry had revenue of approximately $60.5 billion in 2013 in the United States alone. The number of overweight and obese adults around the world rose 27.5% between 1980 and 2013, to more than 2 billion individuals, and is estimated to reach over 3 billion by 2030. Between 2011 and 2012, 69% of Americans at or over the age of 20 were considered overweight and over a third of these were obese. Numerous diseases, including heart disease, high blood pressure and Type II diabetes, are associated with being overweight or obese.

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Our Services and Products

Our Weight Management Plans

In each of our markets, we offer services and products that are built upon our weight management program which is comprised of a range of nutritional, exercise and behavioral tools and approaches. Our weight management plan, ***PointsPlus*** as it is known in North America, or ***ProPoints*** as it is known in certain of our other geographies, is an innovative weight loss system. It was developed from a combination of advancements in scientific research and insights of customers who experienced prior Weight Watchers plans. With the ***PointsPlus*** system, each food has a ***PointsPlus*** value determined by a unique and proprietary formula based on the food s protein, carbohydrates, fat and dietary fiber content. The formula takes into account how these nutrients are processed by the body as well as their impact on satiety. Subject to certain nutritional guidelines, customers following the ***PointsPlus*** system can eat any food as long as the ***PointsPlus*** value of their total food consumption stays within their personalized ***PointsPlus*** budget . Since nutritious foods generally have low ***PointsPlus*** values, this approach guides customers toward healthier eating habits. In 2014, we offered a new, two-week starter plan, known as Simple Start in North America, to provide an on-ramp to ***PointsPlus***.

Our Clinical Efficacy and Reputation in the Marketplace

Our program is one of the most clinically-studied commercial weight management programs, with dozens of peer-reviewed publications in the last 20 years. For example, in fiscal 2012, a clinical trial funded by the National Institutes of Health in the United States found that individuals following Weight Watchers lost more weight, on average, over a 48-week period than those following a program administered by healthcare professionals preceding a period of time of following Weight Watchers. Similarly, in 2013, a randomized controlled trial conducted by the Baylor College of Medicine researchers and funded by us was published in *The American Journal of Medicine* and found that overweight and obese adults following Weight Watchers lost significantly more weight at six months than those who tried to lose weight on their own.

The efficacy of our program and value of our offerings are well-acknowledged in the marketplace. For instance, in 2015 we again were recognized with the highest ranking in numerous Best Diets 2015 categories by *U.S. News & World Report*. Of these categories, we ranked #1 for Best Weight Loss Diet for the fifth consecutive year, #1 for Best Commercial Diet Plan for the fifth consecutive year and #1 for Easiest Diet to Follow for the fourth consecutive year since the category was added.

Our Meetings

In our meetings business we present our program in a series of weekly meetings of approximately one hour in duration, conveniently scheduled throughout the day. Our group support system remains the cornerstone of our meetings. Members provide each other support by sharing their experiences with, and by providing encouragement and empathy to, other people experiencing similar weight management challenges. This group support provides the reassurance that no one must overcome his or her weight management challenge alone. Group support assists members in building healthy routines that support long-term weight management through changes in behavior, eating, and exercise. We facilitate this support through interactive meetings that encourage learning through group activities and discussions and individual goal-setting. In our meetings, our leaders present our program in a manner that combines group support and education with a structured approach to food, activity and lifestyle modification developed by credentialed weight management experts. Our leaders educate members on the Weight Watchers method of successful and sustained weight management, provide inspiration and motivation for our members and are examples of our program s effectiveness because they have lost weight and maintained their weight loss on our program. For meetings, leaders are typically paid a base rate (which varies based on geographic region), plus various types of commissions based on the number of attendances and products sold. Leaders are also typically paid on an hourly basis (which varies based on the nature of the task and their geographic region) for all of their non-meeting activities, including Personal Coaching and 24/7 Expert Chat which are discussed further below in Our Online Product Offerings.

Our leaders help set a member s weight goal within a healthy range based on body mass index. When members reach their weight goal and maintain it for six weeks, they achieve lifetime member status. This gives them the privilege to attend our meetings free of charge as long as they maintain their weight within a certain range and weigh in at least once a month. Successful members also become eligible to apply for positions as leaders.

The primary payment structure for our meetings business globally is through a monthly commitment plan. Under this plan, members receive unlimited access to meetings at a discounted monthly price plus free access to certain Online and mobile tools and 24/7 Expert Chat as discussed in further detail below in Our Online Product Offerings. Pursuant to this plan, a fee is charged automatically to the member s credit card or debit card on a monthly basis until the member elects to cancel. As of the end of fiscal 2014, we had approximately one million active subscribers to our monthly commitment plan. We also have a pay-as-you-go arrangement for the meetings business. Under this arrangement, a new member pays an initial registration fee and then a weekly fee for each meeting attended. We also offer prepayment plans consisting of pre-paid meeting vouchers and coupons in some countries. In addition, in December 2014, we launched our new Total Access product in certain of our markets, including the United States. Total Access offers the bundling of meetings and all of our Online products described below so the customer can experience the full benefit of all these offerings. Total Access is provided pursuant to a monthly commitment plan.

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As of the end of fiscal 2014, approximately 11.0% of our total worldwide attendance was represented by franchised operations. We estimate that, in fiscal 2014, these franchised operations attracted attendance of over 4.5 million people. Franchisees typically pay us a fee equal to 10% of their meeting fee revenues. We have enjoyed a mutually beneficial relationship with our franchisees over many years. In our early years, we used an aggressive franchising strategy to quickly establish a meeting infrastructure to pre-empt competition. Since then, we have acquired a large number of franchises.

Our franchisees are responsible for operating classes in their franchise class territory using the program and marketing guidelines we have developed. We provide a central support system for the program and our brand. In many of our markets, franchisees purchase products from us at wholesale prices for resale directly to members. Franchisees are obligated to adhere strictly to our program content guidelines, with the freedom to control pricing, class locations, operational structure and local promotions. Franchisees provide local operational expertise, advertising and public relations. Most franchise agreements are perpetual and can be terminated only upon a material breach or bankruptcy of the franchisee.

Our Online Products

We offer various Online subscription products, including Weight Watchers Online and Weight Watchers eTools. Weight Watchers Online provides interactive and personalized resources that allow users to follow our weight management plans via the Internet or on their mobile device. Weight Watchers eTools is the Internet weight management companion for Weight Watchers meetings members who want to interactively manage the day-to-day aspects of their weight management plans on the Internet or on their mobile device. Weight Watchers eTools is offered as part of our monthly commitment plan for meetings. Though these products have similar functionality across markets, each is tailored specifically to the local market. While certain of our markets continue to provide the above products, in December 2014, we launched an enhanced version of each of these products in certain markets, including the United States. The enhanced version offers the same resources as Weight Watchers Online and Weight Watchers eTools with the addition of the new 24/7 Expert Chat which provides real time support.

In addition, in December 2014, we also launched a new Online subscription product, Personal Coaching, in certain of our markets, including the United States. Personal Coaching offers one-on-one telephonic, e-mail and text support and personalized planning from a Weight Watchers-certified Coach. This product also includes access to all of the Online resources discussed above.

Our Online subscription products are based on the Weight Watchers approach to weight management and provide additional tools to our meetings members, as applicable. They help subscribers adopt a healthier lifestyle, with a view toward long-term behavior modification a key aspect of the Weight Watchers approach toward sustainable weight loss. These products provide subscribers with online and mobile content, functionality, resources and, in certain cases, interactive web-based weight management plans. We believe our personalized and interactive Online subscription products give subscribers an engaging weight management experience. Our Online subscription products help subscribers monitor their weight management efforts, encourage exercise and a more active lifestyle, and provide guidance toward healthier eating habits by offering interactive and other resources, including:

- ***PointsPlus*** Tracker
- ***PointsPlus*** Calculators
- Power Foods lists
- Weight Tracker and Progress Charts
- Nutritional Guidelines
- Hunger Tracker

- Fitness Workouts and Videos
- Recipe and Food Databases
- Recipe Builder
- Meal Ideas
- Restaurant Guides

We believe that mobile weight management tools and resources are an important market opportunity for us. Our mobile phone (iPhone® and Android) and iPad® applications provide monthly commitment plan purchasers and Online subscribers with access to a suite of weight-loss tools, such as recipe and tracking tools, as well as other helpful content and the ability to scan the barcodes of food products and provide ***PointsPlus*** values. We continue to explore opportunities to enhance the mobility of our plans and products.

In addition, we continue to innovate to support our customers weight management efforts, including improving the capabilities of our products and exploring how our products can work with other offerings in the marketplace. For instance, to achieve a more complete and integrated weight loss experience, we have integrated with certain third-party application program interfaces (APIs) and intend to continue with further integration. Our subscribers can now seamlessly sync their Weight Watchers Online accounts with popular activity-tracking monitors and apps including Fitbit®, Jawbone® and Apple s Health app.

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Finally, we believe that we are under-penetrated in many demographic and market segments, and that these will present opportunities for us. With respect to men, for example, we have customized website content in certain of our markets.

Our Product Sales

We sell a range of products, including bars, snacks, cookbooks, food and restaurant guides with ***PointsPlus*** values, Weight Watchers magazines, ***PointsPlus*** calculators and fitness kits, and certain third-party products, such as Fitbit®. These products complement our weight management plans and help our customers in their weight management efforts. We have focused on selling products that drive recurring purchases. Our products are designed to be high quality, offer benefits related to the Weight Watchers plans and be easy to merchandise.

We sell our products primarily through our meetings business and to our franchisees. Excluding sales to or by our franchisees, in fiscal 2014, sales of proprietary products in our meetings business represented approximately 11.4% of our revenues. We seek to grow our product sales per attendee in our meetings business by continuing to optimize our product offerings by updating existing products, selectively introducing new products and sharing best practices across geographies.

At-Work Meetings and Healthcare

As healthcare costs continue to be a significant concern on the minds of employers and their employees, we believe that our broad range of services and products uniquely positions us to serve the corporate market and help companies reduce their healthcare costs and improve the overall well-being of their employees. Our strategy is focused on leveraging our organizational capability to serve companies of every size and type by offering convenient and flexible weight-loss solutions that include meetings at the workplace, local community meetings and access to Weight Watchers Online. As a result of our strategy, we now have, and plan to continue to invest in, the capability to sell, market, and service companies at the local level, the mid-market level, and the national level of the corporate market.

We believe the healthcare market, from the doctor s office to national and other health plan providers, represents an important channel to reach new consumers. At the end of fiscal 2014, we announced a partnership with Humana, Inc. to offer our weight management services as a part of coverage under certain employer-sponsored health plans. We continue to explore different approaches to this market.

Licensing, Endorsements and Publishing

Licensing and Endorsements

Companies show continued interest in licensing our brand and other intellectual property as a platform to build their businesses since the Weight Watchers brand brings high credibility and access to the weight-conscious consumer. By partnering with carefully selected companies in categories relevant and helpful to weight-conscious consumers, we have created a highly profitable licensing business as well as a powerful vehicle to reinforce the Weight Watchers brand in the minds of our target consumers.

We license the Weight Watchers brand and our other intellectual property in certain categories of food, including frozen foods and baked goods, among others, and other relevant consumer products, including scales. We also endorse carefully selected branded consumer products, such as yogurt, frozen vegetables and soups. We seek to increase our licensing revenues by targeting sizeable or strategic product categories where the Weight Watchers brand can add real value. In order to achieve this goal, our global licensing team focuses on strategically increasing the number of categories and geographies of our licensed and endorsed products.

We typically partner in our licensing and endorsement arrangements with third parties that excel at new product development and have strong marketing and sales expertise, manufacturing and distribution capabilities, financial strength, prior performance in previous licensing and endorsement deals and senior management committed to building the Weight Watchers brand. In connection with our acquisition from the H.J. Heinz Company, or Heinz, in September 1999, Heinz received a perpetual royalty-free license to continue using our brand in its core food categories. We plan to continue to choose our licensing and endorsement partners carefully after identifying and prioritizing product categories that enhance the Weight Watchers brand and have long-term growth potential.

We ask each of our licensees to include on their packaging certain information about our services and our products, such as our toll free numbers and a URL for WeightWatchers.com. This marketing and promotional support reinforces the value of our brand.

Our licensing and endorsement arrangements give us access to weight-conscious consumers through products sold at retail and increase the awareness of our brand. We continue to believe there are significant opportunities both in the United States and internationally to take advantage of the strength of the Weight Watchers brand and our other intellectual property through additional licensing and endorsement arrangements.

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Weight Watchers Magazine

Weight Watchers magazines are published in most of our major markets. In the United States, Weight Watchers Magazine is an important branded marketing platform that continues to show strong circulation and advertiser acceptance. As of fall 2014, our US magazine had a readership of approximately eight million, according to GfK Mediamark Research and Intelligence, LLC, an industry tracking service. In addition to generating revenues from subscription sales and third-party advertising, Weight Watchers Magazine also reinforces the value of our brand and serves as a powerful tool for marketing to both existing and potential customers.

Marketing and Promotion

Our communications with consumers and other promotional efforts enhance our brand image and awareness, and motivate both former and potential new customers to join Weight Watchers meetings or subscribe to our Online subscription products.

Media Advertising

We advertise primarily in national media vehicles (television, digital, print, radio, etc.), which are selected based on their efficiency and effectiveness in reaching our target audience. We develop and maintain a high level of engagement with new and potential customers on various social platforms like Facebook and Twitter. While our traditional advertising schedule generally supports the three key marketing campaigns of the year, winter, spring and fall, we communicate with consumers in the Online space in real time throughout the year. Also, we utilize brand ambassadors, including from time to time celebrity spokespersons, as part of our advertising.

Word of Mouth

The word of mouth generated by our current and former customers is an important source of new customers. These referrals, combined with our strong brand and the effectiveness of our plans, enable us to attract new and returning customers.

Public Relations

We carry out many of our key public relations initiatives through the efforts of current and former Weight Watchers leaders, members and subscribers, including from time to time celebrities. These leaders, members and subscribers engage in national and local promotions, information presentations and charity events to promote Weight Watchers and demonstrate the program s efficacy. In addition, some become media-trained ambassadors and represent us in various national and local public relations activities. We currently have over 400 media-trained ambassadors as part of our grass roots network.

In addition, we have a science-based public relations initiative to capitalize on Weight Watchers position as one of only a few clinically proven commercial weight management programs. This has included an investment in third-party scientific research and increased efforts to share our consumer and program insights with leaders in the scientific and medical communities as well as the general public.

Customer Relationship Management

We use direct mail and email to attract new and returning customers and to engage current customers. We maintain databases of current and former customers in each country in which we operate, which we use to focus our direct mailings and email. During fiscal 2014, North America sent nearly 16 million pieces of direct mail. Most of these mailings are timed to coincide with the start of our marketing campaigns and are intended to encourage former meetings members to re-enroll. In addition, we continue to leverage our email targeting capabilities. Our email promotional programs are an important customer acquisition vehicle for us.

Weight Watchers Magazine

In addition to generating revenues from subscription sales and third-party advertising, Weight Watchers Magazine reinforces the value of our brand and serves as an important marketing tool to both existing and potential customers. We offer Weight Watchers magazines in most of our major markets.

WeightWatchers.com Website

The WeightWatchers.com website is an important global promotional channel for our brand, services and products. The website is a vehicle for communicating our services and products in greater detail than could be achieved in more traditional advertising vehicles. In addition to being a gateway for our Online subscription products, the website contributes value to our meetings business by promoting our brand, advertising Weight Watchers meetings, assisting in locating meetings and keeping members involved with Weight Watchers outside of meetings through useful offerings. In 2014, our Meeting Finder feature generated on average over 1.1 million meeting searches per month globally. The Meeting Finder allows our existing and potential members to find a convenient meeting place and time.

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Seasonality

Our business is seasonal due to the importance of the winter diet season to our overall recruitment environment. Our advertising schedule generally supports the three key recruitment-generating seasons of the year: winter, spring and fall, with winter having the highest concentration of advertising spending.

Competition

The weight management market includes surgical procedures; the pharmaceutical industry; self-help weight management regimens and other self-help weight management products, services and publications, such as books, magazines and websites; commercial weight management programs; Internet, free mobile and other weight management applications, activity monitors and other electronic weight management approaches; dietary supplements and meal replacement products; healthy lifestyle services, products and publications; weight management services administered by doctors, nutritionists and dieticians; government agencies and non-profit groups that offer weight management services; fitness centers and national drug store chains.

Competition among commercial weight management programs is largely based on program recognition and reputation and the effectiveness, safety and price of the program. In the United States, we compete with several other companies in the commercial weight management industry, although we believe that their businesses are not comparable to us. For example, many of these competitors businesses are based on the sale of pre-packaged meals and meal replacements. Our meetings use group support, education and behavior modification to help our members change their eating habits, in conjunction with flexible food plans that allow members the freedom to choose what they eat. There are no significant group education-based competitors in any of our major markets, except in the United Kingdom.

We believe that food manufacturers that produce meal replacement products are not comparable competition because these businesses meal replacement products do not engender behavior modification through education in conjunction with a flexible, healthy food plan.

We also compete with various self-help diets, products and publications, such as free mobile and other weight management applications and activity monitors. Further information regarding our competition can be found in Part II, Item 7 of this Annual Report on Form 10-K under Management s Discussion and Analysis of Financial Condition and Results of Operations.

Trademarks, Patents and Other Proprietary Rights

We own numerous domestic and international trademarks, patents and other proprietary rights that are valuable assets and are important to our business. Depending upon the jurisdiction, trademarks are valid as long as they are used in the regular course of trade and/or their registrations are properly maintained. Patent protection extends for varying periods according to the date of patent filing or grant and the legal term of patents in the jurisdiction in which the patent is granted. The actual protection afforded by a patent may vary from country to country depending upon the type of patent, the scope of its coverage and the availability of legal remedies in the country. We believe the protection of our trademarks, copyrights, patents, domain names, trade dress and trade secrets is important to our success. We aggressively protect our intellectual property rights by relying on a combination of trademark, copyright, patent, trade dress and trade secret laws, and through domain name dispute resolution systems.

History

Early Development

In 1961, Jean Nidetch, our founder, attended a New York City obesity clinic and took what she learned from her personal experience at the obesity clinic and began weight-loss meetings with a group of her overweight friends in the basement of a New York apartment building. Under Ms. Nidetch s leadership, the group members supported each other in their weight-loss efforts, and word of the group s success quickly spread. Ms. Nidetch and Al and Felice Lippert, who all successfully lost weight through these efforts, formally launched our business in 1963. Weight Watchers International, Inc. was incorporated as a Virginia corporation in 1974 and succeeded to the business started in New York in 1963. Heinz acquired us in 1978.

Artal Ownership

In September 1999, Artal Luxembourg, S.A., or Artal Luxembourg, acquired us from Heinz. Artal Luxembourg is an indirect subsidiary of Artal Group, S.A., which together with its parents and its subsidiaries is referred to in this Annual Report on Form 10-K as Artal. Currently, Artal Luxembourg is the record holder of all our shares owned by Artal.

WeightWatchers.com Acquisition

In July 2005, we acquired control of our licensee and affiliate, WeightWatchers.com, Inc., by increasing our ownership interest from approximately 20% to approximately 53%. Subsequently, in December 2005, WeightWatchers.com, Inc. redeemed all shares owned by Artal in it, resulting in our current ownership of 100% of WeightWatchers.com, Inc.

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2012 Tender Offer and Share Repurchase

On February 23, 2012, we commenced a modified Dutch auction tender offer for up to $720.0 million in value of our common stock at a purchase price not less than $72.00 and not greater than $83.00 per share, or the Tender Offer. Prior to the Tender Offer, on February 14, 2012, we entered into an agreement, or the Purchase Agreement, with Artal Holdings Sp. z o.o., Succursale de Luxembourg, or Artal Holdings (the then-current record holder of all our shares owned by Artal), whereby Artal Holdings agreed to sell to us, at the same price as was determined in the Tender Offer, such number of its shares of our common stock that, upon the closing of this purchase after the completion of the Tender Offer, Artal Holdings percentage ownership in the outstanding shares of our common stock would be substantially equal to its level prior to the Tender Offer. Artal Holdings also agreed not to participate in the Tender Offer so that it would not affect the determination of the purchase price of the shares in the Tender Offer. The Tender Offer expired at midnight, New York time, on March 22, 2012, and on March 28, 2012 we repurchased approximately 8.8 million shares at a purchase price of $82.00 per share. On April 9, 2012, we repurchased approximately 9.5 million of Artal Holdings shares at a purchase price of $82.00 per share pursuant to the Purchase Agreement. In March 2012, we amended and extended our then-current credit facility to finance these repurchases.

Regulation

A number of laws and regulations govern our advertising, services, products, operations and relations with consumers, employees and other service providers in the countries in which we operate. Certain federal, state and foreign agencies, such as the Federal Trade Commission, or FTC, and the Food and Drug Administration, or FDA, regulate and enforce such laws relating to advertising, promotions, packaging, privacy, consumer pricing and billing arrangements and other consumer protection matters. Since we operate both in the United States and internationally, we are subject to many distinct employment, labor, benefits and tax laws in each country in which we operate, including regulations affecting our employment practices and our relations with our employees and service providers. Laws and regulations directly applicable to communications, operations or commerce over the Internet such as those governing intellectual property, privacy, libel and taxation, are more prevalent and continue to evolve. Our operations are subject to these laws and regulations and we continue to monitor their development and our compliance. In addition, we are subject to other laws and regulations in the United States and internationally.

During the mid-1990s, the FTC filed complaints against a number of commercial weight management providers alleging violations of federal law in connection with the use of advertisements that featured testimonials, claims for program success and program costs. In 1997, we entered into a consent order with the FTC settling all contested issues raised in the complaint filed against us. The consent order requires us to comply with certain procedures and disclosures in connection with our advertisements of services and products.

Employees and Service Providers

As of January 3, 2015, we had approximately 21,000 employees, a majority of whom were part-time employees. In addition, in certain of our markets, our service providers are self-employed and are not included in this total. We consider our relations with our employees and service providers to be satisfactory.

Available Information

Corporate information and our press releases, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments thereto, are available free of charge on our website at *www.weightwatchersinternational.com* as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (i.e., generally the same day as the filing). Moreover, we also make available at that site the Section 16 reports filed electronically by our officers, directors and 10 percent shareholders. Usually these are publicly accessible no later than the business day following the filing.

We use our website at *www.weightwatchersinternational.com*, our corporate Facebook page (www.facebook.com/weightwatchers) and our corporate Twitter account (@WeightWatchers) as channels of distribution of Company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. The contents of our website and social media channels shall not be deemed to be incorporated herein by reference.

Our Code of Business Conduct and Ethics and our Corporate Governance Guidelines are also available on our website at *www.weightwatchersinternational.com*.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, this Annual Report on Form 10-K includes forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, including, in particular, the statements about our plans, strategies and prospects under the headings Business and Management s Discussion and Analysis of Financial Condition and Results of Operations. We have generally used the words may, will, could, expect, anticipate, believe, estimate, plan, intend and similar expressions in this Annual Report on Form 10-K and the documents incorporated by reference herein to identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. Actual results could differ materially from those projected in these forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including, among other things:

- competition from other weight management industry participants or the development of more effective or more favorably perceived weight management methods;
- our ability to continue to develop innovative new services and products and enhance our existing services and products or the failure of our services and products to continue to appeal to the market, or our ability to successfully expand into new channels of distribution or respond to consumer trends;
- the ability to successfully implement new strategic initiatives;
- the effectiveness of our marketing and advertising programs and strength of our social media presence;
- the impact on the Weight Watchers brand of actions taken by our franchisees, licensees and suppliers;
- the impact of our debt service obligations and restrictive debt covenants;
- the inability to generate sufficient cash to service all of our debt service obligations;
- uncertainties regarding the satisfactory operation of our information technology or systems;
- the recognition of asset impairment charges;
- the inability to renew certain of our licenses, or the inability to do so on terms that are favorable to us;
- the expiration or early termination by us of leases;
- risks and uncertainties associated with our international operations, including economic, political and social risks and foreign currency risks;

- our ability to successfully make acquisitions or enter into joint ventures, including our ability to successfully integrate, operate or realize the projected benefits of such businesses;
- uncertainties related to a downturn in general economic conditions or consumer confidence;
- the seasonal nature of our business;
- the impact of events that discourage or impede people from gathering with others or accessing resources;
- our ability to enforce our intellectual property rights both domestically and internationally, as well as the impact of our involvement in any claims related to intellectual property rights;
- the impact of security breaches or privacy concerns;
- the outcomes of litigation or regulatory actions;
- the impact of existing and future laws and regulations;
- the loss of key personnel or failure to effectively manage and motivate our workforce;
- the possibility that the interests of our majority owner will conflict with other holders of our common stock;
- our failure to maintain effective internal controls over financial reporting; and
- other risks and uncertainties, including those detailed from time to time in our periodic reports filed with the Securities and Exchange Commission.

You should not put undue reliance on any forward-looking statements. You should understand that many important factors, including those discussed under the headings Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations, could cause our results to differ materially from those expressed or suggested in any forward-looking statement. Except as required by law, we do not undertake any obligation to update or revise these forward-looking statements to reflect new information or events or circumstances that occur after the date of this Annual Report on Form 10-K or to reflect the occurrence of unanticipated events or otherwise.

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Item 1A. Risk Factors

You should consider carefully, in addition to the other information contained in this Annual Report on Form 10-K and the exhibits hereto, the following risk factors in evaluating our business. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The following discussion of risks is not all inclusive but is designed to highlight what we believe are the most significant risks that we face. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial, may also impair our business, financial condition or results of operations.

Competition from other weight management industry participants or the development of more effective or more favorably perceived weight management methods could result in decreased demand for our services and products.

The weight management industry is highly competitive. We compete against a wide range of providers of weight management services and products. Our competitors include: surgical procedures; the pharmaceutical industry; self-help weight management regimens and other self-help weight management products, services and publications, such as books, magazines and websites; commercial weight management programs; Internet, free mobile and other weight management applications, activity monitors and other electronic weight management approaches; dietary supplements and meal replacement products; healthy lifestyle services, products and publications; weight management services administered by doctors, nutritionists and dieticians; government agencies and non-profit groups that offer weight management services; fitness centers and national drug store chains. Additional competitors may emerge as new or different products or methods of weight management are developed and marketed. More effective or more favorably perceived diet and weight management methods, including pharmaceutical treatments, fat and sugar substitutes or other technological and scientific advancements in weight management methods, also may be developed. This competition may reduce demand for our services and products.

The purchasing decisions of weight management consumers are highly subjective and can be influenced by many factors, such as brand image, marketing programs, cost, consumer trends and perception of the efficacy of the service and product offerings. Moreover, consumers can, and frequently do, change weight management approaches easily and at little cost. For example, our revenue was adversely affected by increased popularity and media exposure of low-carbohydrate diets in 2003 and 2004, and more recently, by the popularity of mobile technology, which has led to increased trial of free mobile and other weight management applications and activity monitors. Any decrease in demand for our services and products may adversely affect our business, financial condition or results of operations.

If we do not continue to develop innovative new services and products or if our services and products do not continue to appeal to the market, or if we are unable to successfully expand into new channels of distribution or respond to consumer trends, our business may suffer.

The weight management industry is subject to changing consumer demands based, in large part, on the efficacy and popular appeal of weight management programs. The popularity of weight management programs is dependent, in part, on their ease of use, cost and channels of distribution as well as consumer trends. For example, the increasing focus of consumers on more integrated lifestyle and fitness approaches rather than just food, nutrition and diet could adversely impact the popularity of our programs. Our future success depends on our ability to continue to develop and market new, innovative services and products and to enhance our existing services and products, each on a timely basis to respond to new and evolving consumer demands, achieve market acceptance and keep pace with new nutritional, weight management, technological and other developments. We may not be successful in developing, introducing on a timely basis or marketing any new or enhanced services and products, and we cannot assure you that any new or enhanced services or products will appeal to the market. Our future success also will depend, in part, on our ability to successfully distribute our products and services through appealing channels of distribution, such as mobile. Our failure to develop new services and products and to enhance our existing services and products, the failure of our services and products to continue to appeal to the market or the failure to expand into appealing new channels of distribution could have an adverse impact on our ability to attract and retain members and subscribers and thus adversely affect our business, financial condition or results of operations.

We may not be able to successfully implement new strategic initiatives, which could adversely impact our business.

We are continuously evaluating changing consumer preferences and the competitive environment of our industry and seeking out opportunities to improve our performance through the implementation of selected strategic initiatives, such as our healthcare initiative. The goal of these efforts is to develop and implement a comprehensive and competitive business strategy which addresses the continuing changes in the weight management industry environment and our position within the industry. For example, as the healthcare industry continues to evolve its response to the obesity epidemic so do the requirements, both regulatory and business, for providers. If we do not successfully meet these requirements, we may not be perceived as an appropriate partner for certain purposes. We may not be able to successfully implement our strategic initiatives and realize the intended business opportunities, growth prospects, including new business channels, and competitive advantages. Our efforts to capitalize on business opportunities may not bring the intended results. Assumptions underlying expected financial results or consumer demand may not be met or economic conditions may deteriorate. We also may be unable to attract and retain highly qualified and skilled personnel to implement our strategic initiatives. If these or other factors limit our ability to successfully execute our strategic initiatives, our business activities, financial condition and results of operations may be adversely affected.

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Our business depends on the effectiveness of our marketing and advertising programs, as well as the strength of our social media presence, to attract and retain members and subscribers.

Our business success depends on our ability to attract and retain members to our meetings and subscribers to our Online products. Our ability to attract and retain members and subscribers depends significantly on the effectiveness of our marketing practices. From time to time, we use the success stories of our members and subscribers, including in some cases celebrities, in our marketing and advertising programs to communicate on a personal level with consumers. Actions taken by these members and subscribers that harm their personal reputation, or include the cessation of using our services and products, could have an adverse impact on the marketing and advertising campaigns in which they are featured. We also use social media channels as a means of communicating with consumers. Unauthorized or inappropriate use of these channels could result in harmful publicity or negative consumer experience which could have an adverse impact on the effectiveness of our marketing in these channels. In addition, substantial negative commentary by others on social media platforms could have an adverse impact on our reputation and ability to attract and retain members and subscribers. If our marketing and advertising campaigns do not generate a sufficient number of members and subscribers, our results of operations will be adversely affected.

The Weight Watchers brand could be impaired due to actions taken by our franchisees, licensees and suppliers.

We believe that the Weight Watchers brand, including its widespread recognition and strong reputation in the market, is one of our most valuable assets and that it provides us with a competitive advantage. Our franchisees operate their businesses under our brand. In addition, we license the Weight Watchers brand to third parties for the manufacture and sale in retail stores by such parties of a variety of goods, including food products, and also endorse third-party branded consumer products. We also sell in our meeting rooms food and non-food products manufactured by third-party suppliers. Because our franchisees, licensees and suppliers are independent third parties with their own financial objectives, actions taken by them, including violations of generally accepted ethical business practices or breaches of law or contractual obligations, such as not following our program or not maintaining our quality and safety standards, could harm our brand. Also, Weight Watchers products may be subject to product recalls, litigation or other deficiencies. Any negative publicity associated with these actions would adversely affect our brand and may result in decreased meeting attendance, Online product subscriptions and product sales and, as a result, lower revenues and profits.

Our debt service obligations could adversely affect our financial condition, and the restrictions of our debt covenants could impede our operations and flexibility.

As of January 3, 2015, our total debt was $2,358.0 million. In addition, at January 3, 2015, we had $48.2 million available under our revolving credit facility. Our debt consists entirely of variable-rate instruments so we are subject to the risk of higher interest rates. We seek to manage our exposure to interest rates through interest rate swaps. At the end of fiscal 2014, we had in effect an interest rate swap with a notional amount of $1.5 billion.

While there is no net debt to EBITDA (earnings before interest, taxes, depreciation and amortization) leverage ratio maintenance requirement on our $2,358.0 million of debt outstanding, our credit facilities contain customary covenants, including covenants that in certain circumstances restrict our ability to incur additional indebtedness, pay dividends on and redeem capital stock, make other payments, including investments, sell our assets and enter into consolidations, mergers and transfers of all or substantially all of our assets. A breach of any of these covenants could result in an event of default under the credit facilities. Under the terms of our credit facilities, depending on our leverage ratio, we are obligated to offer to prepay our term loan facilities in an aggregate amount determined by our excess cash flow. If an event of default exists under the credit facilities, the lenders could elect to cease making loans and declare all amounts outstanding thereunder to be immediately due and payable. If the lenders under the credit facilities accelerate the payment of the indebtedness, our assets may not be sufficient to repay in full that indebtedness and our other indebtedness that would become due as a result of any such acceleration.

We may not be able to generate sufficient cash to service all of our debt service obligations and may be forced to take other actions to satisfy these obligations, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations and to fund our planned capital expenditures and other ongoing liquidity needs depends on our future performance, which may be affected by financial, business, economic, demographic and other factors, such as attitudes toward weight management and pressure from our competitors. We have a term loan credit facility in an aggregate principal amount of $300.0 million that will mature in April 2016. We expect to satisfy our debt obligations with respect to this April 2016 maturity with cash flows from operating activities, and, if needed, from borrowing available under our revolving credit facility. However, there can be no assurance that we will be able to achieve a level of cash flows from operating activities in an amount sufficient for us to meet this obligation.

We also have a term loan credit facility in an aggregate principal amount of $2.1 billion that will mature in April 2020. We expect to pay the principal and interest due in April 2020 from a combination of our cash flows provided by operating activities and by opportunistically using other means to repay or refinance our obligations as we determine appropriate. There can be no assurance that we will maintain a level of cash flows from operating activities in an amount sufficient to permit us to pay the principal and interest on all of our outstanding debt. If our cash flows and capital resources are insufficient to fund our debt service obligations, we

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may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. We also may not be able to secure future borrowings under our WWI Credit Facility (as defined below) or otherwise to fund our planned capital expenditures and other ongoing liquidity needs.

Any refinancing, if available on acceptable terms or at all, of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

Any failure of our technology or systems to perform satisfactorily could result in an adverse impact on our business.

We rely on software, hardware, network systems and similar technology, including cloud-based technology, that is either developed by us or licensed from or maintained by third parties to operate our websites, Online subscription product offerings and other products and services such as the recurring billing system associated with certain of our commitment plans, and to support our business operations. As much of this technology is complex, there may be future errors, defects or performance problems, including when we update our technology or integrate new technology to expand and enhance our capabilities. Our technology may malfunction or suffer from defects that become apparent only after extended use. In addition, our operations depend on our ability to protect our information technology systems against damage from fire, power loss, water, earthquakes, telecommunications failures and similar unexpected adverse events. Interruptions in our websites, products and services or network systems could result from unknown technical defects, insufficient capacity or the failure of our third party providers to provide continuous and uninterrupted service. While we maintain disaster recovery capabilities to return to normal operation in a timely manner, we do not have a fully redundant system that includes an instantaneous recovery capability.

As a result of such possible defects, failures or other problems, our products and services could be rendered unreliable or be perceived as unreliable by customers, which could result in harm to our reputation and brand. Any failure of our technology or systems could result in an adverse impact on our business.

We may be required to recognize asset impairment charges for indefinite- and definite-lived assets.

In accordance with GAAP (as defined hereafter), we perform impairment reviews of our indefinite-lived assets, which include franchise rights acquired and goodwill, on at least an annual basis or more often if events so require. We also continually evaluate whether current factors or indicators, such as a deterioration in general economic conditions, an increased competitive environment, a decline in our financial performance, and/or other prevailing conditions in the capital markets, require the performance of an interim impairment assessment of those assets. The process of testing franchise rights acquired, goodwill and other indefinite-lived assets for impairment involves numerous judgments, assumptions and estimates made by management which inherently reflect a high degree of uncertainty. Certain factors, including the future profitability of our businesses, the price of our stock and macroeconomic conditions, might have a negative impact on the fair value of these assets. In fiscal 2013, we recorded impairment charges in the aggregate of approximately $1.2 million related to franchise rights acquired in connection with our Mexico and Hong Kong operations. We may incur additional impairment charges in the future, which would have an adverse impact on our financial condition and results of operations.

Additionally, we evaluate definite-lived assets, both tangible, which includes our physical plant and equipment, and intangible, which includes both internally developed and purchased software, for impairment by comparing the net realizable value of the asset to the carrying value of the capitalized cost. If the value of those assets is not deemed to be recoverable an assessment of the fair value of those assets is performed and to the extent the carrying value exceeds the fair value an impairment charge is recognized. Should our investment in capitalized definite-lived assets become impaired, there would also be an adverse impact on our financial condition and results of operations.

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The inability to renew certain of our licenses, or the inability to do so on terms that are favorable to us, could have a material adverse effect on our financial results.

We have entered into licensing and endorsement relationships with numerous partners for the distribution and sale of certain products that are relevant and helpful to weight-conscious consumers. These arrangements are typically for fixed terms, following which the parties decide whether to extend the term of the arrangement. There is no guarantee that we will reach mutually agreeable terms with our partners for extending an arrangement. Similarly, in those instances where a licensee enjoys the option to extend the term of a license as a result of having achieved certain conditions, there is no guarantee that the licensee will avail itself of such option. Our financial results could be adversely affected if we are unable to extend a licensing or endorsement arrangement, if we are unable to do so on terms favorable to us, or if we cannot locate a suitable alternative to an incumbent licensee who has decided not to renew its arrangement.

Expiration or early termination by us of leases could have an adverse impact on our financial results.

Our operations, including corporate headquarters and back-office and customer service operations, are located in leased office space and many of our meetings are held in leased space in retail centers. As leases expire, we may not be able to renew them on acceptable terms or secure suitable replacement locations. If we decide to relocate or close meeting locations before the expiration of the applicable lease term, we may incur payments to landlords to terminate or buy out the remaining term of the lease. Either of the above events could adversely impact our financial results.

Our international operations expose us to economic, political and social risks in the countries in which we operate.

The international nature of our operations involves a number of risks, including changes in US and foreign government regulations, tariffs, taxes and exchange controls, economic downturns, inflation and political and social instability in the countries in which we operate and our dependence on foreign personnel. Foreign government regulations may also restrict our ability to operate in some countries, acquire new businesses, recur bill our customers or repatriate cash from foreign subsidiaries back to the United States. We cannot be certain that we will be able to enter and successfully compete in additional foreign markets or that we will be able to continue to compete in the foreign markets in which we currently operate.

We are exposed to foreign currency risks from our international operations that could adversely affect our financial results.

A significant portion of our revenues and operating costs are denominated in foreign currencies. We are therefore exposed to fluctuations in the exchange rates between the US dollar and the currencies in which our foreign operations receive revenues and pay expenses. We do not currently hedge, and have not historically hedged, our operational exposure to foreign currency fluctuations. Our consolidated financial results are presented in US dollars and therefore, during times of a strengthening US dollar, our reported international revenues and earnings will be reduced because the local currency will translate into fewer US dollars. In addition, the assets and liabilities of our non-US subsidiaries are translated into US dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated into US dollars at the average exchange rate for the period. Translation adjustments arising from the use of differing exchange rates from period to period are recorded in shareholders equity as accumulated other comprehensive income (loss). Translation adjustments arising from intercompany receivables with our foreign subsidiaries are generally recorded as a component of other expense (income). Accordingly, changes in currency exchange rates will cause our revenues, operating costs, net income and shareholders equity to fluctuate, and are expected to have a negative impact in 2015.

We may not successfully make acquisitions or enter into joint ventures and we may not successfully integrate, operate or realize the anticipated benefits of such businesses.

As part of our growth strategy, we may pursue selected acquisitions or joint ventures. We cannot assure you that we will be able to effect these transactions on commercially reasonable terms or at all. Any future acquisitions or joint ventures may require access to additional capital, and we cannot assure you that we will have access to such capital on commercially reasonable terms or at all. Even if we enter into these transactions, we may not realize the benefits we anticipate or we may experience difficulties in integrating any acquired companies, technologies and products into our existing business or in providing our services and products in newly acquired markets; attrition of key personnel from acquired businesses; significant charges or expenses; higher costs of integration than we anticipated; or unforeseen operating difficulties that require significant financial and managerial resources that would otherwise be available for the ongoing development or expansion of our existing operations.

Our ability to influence the control of, or distributions from, our joint ventures may be limited by contract or otherwise. If any of the other investors in one of our joint ventures fails to observe its commitments, or its interests are different than ours, the joint venture may not be able to operate according to its business plan, we may be required to increase our level of commitment, or such entities may take actions which are not in our best interest. If we are unable to maintain our relationships with our joint venture partners, we could lose our ability to operate in the geographies and/or markets in which they operate, which could have a material adverse effect on our business, financial condition or results of operations.

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Consummating these transactions could also result in the incurrence of additional debt and related interest expense, as well as unforeseen contingent liabilities, all of which could have a material adverse effect on our business, financial condition or results of operations. We may also issue additional equity in connection with these transactions, which would dilute our existing shareholders.

Our business may decline as a result of a downturn in general economic conditions or consumer confidence.

Our business is highly dependent on meeting fees, Online product subscriptions and product sales. A downturn in general economic conditions or consumer confidence in any of our major markets could result in people curtailing or reallocating their discretionary spending which, in turn, could reduce attendance at our meetings, Online product subscriptions and product sales. Any reduction in consumer spending may adversely affect our business, financial condition or results of operations.

The seasonal nature of our business could cause our operating results to fluctuate.

We have experienced and expect to continue to experience fluctuations in our quarterly results of operations due to the seasonal nature of our business. The first quarter of the fiscal year typically results in the greatest revenue due to the importance of the winter diet season to our overall recruitment environment. This seasonality could cause our share price to fluctuate as the results of an interim financial period may not be indicative of our full year results. Seasonality also impacts relative revenue and profitability of each quarter of the year, both on a quarter-to-quarter and year-over-year basis.

Any event that discourages or impedes people from gathering with others or accessing resources could adversely affect our business.

Our meetings and Online businesses are subject to conditions beyond our control that may prevent or impede current or prospective members from attending or joining meetings, or subscribers from accessing our Online products, including extreme weather, terrorism, health epidemics, loss of resources such as electricity, national disasters and other extraordinary events. The occurrence of any event that discourages people from gathering with others or impedes their ability to access resources could adversely affect our business, financial condition or results of operations.

Third parties may infringe on our brand and other intellectual property rights, which may have an adverse impact on our business.

We currently rely on a combination of trademark, copyright, trade dress, trade secret, patent and other intellectual property laws and domain name dispute resolution systems to establish and protect our proprietary rights, including our brand. If we fail to successfully enforce our intellectual property rights, the value of our brand, services and products could be diminished and our business may suffer. Our precautions may not prevent misappropriation of our intellectual property, particularly in foreign countries where laws or law enforcement practices may not protect our proprietary rights as fully as in the United States. Any legal action that we may bring to protect our brand and other intellectual property could be unsuccessful and expensive and could divert management s attention from other business concerns. In addition, legal standards relating to the validity, enforceability and scope of protection of intellectual property, especially in Internet-related businesses, are uncertain and evolving. We cannot assure you that these evolving legal standards will sufficiently protect our intellectual property rights in the future.

We may be subject to intellectual property rights claims.

Third parties may make claims against us alleging infringement of their intellectual property rights. Any intellectual property claims, regardless of merit, could be time-consuming and expensive to litigate or settle and could significantly divert management s attention from other business concerns. In addition, if we were unable to successfully defend against such claims, we may have to pay damages, stop selling the service or product or stop using the software, technology or content found to be in violation of a third party s rights, seek a license for the infringing service, product, software, technology or content or develop alternative non-infringing services, products, software, technology or content. If we cannot license on reasonable terms, develop alternatives or stop using the service, product, software, technology or content for any infringing aspects of our business, we may be forced to limit our service and product offerings. Any of these results could reduce our revenues or our ability to compete effectively, increase our costs or harm our business.

Our reputation and the appeal of our services and product offerings may be harmed by security breaches or privacy concerns.

Breaches of security, vandalism and other malicious acts, which are increasingly negatively impacting companies, could result in unauthorized access to proprietary or customer information or data, including credit card transaction data, or cause interruptions to our products and services. Such unauthorized access could harm our reputation, expose us to liability claims and may result in the loss of existing or potential customers. We rely upon sophisticated information technology systems to operate our business. In the ordinary course of business, we collect, store and utilize confidential information (including, but not limited to, personal customer information and data), and it is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information as well as comply with applicable regulatory requirements.

We also have outsourced significant elements of our information technology infrastructure and, as a result, we are managing many independent vendor relationships with third parties who may or could have access to our confidential information. The size and complexity of our information technology and information security systems, and those of our third-party vendors with whom we contract, make such systems potentially vulnerable to security breaches. While we have invested and developed systems and processes designed to protect such proprietary or customer information or data, there can be no assurance that our efforts will prevent service interruptions or security breaches.

Most states require that customers be notified if a security breach results in the disclosure of their personal financial account or other information, and additional states and governmental entities are considering such laws. In addition, other public disclosure laws may require that material security breaches be reported. If we experience a security breach and such notice or public disclosure is required in the future, our reputation and our business may be harmed. Privacy concerns among prospective and existing customers regarding our use of such information or data collected on our websites or through our services and products, such as weight management information, financial data, email addresses and home addresses, could keep them from using our websites or purchasing our services or products.

In addition, the transmission of computer viruses, or similar malware, could adversely affect our information technology systems and harm our business operations. As a result, it may become necessary to expend significant additional amounts of capital and other resources to protect against, or to alleviate, problems caused by security breaches. These expenditures, however, may not prove to be a sufficient remedy.

Outcomes of litigation or regulatory actions could adversely impact our financial condition.

From time to time, we may be a party to lawsuits and regulatory actions relating to our business operations. For example, in the past, we have had disputes with our franchisees regarding operations and other contractual issues. Due to the inherent uncertainties of legal actions and regulatory proceedings, we cannot predict their outcomes with certainty. Therefore, it is possible that our results of operations, financial condition or cash flows could be materially adversely affected by the unfavorable resolution of one or more legal or regulatory actions. As we expand our offerings in certain healthcare channels, consumers may misconstrue our program as providing medical advice. As we clearly state in our consumer communications, most of our service providers do not have extensive training or certification in nutrition, diet or health fields beyond the training they receive from us. Despite our disclaimers, as more customers come to us through the healthcare channel they may misperceive that our service providers are providing medical advice regarding weight loss and related topics. We may also be subject to claims that our service providers have provided inappropriate advice or have inappropriately referred or failed to refer customers to health care providers when needed. Regardless of the outcome of any legal action or regulatory proceeding, such actions and proceedings could result in substantial costs and may require that our management devote substantial time and resources to defend us.

Our businesses are subject to legislative and regulatory restrictions.

A number of laws and regulations govern our advertising, services, products, operations and relations with consumers, licensees, franchisees, employees and other service providers, and government authorities in the countries in which we operate.

Certain federal, state and foreign agencies, such as the FTC and FDA, regulate and enforce such laws relating to advertising, promotions, packaging, privacy, consumer pricing and billing arrangements, and other consumer protection matters. A determination by a federal, state or foreign agency, or a court in connection with a governmental enforcement action or private litigation, that any of our practices do not meet existing or new laws or regulations could result in liability, adverse publicity, and restrictions of our business operations. For example, during the mid-1990s, the FTC filed complaints against a number of commercial weight management providers alleging violations of federal law in connection with the use of advertisements that featured testimonials, claims for program success and program costs. In 1997, we entered into a consent order with the FTC settling all contested issues raised in the complaint filed against us. The consent order requires us to comply with certain procedures and disclosures in connection with our advertisements of products and services.

Since we operate both in the United States and internationally, we are subject to many distinct employment, labor, benefits and tax laws in each country in which we operate, including regulations affecting our employment practices and our relations with our employees and service providers. If we are required to comply with new laws or regulations or new interpretations of existing laws and regulations, are unable to comply with these laws, regulations or interpretations, or are subject to litigation with respect to these laws, regulations or interpretations, our business and results of operations could be adversely affected.

Laws and regulations directly applicable to communications, operations or commerce over the Internet such as those governing intellectual property, privacy, libel and taxation, are more prevalent and continue to evolve. If we are required to comply with new laws or regulations or new interpretations of existing laws or regulations, or if we are unable to comply with these laws, regulations or interpretations, our business could be adversely affected.

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Future laws or regulations, including laws or regulations affecting our marketing and advertising practices, consumer pricing and billing arrangements, relations with consumers, employees, service providers, licensees or franchisees, or our services and products, may have an adverse impact on us.

Loss of key personnel or failure to effectively manage and motivate our workforce could negatively impact our sales of services and products.

We depend on senior management and other key personnel, and the loss of certain personnel could result in the loss of management continuity and institutional knowledge. We also depend heavily upon our service providers to support our members and subscribers on their weight management efforts. If we fail to appropriately manage and motivate our service providers, we may not be able to adequately service our customers which could negatively impact our sales of services and products. Changes in factors such as overall unemployment levels, local competition for qualified personnel, prevailing wage rates, changes in employment law, as well as rising employee benefits costs, including insurance in the areas in which we operate, could interfere with our ability to adequately provide support to customers and increase our labor costs. Additionally, our inability to attract and retain qualified personnel could delay or hinder our successfully executing our strategic initiatives.

Artal controls us and may have conflicts of interest with other shareholders in the future.

Artal controls us and is able to control the election and removal of our directors and determine our corporate and management policies, including potential mergers or acquisitions, payment of dividends, asset sales, the amendment of our articles of incorporation or bylaws and other significant corporate transactions. This concentration of our ownership may delay or deter possible changes in control of our company, which may reduce the value of an investment in our common stock. Even if Artal beneficially owns less than 50% but 10% or more of our common stock, Artal will have the right pursuant to an agreement with us to nominate directors to our Board of Directors in proportion to its stock ownership. The interests of Artal may not coincide with the interests of other holders of our common stock.

We are a controlled company within the meaning of the New York Stock Exchange rules and, as a result, qualify for exemptions from certain corporate governance requirements.

Artal controls a majority of the voting power of our outstanding common stock. Under the New York Stock Exchange, or the NYSE, rules, a listed company of which more than 50% of the voting power for the election of directors is held by another person or group of persons acting together is a controlled company and such a company may elect not to comply with certain NYSE corporate governance requirements, including (1) the requirement that a majority of the Board of Directors consist of independent directors, (2) the requirement that the nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities, (3) the requirement that the compensation committee be composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities, (4) that the compensation committee be required to consider certain independence factors when engaging compensation consultants, legal counsel and other committee advisors and (5) the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. We have elected to be treated as a controlled company. Accordingly, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

Our articles of incorporation and bylaws and Virginia corporate law contain provisions that may discourage a takeover attempt.

Provisions contained in our articles of incorporation and bylaws and the laws of Virginia, the state in which we are incorporated, could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. Provisions of our articles of incorporation and bylaws impose various procedural and other requirements, which could make it more difficult for shareholders to effect certain corporate actions. For example, our articles of incorporation authorize our Board of Directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock, without any vote or action by our shareholders. Thus, our Board of Directors can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. These rights may have the effect of delaying or deterring a change of control of our company. In addition, a change of control of our company may be delayed or deterred as a result of our having three classes of directors. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock.

We have identified a material weakness in our internal controls over financial reporting. If we do not maintain effective internal controls over financial reporting, we could fail to report our financial results accurately.

We have identified a material weakness in our internal control over financial reporting. It is possible that other control deficiencies could be identified in the future or may occur without being identified. In the event additional material weaknesses in our internal controls are discovered in the future, they may adversely affect our ability to record, process, summarize and report financial information timely and accurately and, as a result, our financial statements may contain material misstatements or omissions. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

We did not maintain effective controls over the accounting for certain franchise rights acquired. We have determined that, subsequent to the fiscal 2009 adoption of ASC 350-30-35-2, franchise rights acquired in connection with franchise agreements that have a renewal term at the option of the franchisee should be accounted for as definite-lived assets. Previously these acquired franchise rights were accounted for as indefinite-lived assets based on the franchisee s ability to elect indefinitely to renew the franchise rights. After this correction, the value of these rights and the amortization period thereon will contemplate the remainder of the contractual term from the date of acquisition without giving any effect to the franchisee s renewal rights. We also concluded that our disclosure controls and procedures were not effective as of January 3, 2015 with respect to this material weakness. We are taking steps to remediate this material weakness. We believe these steps will improve the effectiveness of our internal control over financial reporting and will remediate the material weakness.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We are currently headquartered in New York, New York in leased office space with our US back-office and customer support operations located in leased office spaces elsewhere in the United States. Each of our foreign country operations generally also has leased office space to support its operations. Our meetings are typically held in third-party locations (usually meeting rooms in well-located civic or other community centers) or space leased in retail centers.

Our website and digital products and services are hosted on hardware and software co-located at a third-party facility in New York and by third-party cloud service providers with facilities in various locations around the United States. We also maintain a disaster recovery site with hardware and software co-located at a third-party facility in Arizona.

Item 3. Legal Proceedings

Jeri Connolly et al. v. Weight Watchers North America, Inc.

In August 2013, the Company was contacted by plaintiffs counsel in the previously filed and settled *Sabatino v. Weight Watchers North America, Inc.* case, or *Sabatino*, threatening to file a new class action on behalf of the Company s current and former service providers in California asserting various wage and hour claims, including but not limited to claims for unpaid overtime and minimum wage violations, which allegedly accrued after the effective date of the *Sabatino* settlement. On March 17, 2014, the parties came to an agreement in principle to settle the matter on a class-wide basis for $1.7 million. On April 29, 2014, the parties executed a Memorandum of Understanding to document the terms and conditions of settlement and, the following day, plaintiffs filed a complaint regarding the claims at issue in the Northern District of California. On June 11, 2014, the parties filed a formal settlement agreement and other required documents for the Court s preliminary approval. On July 21, 2014, the parties received the Court s preliminary approval of the settlement agreement. On August 11, 2014, notices of settlement were sent out to the class members advising them of the settlement and their right to object or opt-out of the settlement; no class members did so by the deadline of September 22, 2014. At a December 2014 hearing the Court provided final approval of the settlement and the Company made the corresponding settlement payment in January 2015.

In re Weight Watchers International, Inc. Securities Litigation

In March 2014, two substantially identical putative class action complaints alleging violation of the federal securities laws were filed by individual shareholders against the Company, certain of the Company s current and former officers and directors, and the Company s controlling shareholder, in the United States District Court for the Southern District of New York. The complaints were purportedly filed on behalf of all purchasers of the Company s common stock, no par value per share, between February 14, 2012 and October 30, 2013, inclusive (referred to herein as the Class Period). The complaints allege that, during the Class Period, the defendants disseminated materially false and misleading statements and/or concealed material adverse facts. The complaints allege claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5. The plaintiffs seek to recover unspecified damages on behalf of the class members. In June 2014, the Court consolidated the cases and appointed lead plaintiffs and lead counsel. On August 12, 2014, the plaintiffs filed an amended complaint that, among other things, reduced the Class Period to between February 14, 2012 and February 13, 2013 and dropped all current officers and certain directors previously named as defendants. On October 14, 2014, the defendants filed a motion to dismiss. The plaintiffs filed an opposition to the defendants motion to dismiss on November 24, 2014 and the defendants filed a reply in support of their motion to dismiss on December 23, 2014. The Company continues to believe that the suits are without merit and intends to defend them vigorously.

On May 29, 2014 and June 23, 2014, the Company received shareholder litigation demand letters alleging breaches of fiduciary duties and unjust enrichment by Company officers and directors and Artal Group, S.A., to the alleged injury of the Company. The allegations in the letters relate to those contained in the ongoing securities class action litigation. In response to the letters, pursuant to Virginia law, the Board of Directors has created a special committee to review and evaluate the facts and circumstances surrounding the claims made in the demand letters.

Other Litigation Matters

Due to the nature of the Company s activities, it is also, at times, subject to pending and threatened legal actions, including patent and other intellectual property actions, that arise out of the ordinary course of business. In the opinion of management, based in part upon advice of legal counsel, the disposition of any such matters is not expected to have a material effect on the Company s results of operations, financial condition or cash flows. However, the results of legal actions cannot be predicted with certainty. Therefore, it is possible that the Company s results of operations, financial condition or cash flows could be materially adversely affected in any particular period by the unfavorable resolution of one or more legal actions.

Item 4. Mine Safety Disclosures

Not applicable.

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EXECUTIVE OFFICERS AND DIRECTORS OF THE COMPANY

Pursuant to General Instruction G(3) to Form 10-K, the information regarding our directors and executive officers required by Items 401(a), (b) and (e) of Regulation S-K is hereby included in Part I of this Annual Report on Form 10-K.

Set forth below are the names, ages as of January 3, 2015 and current positions 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 our Board of Directors.

Name	Age	Position
James R. Chambers	57	President and Chief Executive Officer, Director
Michael F. Colosi	49	General Counsel and Secretary
Nicholas P. Hotchkin	49	Chief Financial Officer
Jeanine Lemmens	44	President, United Kingdom
Lesya Lysyj	51	President, North America
Corinne Pollier(-Bousquet)	50	President, Continental Europe & Australia-New Zealand
Raymond Debbane(1)	59	Chairman of the Board of Directors
Steven M. Altschuler, M.D.(1)(2)	61	Director
Philippe J. Amouyal(1)	56	Director
Cynthia Elkins(2)	49	Director
Marsha Johnson Evans(2)	67	Director
Jonas M. Fajgenbaum	42	Director
Sacha Lainovic	58	Director
Christopher J. Sobecki	56	Director

(1) Member of Compensation Committee.
(2) Member of Audit Committee.

James R. Chambers. Mr. Chambers has served as a director and our President and Chief Executive Officer since July 2013. He served as our President and Chief Operating Officer from January 2013 to July 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.

Michael F. Colosi. Mr. Colosi has served as our General Counsel and Secretary since May 19, 2014. Prior to joining us, Mr. Colosi most recently served as Senior Vice President, General Counsel and Corporate Secretary of Kenneth Cole Productions, Inc. (KCP), a multi-brand retail, wholesale and licensing company, from March 2007 to February 2014. His service as General Counsel and Secretary of KCP commenced in July 2000 and July 2004, respectively. He also served as Corporate Vice President of KCP from July 2000 to February 2007. Prior to joining KCP, Mr. Colosi was Associate General Counsel and Assistant Secretary for The Warnaco Group, Inc., an international apparel company, from 1996 to 2000. Mr. Colosi received a Bachelor of Arts in Economics and English from Cornell University and a Juris Doctor from The University of Michigan Law School.

Nicholas P. Hotchkin. Mr. Hotchkin has served as our Chief Financial Officer since August 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.

Jeanine Lemmens. Ms. Lemmens has served as our President, United Kingdom since May 2013. Prior to that time, Ms. Lemmens served as our Managing Director, Benelux from July 2006 to May 2013. Prior to joining us, beginning in December 1999, Ms. Lemmens held various senior management and strategic positions with Center Parcs Europe, an operator of European short holiday break villages, including most recently serving as the Director B2B Strategy / Marketing from November 2005 to July 2006. Prior to joining Center Parcs Europe, Ms. Lemmens was working as an accountant in the audit practice with Ernst & Young LLP where she serviced a range of clients including many commercial clients. Ms. Lemmens holds a Certified Public Accountant degree from Erasmus University in the Netherlands, an M.S. in Business Administration from Nyenrode Business University in the Netherlands and a Bachelors of Art degree in Hospitality Management from Hotel School, The Hague, Hospitality Business School in the Netherlands.

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Lesya Lysyj. Ms. Lysyj has served as our President, North America since November 2013. Prior to joining us, Ms. Lysyj served as Senior Vice President and Chief Marketing Officer of Heineken USA, a leading beer importer in the United States, from March 2011 to November 2013. Prior to joining Heineken USA, Incorporated, Ms. Lysyj had worked as Vice President Marketing Confectionery for the United States at Kraft Foods Inc., a global food and beverage company, from March 2010 to March 2011. Prior to joining Kraft, Ms. Lysyj held various positions in the North America business unit at Cadbury plc, a beverage and confectionary company, from 2000 to 2010, most recently as Executive Vice President Marketing, Cadbury US/Canada from 2007 to 2010. Ms. Lysyj also held various marketing and product development positions with Cadbury Schweppes Beverages. Ms. Lysyj received a Bachelor s degree in Business from the University of Western Ontario and an M.B.A from the University of Toronto.

Corinne Pollier(-Bousquet). Ms. Pollier has served as our President, Continental Europe & Australia New Zealand since January 2014. Prior to that, Ms. Pollier served as our President, Continental Europe from May 2013 to January 2014, our Senior Vice President of France and Switzerland from October 2008 to May 2013 and our General Manager of France from October 2003 to October 2008. Prior to joining us, from 1991 to 2003, Ms. Pollier was with VIVARTE Group (France), a European retailer of footwear and apparel, where she held various positions in the finance and planning analysis department from 1991 to 1995, various senior positions in the organization and strategy department from 1995 to 2000 and as General Manager of Kookai from 2001 to 2003. Ms. Pollier also held various product management and project management positions for the central buying office of Le Printemps department stores from 1987 to 1991. Ms. Pollier is a graduate of HEC Business School Paris.

Raymond Debbane. Mr. Debbane has been the Chairman of our Board of Directors since our acquisition by Artal Luxembourg S.A. 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. 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 Group S.A., or its parents or subsidiaries, or Invus, L.P. are shareholders. Mr. Debbane was previously a director of Ceres, Inc.

Steven M. Altschuler, M.D. 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. Dr. Altschuler is also the Chair of the Board of Directors of Spark Therapeutics, Inc.

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 Group S.A., or its parents or subsidiaries, or Invus, L.P. are shareholders.

Cynthia Elkins. Ms. Elkins has been a director since March 2014. Since March 2011, Ms. Elkins has served as the Vice President of IT Americas at Genentech, Inc., a member of the Roche Group, a leading biotechnology company. She previously served as Genentech s Senior Director of IT Enterprise Applications from December 2007 to February 2011. Prior to joining Genentech, Ms. Elkins was Vice President of Supplier Solutions and Commerce Services at Ariba, Inc. and Vice President of Product Engineering at ATP Inc. Prior to that, she held various IT positions at Aspect Telecommunications, VeriFone and Digital Equipment Corporation. Ms. Elkins received a B.S. in Applied Mathematics from the University of California, Los Angeles and an M.B.A. from Santa Clara University.

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 The North Highland Company and The First Tee. Ms. Evans was previously a director of Huntsman Corporation, Office Depot, Inc. 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 Luxembourg S.A. 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 Group S.A., or its parents or subsidiaries, or Invus L.P. are shareholders.

Sacha Lainovic. Mr. Lainovic has been a director since our acquisition by Artal Luxembourg S.A. 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 Luxembourg S.A. 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 Group S.A., or its parents or subsidiaries, or Invus, L.P. are shareholders.

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PART II

Item 5. Market for Registrant s Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NYSE. Our common stock trades on the NYSE under the symbol WTW.

The following table sets forth, for the periods indicated, the high and low sales prices per share for our common stock as reported on the NYSE composite price history.

Fiscal 2014 (Year ended January 3, 2015)

	High	Low
First Quarter	$ 33.43	$ 19.50
Second Quarter	$ 25.15	$ 19.52
Third Quarter	$ 27.90	$ 19.09
Fourth Quarter	$ 29.84	$ 21.21

Fiscal 2013 (Year ended December 28, 2013)

	High	Low
First Quarter	$ 60.30	$ 40.00
Second Quarter	$ 48.35	$ 40.09
Third Quarter	$ 48.63	$ 35.58
Fourth Quarter	$ 41.44	$ 31.24

On October 9, 2003, our Board of Directors authorized, and we announced, a program to repurchase up to $250.0 million of our outstanding common stock. On each of June 13, 2005, May 25, 2006 and October 21, 2010, our Board of Directors authorized, and we announced, adding $250.0 million to this program. The repurchase program allows for shares to be purchased from time to time in the open market or through privately negotiated transactions. No shares will be purchased from Artal Holdings and its parents and subsidiaries under this program. The repurchase program currently has no expiration date. We repurchased no shares of our common stock during the fourth quarter of fiscal 2014. As of the end of fiscal 2014, $208.9 million remained available to purchase shares of our common stock under the repurchase program.

On February 23, 2012, we commenced a modified Dutch auction tender offer for up to $720.0 million in value of our common stock at a purchase price not less than $72.00 and not greater than $83.00 per share, or the Tender Offer. Prior to the Tender Offer, on February 14, 2012, we entered into an agreement, or the Purchase Agreement, with Artal Holdings (the then-current record holder of our shares owned by Artal) whereby Artal Holdings agreed to sell to us, at the same price as was determined in the Tender Offer, such number of its shares of our common stock that, upon the closing of this purchase after the completion of the Tender Offer, Artal Holdings percentage ownership in the outstanding shares of our common stock would be substantially equal to its level prior to the Tender Offer. Artal Holdings also agreed not to participate in the Tender Offer so that it would not affect the determination of the purchase price of the shares in the Tender Offer. The Tender Offer expired at midnight, New York time, on March 22, 2012, and on March 28, 2012 we repurchased approximately 8.8 million shares at a purchase price of $82.00 per share. On April 9, 2012, we repurchased approximately 9.5 million of Artal Holdings shares at a purchase price of $82.00 per share pursuant to the Purchase Agreement. In March 2012, we amended and extended the Prior WWI Credit Facility (as defined below) to finance these repurchases. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Long-Term Debt . The repurchase of shares of common stock under the Tender Offer and from Artal Holdings pursuant to the Purchase Agreement was not made pursuant to the Company s existing repurchase program.

Holders

The approximate number of holders of record of our common stock as of January 31, 2015 was 289. This number does not include beneficial owners of our securities held in the name of nominees.

Dividends

On October 30, 2013, we announced that we suspended our quarterly cash dividend. As a result, no dividend was issued for the fourth quarter of fiscal 2013. We historically had issued a quarterly cash dividend of $0.175 per share of our common stock every quarter for the past several fiscal years. In the fourth quarter of fiscal 2012, our Board of Directors declared such a quarterly cash dividend and accelerated its payment to December 2012 instead of having it paid in January 2013 as it had typically done for the fourth quarter dividend declaration. We currently intend to use the annual cash savings from such dividend suspension to preserve financial flexibility while funding our strategic growth initiatives and building cash for future debt repayments. Any future determination to declare and pay dividends will be made at the discretion of our Board of Directors, after taking into account our

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financial results, capital requirements and other factors it may deem relevant. The WWI Credit Facility also contains restrictions on our ability to pay dividends on our common stock. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Long-Term Debt in Part II, and Item 15. Exhibits and Financial Statement Schedules Financial Statements Note 7. Long-Term Debt , of this Annual Report on Form 10-K for a description of the WWI Credit Facility.

Stock Performance Graph

The following graph sets forth the cumulative return on Weight Watchers International common stock from December 31, 2009, the last trading day of the Company s 2009 fiscal year, through January 2, 2015, the last trading day of the Company s 2014 fiscal year, as compared to the cumulative return of the Standard & Poor s 500 Index (the S&P 500 Index) and the cumulative return of the Standard & Poor s MidCap 400 Index (the S&P MidCap 400 Index). We selected the S&P 500 Index because it is a broad index of equity markets. We selected the S&P MidCap 400 Index, which is comprised of issuers having a similar market capitalization with the Company, because we believe that there are no other lines of business or published industry indices or peer groups that provide a more meaningful comparison of the cumulative return of our stock. The graph assumes that $100 was invested on December 31, 2009 in each of (1) the Company s common stock, (2) the S&P 500 Index and (3) the S&P MidCap 400 Index, and that all dividends were reinvested.

	Cumulative Total Return ($)					
Company/Index	**12.31.09**	**12.31.10**	**12.30.11**	**12.28.12**	**12.27.13**	**1.2.15**
Weight Watchers International, Inc.	100.00	131.66	195.39	183.25	119.30	78.50
S&P 500 Index	100.00	115.06	117.49	134.03	179.74	205.10
S&P MidCap 400 Index	100.00	126.64	124.45	144.38	194.88	214.81

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Item 6. Selected Financial Data

The Company has restated the consolidated financial statements for the year ended January 3, 2015 and revised the Company s consolidated financial statements for the year ended December 28, 2013. See Item 15 of Part IV Financial Statements (Restated) Note 3 Restatement of Financial Statements .

The following schedule sets forth our selected financial data for the last five fiscal years.

SELECTED FINANCIAL DATA

(in millions, except per share amounts)

	Fiscal 2014 (53 weeks) (Restated)	Fiscal 2013 (52 weeks) (Revised)	Fiscal 2012 (52 weeks)	Fiscal 2011 (52 weeks)	Fiscal 2010 (52 weeks)
Revenues, net	$ 1,479.9	$ 1,724.1	$ 1,839.4	$ 1,832.5	$ 1,464.1
Net income attributable to the Company	$ 117.8	$ 202.7	$ 257.4	$ 304.9	$ 194.2
Working capital deficit	$ (6.0)	$ (30.1)	$ (229.9)	$ (279.7)	$ (348.7)
Total assets	$ 1,534.6	$ 1,405.9	$ 1,218.6	$ 1,121.6	$ 1,092.0
Long-term debt	$ 2,277.3	$ 2,358.0	$ 2,291.7	$ 926.9	$ 1,167.6
Earnings per share:					
Basic	$ 2.08	$ 3.61	$ 4.27	$ 4.16	$ 2.57
Diluted	$ 2.08	$ 3.60	$ 4.23	$ 4.11	$ 2.56
Dividends declared per common share	$	$ 0.53	$ 0.70	$ 0.70	$ 0.70

Items Affecting Comparability

Several events occurred during each of the last five fiscal years that affect the comparability of our financial statements. The nature of these events and their impact on underlying business trends are as follows:

Restructuring Charges

In fiscal 2014, we recorded $11.8 million ($7.2 million after tax or $0.13 per fully diluted share) of charges associated with our restructuring of our organization.

Net Tax Benefit

In fiscal 2014, we recognized a $2.4 million net tax benefit related to an intercompany loan write-off in connection with the closure of our China business partially offset by the recognition of a valuation allowance related to tax benefits for foreign losses that are not expected to be realized.

Early Extinguishment of Debt Charge

Net income and earnings per share, or EPS, for the full year of fiscal 2013 were impacted by a $21.7 million ($13.3 million after tax), or $0.24 per fully diluted share, early extinguishment of debt charge recorded in fiscal 2013 resulting from the write-off of fees in connection with our April 2013 debt refinancing.

UK Self-Employment Matter

We received an adverse tax ruling in the United Kingdom that our UK leaders should have been classified as employees for UK tax purposes and, as such, we should have withheld tax from our leaders pursuant to the Pay As You Earn and national insurance contributions collection rules and remitted such amounts to Her Majesty s Revenue and Customs, or HMRC. In connection with this ruling, we recorded a charge of approximately $36.7 million, of which approximately $4.2 million was with respect to fiscal 2009 and approximately $32.5 million was with respect to fiscal years 2001 through 2008, to cost of revenues in the fourth quarter of fiscal 2009. We subsequently recorded a charge of approximately $4.1 million and $3.0 million in fiscal 2010 and fiscal 2011, respectively. In December 2012, we reached an agreement with HMRC to settle the matter in its entirety for approximately $36.8 million. Based upon the settlement amount, we determined that $14.5 million of the reserved amount represented an over-accrual and as such was reversed to cost of revenues. As part of the settlement amount, the settlement agreement provided for an amount of interest to be paid which resulted in a $7.1 million increase to interest expense. The net benefit associated with the settlement was an increase of $7.4 million to income before income taxes. The reserve for this matter at the end of fiscal 2012 equaled approximately $7.3 million in the aggregate based on the exchange rates at the end of fiscal 2012. In January 2013, $6.8 million was paid to HMRC, representing the balance due over the approximately $30.0 million paid to HMRC in February 2012, and the balance of the reserve was used to pay associated costs.

UK VAT Matter

In fiscal 2010, we determined that there was an over-accrual of $2.0 million, which was reversed to revenue, with respect to the previously disclosed adverse ruling in the United Kingdom related to the imposition of UK value added tax, or UK VAT, on meeting fees earned in the United Kingdom.

Long-Term Debt

On June 26, 2009, we amended our then-existing credit facilities, or collectively, the Prior WWI Credit Facility, to allow us to make loan modification offers to all lenders of any tranche of term loans or revolving loans to extend the maturity date of such loans and/or reduce or eliminate the scheduled amortization. Any such loan modifications would be effective only with respect to such tranche of term loans or revolving loans and only with respect to those lenders that accepted our offer. Loan modification offers could be accompanied by increased pricing and/or fees payable to accepting lenders. This amendment also provided for up to an additional $200.0 million of incremental term loan financing through the creation of a new tranche of term loans, provided that the aggregate principal amount of such new term loans could not exceed the amount then outstanding under our then-existing revolving credit facility. In addition, the proceeds from such new tranche of term loans could only be used to repay certain outstanding revolving loans and to reduce the commitments of certain revolving lenders.

On April 8, 2010, we amended the Prior WWI Credit Facility pursuant to a loan modification offer to all lenders of all tranches of term loans and revolving loans to, among other things, extend the maturity date of such loans. In connection with this amendment, certain lenders converted a total of $454.5 million of their outstanding term loans under a tranche A loan ($151.8 million) and additional tranche A loan ($302.7 million) into term loans under the new Term C Loan due 2015 (or 2013, upon the occurrence of certain events described in the Prior WWI Credit Facility agreement), and a total of $241.9 million of their outstanding term loans under the Term B Loan into term loans under the new Term D Loan due 2016 (each as defined hereafter). In addition, certain lenders converted a total of $332.6 million of their outstanding Revolver A-1 commitments into commitments under the new Revolver A-2 which would have terminated in 2014 (or 2013, upon the occurrence of certain events described in the Prior WWI Credit Facility agreement) (each as defined hereafter), including a proportionate amount of their outstanding Revolver A-1 loans into Revolver A-2 loans. Following these conversions of a total of $1,029.0 million of loans and commitments, at April 8, 2010, we had the same amount of debt outstanding under the Prior WWI Credit Facility and aggregate amount of availability under the Revolver A-1 and Revolver A-2 as we had immediately prior to such conversions. In connection, with this loan modification offer, we incurred fees of approximately $11.5 million during the second quarter of fiscal 2010.

On March 15, 2012, the composition of the Prior WWI Credit Facility changed as a result of our amending and restating the Prior WWI Credit Facility to, among other things, extend the maturity of certain of our term loan facilities and our revolving credit facility and to obtain new commitments for the borrowing of an additional $1,449.4 million of term loans to finance the purchases of shares of our common stock in the Tender Offer and from Artal Holdings pursuant to the Purchase Agreement. Following the amendment of the Prior WWI Credit Facility, (i) $33.1 million in aggregate principal amount of the Term A-1 Loan and $301.8 million in aggregate principal amount of the Term C Loan were converted into, and $849.4 million in aggregate principal amount of commitments to borrow new term loans were provided under, the new Term E Loan (as defined hereafter), (ii) $107.0 million in aggregate principal amount of the Term B Loan and $119.1 million in aggregate principal amount of the Term D Loan were converted into, and $600.0 million in aggregate principal amount of commitments to borrow new term loans were provided under, the new Term F Loan, and (iii) $262.0 million in aggregate principal amount of commitments under the Revolver A-1 were converted into the new revolving credit facility, Revolver A-2. The loans outstanding under each term loan facility existing prior to the amendment of the Prior WWI Credit Facility and the loans and commitments outstanding under the Revolver A-1, in each case that were not converted into the Term E Loan, the Term F Loan or the Revolver A-2, as applicable, continued to remain outstanding under the Prior WWI Credit Facility as the Term A-1 Loan, the Term B Loan, the Term C Loan, the Term D Loan or the Revolver A-1, as applicable. In connection with this amendment, we incurred fees of approximately $26.2 million in the first quarter of fiscal 2012.

On April 2, 2013, we refinanced our credit facilities pursuant to a new Credit Agreement, or as amended, supplemented or otherwise modified, the Credit Agreement, among the Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and an issuing bank, The Bank of Nova Scotia, as revolving agent, swingline lender and an issuing bank, and the other parties thereto. The Credit Agreement provides for (a) a revolving credit facility (including swing line loans and letters of credit) in an initial aggregate principal amount of $250.0 million that will mature on April 2, 2018, or the Revolving Facility, (b) an initial term B-1 loan credit facility in an aggregate principal amount of $300.0 million that will mature on April 2, 2016, or Tranche B-1 Term Facility, and (c) an initial term B-2 loan credit facility in an aggregate principal amount of $2,100.0 million that will mature on April 2, 2020, or Tranche B-2 Term Facility. We refer herein to the Tranche B-1 Term Facility together with the Tranche B-2 Term Facility as the Term Facilities, and the Term Facilities and Revolving Facility collectively as the WWI Credit Facility. In connection with this refinancing, we used the proceeds from borrowings under the Term Facilities to pay off a total of

$2,399.9 million of

outstanding loans, consisting of $128.8 million of Term B Loans, $110.6 million of Term C Loans, $117.6 million of Term D Loans, $1,125.0 million of Term E Loans, $817.9 million of Term F Loans, $21.2 million of loans under the Revolver A-1 and $78.8 million of loans under the Revolver A-2. Following the refinancing of a total of $2,399.9 million of loans, at April 2, 2013, we had $2,400.0 million debt outstanding under the Term Facilities and $248.8 million of availability under the Revolving Facility. We incurred fees of $44.8 million during the second quarter of fiscal 2013 in connection with this refinancing. In the second quarter of fiscal 2013, we wrote-off fees associated with this refinancing which resulted in our recording a charge of $21.7 million in early extinguishment of debt.

On September 26, 2014, the Company and certain lenders entered into an agreement amending the Credit Agreement that, among other things, eliminated the Financial Covenant (as defined in the Credit Agreement) with respect to the Revolving Facility. In connection with this amendment, the Company wrote-off deferred financing fees of approximately $1.6 million in the third quarter of fiscal 2014. Concurrently with and in order to effect this amendment, the Company reduced the amount of the Revolving Facility from $250.0 million to $50.0 million.

In accordance with the terms of the Credit Agreement, the Company has an obligation to make a mandatory excess cash flow prepayment offer of $59.7 million to the term loan lenders by April 13, 2015. The Company expects to satisfy this obligation prior to its due date by prepaying a corresponding portion of its Tranche B-1 Term Facility which is scheduled to mature in April 2016. For additional details on the WWI Credit Facility, see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Long-Term Debt in Part II of this Annual Report on Form 10-K.

Working Capital

The changes in working capital are primarily the result of year-over-year increases related to cash in connection with operations, and an increase in the current portion of long-term debt related to our obligation to make a mandatory excess cash flow prepayment offer to our term loan lenders by April 13, 2015, as well as the shift in timing of tax payments, accruals related to the UK self-employment matter and other operational items. The refinancing of our credit facilities, including the related decrease in our current debt outstanding, in fiscal 2013 resulted in much lower debt repayments in fiscal 2013 and fiscal 2014 as compared to our debt repayments in fiscal 2010 through fiscal 2012. Our lower debt repayment obligations in fiscal 2013 and fiscal 2014 drove increases in cash from operations in both of these years which resulted in a significant improvement in deficit and a surplus, respectively.

Other Comprehensive Loss

Other comprehensive loss, net of taxes, was $28.9 million in fiscal 2014 compared to $4.3 million in fiscal 2013 primarily due to the unfavorable impact of foreign currency translation adjustments and the mark to market of our interest rate swaps. In fiscal 2014, foreign currency translation adjustments unfavorably impacted results by $11.7 million as compared to $6.3 million in fiscal 2013 primarily due to movements of the Canadian dollar, the Euro and the Brazilian real. In addition, due to hedge accounting, changes in other comprehensive loss decreased by $28.3 million ($17.3 million after tax) in fiscal 2014 and increased by $3.3 million ($2.0 million after tax) in fiscal 2013.

Acquisition of Additional Equity Interest in Brazil and Gain on Brazil Acquisition

Prior to March 12, 2014, the Company had owned 35% of Vigilantes do Peso Marketing Ltda., or VPM, a Brazilian limited liability partnership. On March 12, 2014, the Company acquired an additional 45% equity interest in VPM for a net purchase price of $14.2 million. VPM was converted into a joint-stock corporation prior to closing and subsequently operates as a subsidiary of the Company with rights to conduct typical business lines. As a result of the acquisition, the Company gained a direct controlling financial interest in VPM and has therefore begun consolidating this entity as of the date of acquisition.

As a result of our Brazil acquisition, we adjusted our previously held equity interest to fair value of $11.0 million and recorded a charge of $0.5 million associated with the settlement of the royalty-free arrangement of the Brazilian partnership. The net effect of these items resulted in our recognizing a gain of $10.5 million ($6.4 million after tax or $0.11 per fully diluted share) in fiscal 2014.

Acquisition of Wello

On April 16, 2014, the Company acquired Knowplicity, Inc., d/b/a Wello, an online fitness and personal training company for a net purchase price of $9.0 million. Payment was in the form of stock issued of $4.2 million and cash of $4.8 million. As a result of the acquisition, Wello became a wholly-owned subsidiary of the Company and the Company began to consolidate the entity as of the date of acquisition.

Franchisee Acquisitions

The following are our acquisitions since the beginning of fiscal 2010:

Acquisitions of Alberta and Saskatchewan, West Virginia, Columbus, Reno, Manitoba and Franklin and St. Lawrence Counties. On March 4, 2013, we acquired substantially all of the assets of our Alberta and Saskatchewan, Canada franchisees, Weight Watchers

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of Alberta Ltd. and Weight Watchers of Saskatchewan Ltd., for an aggregate purchase price of $35.0 million. On July 15, 2013, we acquired substantially all of the assets of our West Virginia franchisee, Weight Watchers of West Virginia, Inc., for a net purchase price of $16.0 million. On July 22, 2013, we acquired substantially all of the assets of our Columbus, Ohio franchisee, Weight Watchers of Columbus, Inc., for a net purchase price of $23.4 million and our Reno, Nevada franchisee, Weight Watchers of Northern Nevada, Inc., for a net purchase price of $4.0 million. On October 28, 2013, we acquired substantially all of the assets of our Manitoba, Canada franchisee, Weight Watchers of Manitoba Ltd., for a net purchase price of $5.2 million and our Franklin and St. Lawrence Counties, New York franchisee, Weight Watchers of Franklin and St. Lawrence Counties Inc., for a net purchase price of $0.3 million.

Acquisitions of Southeastern Ontario and Ottawa, Adirondacks and Memphis. On September 10, 2012, we acquired substantially all of the assets of our Southeastern Ontario and Ottawa, Canada franchisee, Slengora Limited, for a net purchase price of $16.8 million. On November 2, 2012, we acquired substantially all of the assets of our Adirondacks franchisee, Weight Watchers of the Adirondacks, Inc., for a purchase price of $3.4 million. On December 20, 2012, we acquired substantially all of the assets of our Memphis, Tennessee franchisee, Weight Watchers of the Mid-South, Inc., for a purchase price of $10.0 million.

These acquisitions were financed through cash from operations. These acquisitions have been accounted for as purchases and financial results have been included in our consolidated operating results since their respective dates of acquisition.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the Selected Financial Data included in Item 6 of this Annual Report on Form 10-K and our consolidated financial statements and related notes included in Item 15 of this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. The cautionary statements discussed in Cautionary Notice Regarding Forward-Looking Statements and elsewhere in this Annual Report on Form 10-K should be read as applying to all forward-looking statements wherever they appear in this Annual Report on Form 10-K. Our actual results could differ materially from those discussed here. Factors that could cause or contribute to these differences include, without limitation, those discussed in Risk Factors included in Item 1A of this Annual Report on Form 10-K.

Restatement

This Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations has been amended and restated to give effect to the restatement of our consolidated financial statements for the fiscal year ended January 3, 2015 and financial and related information for the fiscal year ended December 28, 2013 has been revised, where necessary, to correct the accounting for certain franchise rights acquired, to correct the immaterial misclassification of a portion of the Company s total debt as a result of the calculation of the Company s excess cash flow under the Credit Agreement and to reflect other miscellaneous immaterial balance sheet adjustments. A more complete discussion of this restatement can be found in Note 3 Restatement of Financial Statements to the consolidated financial statements contained in Part IV, Item 15 herein.

Overview

We are a leading, global-branded consumer company and the world s leading commercial provider of weight management services, operating globally through a network of Company-owned and franchise operations. With over five decades of weight management experience, expertise and know-how, we have established Weight Watchers as one of the most recognized and trusted brand names among weight-conscious consumers. We are one of only a few commercial weight management programs whose efficacy has been clinically proven repeatedly. In fiscal 2014, consumers spent approximately $5 billion on Weight Watchers branded products and services, including meetings conducted by us and our franchisees, digital weight management products provided through our websites, mobile sites and apps, products sold at meetings, licensed products sold in retail channels and magazine subscriptions and other publications. Our primary sources of revenue are subscriptions for our monthly commitment plan for Weight Watchers meetings and subscriptions for our Online products. Our meetings business refers to providing access to meetings to our monthly commitment plan subscribers, pay-as-you-go members, Total Access subscribers and other meeting members. Online refers to Weight Watchers Online, Weight Watchers Online*Plus*, Personal Coaching and other digital subscription products.

We operate in numerous countries, including through our franchise operations. Effective the first day of fiscal 2014 (i.e., December 29, 2013), we realigned our organizational structure to improve the leverage of our significant assets and the alignment of our innovation efforts, which resulted in new reporting segments (North America, United Kingdom, Continental Europe, and Other) for the purpose of making operational and resource decisions and assessing financial performance. See the section entitled Business in Item 1 of this Annual Report on Form 10-K for further information on these reporting segments and the countries in which we operate.

Explanatory Note

On February 26, 2015, we announced preliminary fourth quarter and full year 2014 results. Subsequent to this announcement, we adjusted our 2014 bonus accrual downward by $2.0 million. This adjustment resulted in a decrease of $2.0 million to selling, general and administrative expenses, which in turn resulted in an increase to both operating income and income before income taxes of the same amount as well as an increase of $0.7 million to tax expense, for the fourth quarter and full year fiscal 2014. The net impact of these adjustments to fourth quarter and full year fiscal 2014 results was a $1.3 million increase to net income and net income attributable to the Company and an increase to earnings per fully diluted share of $0.02.

Components of our Results of Operations

Revenues

We derive our revenues principally from:

Service Revenues. Our Service Revenues consist of Meeting Fees and Online Subscription Revenues . Meeting Fees consist of the fees associated with our monthly commitment plan for unlimited access to meetings and other payment arrangements for access to meetings, including our pay-as-you-go payment arrangement and fees associated with our new Total Access product. Online Subscription Revenues consist of the fees associated with subscriptions for our Online subscription products, including our new Personal Coaching product. In December 2014, we launched several new products, which are further described in the section entitled Business in Item 1 of this Annual Report on Form 10-K.

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In-meeting product sales. We sell a range of products that complement our weight management plans, such as bars, snacks, cookbooks, food and restaurant guides with ***PointsPlus*** values, Weight Watchers magazines, ***PointsPlus*** calculators and fitness kits as well as third-party products, including Fitbit®, to members in our meetings.

Licensing, franchise royalties and other. We license the Weight Watchers brand and our other intellectual property in certain categories of food and other relevant consumer products. We also endorse carefully selected branded consumer products. In addition, our franchisees typically pay us a royalty fee of 10% of their meeting fee revenues as well as purchase products for sale in their meetings. We also generate revenues from subscription sales for our magazines, third-party advertising in our publications, payments from the sale of third-party Internet advertising and By Mail product.

The following table sets forth our revenues by category for the past three fiscal years.

Revenue Sources

(in millions)

	Fiscal 2014 (53 weeks)	**Fiscal 2013 (52 weeks)**	**Fiscal 2012 (52 weeks)**
Service Revenues	$ 1,181.9	$ 1,360.8	$ 1,425.1
In-meeting product sales	169.1	212.0	253.2
Licensing, franchise royalties and other	128.9	151.4	161.1
Total	$ 1,479.9	$ 1,724.1	$ 1,839.4

Note: Totals may not sum due to rounding.

From fiscal 2012 through fiscal 2014, our revenues decreased at a compound annual rate of 10.3% primarily driven by a decline in Service Revenues. Additional revenue details are as follows:

Service Revenues. Service Revenues declined at a compound annual rate of 8.9% from fiscal 2012 to fiscal 2014 due to a decline in paid weeks from negative recruitment trends in both our meetings and Online businesses in the majority of the countries in which we operate. See Material Trends and Uncertainties below for an explanation of our paid weeks metric. Recruitment continues to be the biggest challenge in our business, as we face strong competition for consumer trial from an evolving competitor set, including mobile apps and activity monitors. Additionally, the increasing focus of consumers on more integrated lifestyle and fitness approaches rather than just food, nutrition and diet also negatively impacted our recruitment.

In-meeting product sales. Global in-meeting product sales were down 18.3% on a compound annual rate from fiscal 2012 through fiscal 2014. This decline was primarily driven by a decline in the number of members attending meetings during that period. In addition, our average product sales per attendee in our meetings business declined from $4.99 to $4.47 at a compound annual rate of 5.4% during that period primarily as a result of lower sales of enrollment products and a lack of successful new product and program launches.

Licensing, franchise royalties and other. All other revenues were down 10.6% on a compound annual rate from fiscal 2012 through fiscal 2014. This decline was driven in part by lower revenues from our franchisees which declined at a compound annual rate of 25.8% driven by market performance and the acquisition of three of our franchisees in fiscal 2012 and seven of our franchisees in fiscal 2013. In addition, this decline was driven in part by licensing revenues which declined at a compound annual rate of 4.8% from fiscal 2012 through fiscal 2014. The decrease in this category was negatively impacted by competition from lower priced store branded products.

Cost of Revenues

Total cost of revenues primarily consists of expenses to operate our meetings, costs to sell products in our meeting rooms and on the Internet and costs to operate our website and Online products. Operating costs primarily consist of salary, commissions and expenses paid to our service providers, salary expense of field staff, meeting room rent, customer service costs (both in-house and third-party), program material expenses, depreciation and amortization associated with field automation, credit card and fulfillment fees, training and other expenses incurred to support our field organization. In fiscal 2014, operating expenses also included costs associated with preparing our field organization for the new 24/7 Expert Chat and Personal Coaching offerings. Cost to sell products includes costs of products purchased from our third-party suppliers, inventory reserves, royalties, inbound and outbound shipping and related costs incurred in making our products available for sale or use. Costs to operate our website includes salaries and related benefits, depreciation and amortization of website development, credit card processing and other costs incurred in making our website available to our members.

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Marketing Expenses

Marketing expenses primarily consist of costs to produce and advertise our brand and products on television, on the Internet, on the radio and in print, costs paid to third-party agencies who help us develop our marketing campaigns and strategy, expenses in support of market research, costs paid to our celebrity spokespersons, as well as costs incurred in connection with local marketing and promotions.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of compensation, benefits and other related costs, including stock-based compensation, third-party consulting, temp help, audit, legal and litigation expenses as well as facility costs and depreciation and amortization of systems in support of the business infrastructure and head offices globally. General and administrative expenses also include amortization expense of certain of our intangible assets.

Gross Margin

The following table sets forth our gross profit and gross margin for the past three fiscal years, as adjusted to exclude the impact of charges from our previously disclosed 2014 restructuring plan as well as the UK self-employment matter:

(in millions)	**2014**	**2013**	**2012**
Gross Profit	$ 802.6	$ 1,001.1	$ 1,093.8
Gross Margin	*54.3%*	*58.1%*	*59.5%*
Adjustments to Reported Amounts			
2014 Restructuring charges(1)	4.6		
UK self-employment accrual(2)			(14.5)
Gross Profit, as adjusted(1)(2)	$ 807.2	$ 1,001.1	$ 1,079.3
Gross Margin impact from above adjustments(1)(2)	*(0.3%)*	*0.0%*	*0.8%*
Gross Margin, as adjusted(1)(2)	*54.6%*	*58.1%*	*58.7%*

Note: Totals may not sum due to rounding

(1) As adjusted is a non-GAAP financial measure that adjusts the consolidated statements of net income for fiscal 2014 to exclude the $4.6 million of charges associated with our previously disclosed 2014 plan to restructure our organization.

(2) As adjusted is a non-GAAP financial measure that adjusts the consolidated statements of net income for fiscal 2012 to exclude the impact of a $14.5 million decrease to cost of revenues related to the settlement of the UK self-employment matter.

See Non-GAAP Financial Measures below for an explanation of our use of non-GAAP financial measures.

From fiscal 2012 to fiscal 2013, we benefited from a mix shift to our higher margin Online business. With its fixed cost business model, the Online business margin expanded as its revenue increased. This margin benefit was more than offset by the decline in margin in the meetings business which experienced a decline in attendances per meeting. This decline in attendances per meeting outpaced our ability to reduce our meetings infrastructure resulting in margin contraction. In addition, particularly in the US meetings business, the impact of service provider compensation changes negatively impacted margin.

From fiscal 2013 to fiscal 2014, our gross margin decline was primarily driven by declining revenues. In addition, particularly in the US meetings business, the impact of additional service provider compensation changes, as well as, technology and training costs associated with the December 2014 introduction of new product offerings also negatively impacted margin. Online Subscription Revenues were flat as a percent of total revenues in both fiscal 2013 and fiscal 2014 and, as a result, we did not experience the benefit of a mix shift to the higher margin business in fiscal 2014.

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Operating Income Margin

The following table sets forth our Operating Income for the past three fiscal years, as adjusted to exclude the impact of charges from our previously disclosed 2014 restructuring plan and for fiscal 2012 the impact of the UK self-employment matter:

(in millions)	2014 (Restated)	2013 (Revised)	2012
Operating Income	$ 299.3	$ 457.8	$ 510.8
Operating Income Margin	*20.2%*	*26.5%*	*27.8%*
Adjustments to Reported Amounts			
2014 Restructuring charges(1)	11.8		
UK Self-employment accrual(2)			(14.5)
Operating Income, as adjusted(1)(2)	$ 311.2	$ 457.8	$ 496.3
Operating Income Margin impact from above adjustments(1)(2)	*(0.8%)*	*0.0%*	*0.8%*
Operating Income Margin, as adjusted(1)(2)	*21.0%*	*26.5%*	*27.0%*

Note: Totals may not sum due to rounding

(1) As adjusted is a non-GAAP financial measure that adjusts the consolidated statements of net income for fiscal 2014 to exclude the $11.8 million of charges associated with our previously disclosed plan to restructure our organization.
(2) As adjusted is a non-GAAP financial measure that adjusts the consolidated statements of income for fiscal 2012 to exclude the impact of a $14.5 million decrease to cost of revenues related to the settlement of the UK self-employment matter.

See Non-GAAP Financial Measures below for an explanation of our use of non-GAAP financial measures.

In fiscal 2012, the decline in operating income margin was primarily driven by costs related to first time Online TV marketing campaigns in several of our international markets and our significant investment in marketing the Weight Watchers Online product to men in the United States, as well as selling, general and administrative expenses in support of our growth initiatives.

In fiscal 2013, the decrease in operating income margin was primarily the result of lower gross margin largely offset by lower marketing expense. Lower marketing expense was driven primarily from the elimination of inefficient digital advertising and the lack of a men s campaign in the United States, in fiscal 2013 versus the prior year.

In fiscal 2014, the decrease in operating income margin was primarily the result of lower gross margin partially offset by lower marketing expense. The decline was primarily driven by lower TV media and production costs from first-time integrated, as well as the sharing among markets of, TV spots for both our meetings and Online businesses, and lower and more efficient digital marketing spend in the United States.

Material Trends

Performance Indicators

Our management reviews and analyzes several key performance indicators in order to manage our business and assess the quality and potential variability of our cash flows and earnings. These key performance indicators include:

revenues

Paid Weeks The Paid Weeks metric reports paid weeks by Weight Watchers customers in Company-owned operations for a given period as follows: (i) Meeting Paid Weeks is the sum of total paid commitment plan weeks (including Total Access) and total pay-as-you-go weeks; (ii) Online Paid Weeks is the total paid subscription weeks for our digital subscription products (including Personal Coaching); and (iii) Total Paid Weeks is the sum of Meeting Paid Weeks and Online Paid Weeks, in each case for a given period.

Incoming Active Subscribers/Active Base Subscribers refer to meetings members and Online subscribers who participate in recurring billing programs, such as our monthly commitment plan for our meetings business. The Incoming Active Subscribers metric reports active Weight Watchers subscribers in Company-owned operations at a given period start as follows: (i) Incoming Active Meeting Subscribers is the total Weight Watchers monthly commitment plan active subscribers (including Total Access); (ii) Incoming Active Online Subscribers is the total number of Weight Watchers Online, Weight Watchers Online*Plus* and Personal Coaching active subscribers; and (iii) Incoming Active Subscribers is the sum of Incoming Active Meeting Subscribers and Incoming Active Online Subscribers, in each case at a given period start. We also at times refer to such metrics as the Incoming Active Base .

End of Period Active Subscribers/Active Base The End of Period Active Subscribers metric reports active Weight Watchers subscribers in Company-owned operations at a given period end as follows: (i) End of Period Active Meeting Subscribers is the total Weight Watchers monthly commitment plan active subscribers (including Total Access); (ii) End of Period Active Online Subscribers is the total number of Weight Watchers Online, Weight Watchers Online*Plus* and Personal Coaching active subscribers; and (iii) End of Period Active Subscribers is the sum of End of Period Active Meeting Subscribers and End of Period Active Online Subscribers, in each case at a given period end. We also at times refer to such metrics as the End of Period Active Base .

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- recruitments
- attendance
- Meeting Fees per Paid Week and in-meeting product sales per attendee
- gross profit and operating expenses as a percentage of revenue

Market Trends

We believe that our revenues and profitability can be sensitive to major trends in the weight management industry. In particular, we believe that our business could be adversely impacted by:

- increased competition from Internet, free mobile and other weight management applications, activity monitors and other electronic weight management approaches;
- the development of more favorably perceived or more effective weight management methods, including pharmaceuticals;
- a failure to develop innovative new services and products or to successfully expand into new channels of distribution or respond to consumer trends, including consumer focus on integrated lifestyle and fitness approaches;
- a failure to successfully implement new strategic initiatives;
- a decrease in the effectiveness of our marketing, advertising, and social media programs;
- an impairment of the Weight Watchers brand and our other intellectual property;
- a failure of our technology or systems to perform as designed; and
- a downturn in general economic conditions or consumer confidence.

North America Metrics and Business Trends

In fiscal 2012, North America Total Paid Weeks increased 8.5% driven by an increase in Online Paid Weeks of 22.7%, partially offset by a Meeting Paid Weeks decline of 5.6% versus the prior year. Although we entered fiscal 2012 with a higher Incoming Active Base than at the beginning of fiscal 2011, throughout the year we experienced lower recruitments for meetings and a declining recruitment trend for our Online subscription products. This softness in recruitments resulted in entering fiscal 2013 with a lower Incoming Active Base than at the beginning of fiscal 2012.

In fiscal 2013, North America Total Paid Weeks declined 6.6%, driven by a decline in both Meeting Paid Weeks of 9.4% and Online Paid Weeks of 4.4% versus the prior year. The decline in Meeting Paid Weeks primarily resulted from the lower Incoming Active Base in the meetings business at the beginning of fiscal 2013 versus the beginning of fiscal 2012 as well as from lower enrollments in fiscal 2013 versus the prior year, primarily in the United States, due to the difficulty in attracting members to our brand.

In fiscal 2014, North America Total Paid Weeks declined 16.8%, driven by a decline in both Online Paid Weeks of 17.5% and Meeting Paid Weeks of 15.8% versus the prior year. Despite the launch of the new Simple Start program at the beginning of the year, as well as new advertising and promotional tactics, recruitment softness continued throughout the year. The popularity of activity monitors and free apps resulted in increased competition which exacerbated the negative trend we began to experience in fiscal 2013 in subscriptions for our Online subscription products. In addition, the increasing focus of consumers on more integrated lifestyle and fitness approaches rather than just food, nutrition and diet also negatively impacted our recruitments.

United Kingdom Metrics and Business Trends

In fiscal 2012, UK Total Paid Weeks declined 6.8% driven by a decline in Meeting Paid Weeks of 11.3% partially offset by an increase in Online Paid Weeks of 3.3% versus the prior year. The United Kingdom entered fiscal 2012 with a lower Incoming Active Base as compared to the beginning of fiscal 2011, and experienced lower recruitments in fiscal 2012 versus the prior year.

In fiscal 2013, UK Total Paid Weeks declined 13.6% driven by a decline in Meeting Paid Weeks of 19.2% and a decline in Online Paid Weeks of 2.8% versus the prior year. The decline in Meeting Paid Weeks in fiscal 2013 was driven by the lower Incoming Active Meeting Subscribers at the beginning of fiscal 2013 versus the beginning of fiscal 2012 coupled with lower meeting recruitments in the year as compared to the prior year. In fiscal 2013, local competition in the United Kingdom significantly contributed to the decline in meeting recruitments.

In fiscal 2014, UK Total Paid Weeks declined 9.2% versus the prior year, driven by a decline in Meeting Paid Weeks of 9.6% and a decline in Online Paid Weeks of 8.6% versus the prior year. Total Paid Weeks performance in fiscal 2014 was driven by the lower Incoming Active Base at the beginning of fiscal 2014 versus the beginning of fiscal 2013 coupled with lower recruitments in fiscal 2014 as compared to the prior year. In response to weakening recruitment trends, early in fiscal 2014, the United Kingdom introduced new advertising, implemented new promotional tactics and invested in a local marketing campaign to combat a strong local competitor. As a result of these initiatives, the recruitment trend turned positive in the second half of fiscal 2014 as compared to the prior year period.

Continental Europe Metrics and Business Trends

In fiscal 2012, Continental Europe Total Paid Weeks increased 42.6% driven by an increase in Online Paid Weeks of 93.5% and an increase in Meeting Paid Weeks of 9.2% versus the prior year. This growth was driven by entering fiscal 2012 with a higher Incoming Active Base than the prior year and the benefit of higher recruitment growth driven by the launch of the updated version of ***ProPoints***, effective new marketing strategies, which included first-time dedicated Online television advertising, and from the launch of new markets for our Online products in late 2009 and 2010.

In fiscal 2013, Continental Europe Total Paid Weeks increased 19.9%, driven primarily by an increase in Online Paid Weeks, up 38.4%, versus the prior year. Continental Europe benefited from an increased number of Incoming Active Meeting Subscribers at the beginning of fiscal 2013 versus the beginning of fiscal 2012, which was partially offset by lower recruitments in fiscal 2013 versus the prior year.

In fiscal 2014, Continental Europe Total Paid Weeks increased 3.1% driven by an increase in Online Paid Weeks of 6.5%, partially offset by a decline in Meeting Paid Weeks of 2.5%, versus the prior year. This increase in Online Paid Weeks was driven by the higher number of Incoming Active Online Subscribers at the start of fiscal 2014 versus the start of fiscal 2013. The decrease in Meeting Paid Weeks was driver by a lower number of Incoming Active Meeting Subscribers at the start of fiscal 2014 versus the start of fiscal 2013 and recruitment declines. Although Total Paid Weeks continued to grow in fiscal 2014, it reflected a significant slowdown in the year-over-year trend.

Fiscal 2015: Anticipated Business Metrics, Trends and Other Events

We anticipate the Company s fiscal 2015 revenues will be approximately $1.2 billion, a decline from the $1.48 billion reported in fiscal 2014. This decline is driven by the lower fiscal 2015 Incoming Active Bases in both our meetings and Online businesses as compared to the beginning of fiscal 2014, as well as the anticipated negative recruitment trend in fiscal 2015.

Due to the difficult start to fiscal 2015, we will be focusing in fiscal 2015 on generating positive cash flow to maintain strong liquidity. To this end, we have established a new $100 million cost-savings plan which we expect will be split between operating expenses, marketing and general and administrative expenses. As part of this cost-savings plan, the Company is undertaking a plan of reduction in force which will result in the elimination of certain positions and termination of employment for certain employees worldwide. We anticipate recording restructuring charges in connection with employment termination of approximately $10 million during fiscal 2015. We believe that cash generated by our $1.2 billion revenue forecast, our cost-savings plan and our cash on hand of $301.2 million will provide us with sufficient liquidity to meet our April 2016 debt maturity obligation of $291 million, inclusive of the mandatory excess cash flow prepayment of $59.7 million to be made by April 13, 2015.

Non-GAAP Financial Measures

To supplement our consolidated results presented in accordance with accounting principles generally accepted in the United States, or GAAP, we have disclosed non-GAAP financial measures of operating results that exclude or adjust certain items. Gross profit and gross profit margin, operating income and operating income margin, net income attributable to the Company, effective tax rate and earnings per fully diluted share are discussed in this Annual Report on Form 10-K both as reported (on a GAAP basis) and as adjusted (on a non-GAAP basis), as applicable, to exclude from fiscal 2014 the impact of charges associated with our previously disclosed restructuring of our organization, the net tax benefit related to an intercompany loan write-off in connection with the closure of our China business partially offset by the recognition of a valuation allowance related to tax benefits for foreign losses that are not expected to be realized and the impact of the gain on the Brazil acquisition (as discussed further herein). Income before taxes, effective tax rate, net income attributable to the Company and earnings per fully diluted share are discussed in this Annual Report on Form 10-K both as reported (on a GAAP basis) and as adjusted (on a non-GAAP basis) to exclude from fiscal 2013 the impact from the early extinguishment of debt charge recorded in connection with our previously announced April 2, 2013 refinancing of our long-term debt. Gross profit and gross profit margin, operating income and operating income margin, interest expense, net income, earnings per fully diluted share, and effective tax rate are discussed in this Annual Report on Form 10-K both as reported (on a GAAP basis) and as adjusted (on a non-GAAP basis) to exclude from fiscal 2012, in connection with the settlement of the UK self-employment matter, the benefit of a partial accrual reversal of a charge originally recorded in the fourth quarter of fiscal 2009.

We generally refer to such non-GAAP measures as excluding or adjusting for the impact of the 2014 restructuring charges, the net tax benefit offset by the recognition of a valuation allowance, the gain on the Brazil acquisition, the early extinguishment of debt charge, and/or the settlement. Our management believes these non-GAAP financial measures provide supplemental information to investors regarding the performance of our business and are useful for period-over-period comparisons of the performance of our business. While we believe that these financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similarly entitled measures reported by other companies.

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Use of Constant Currency

As exchange rates are an important factor in understanding period-to-period comparisons, we believe in certain cases the presentation of results on a constant currency basis in addition to reported results helps improve investors ability to understand our operating results and evaluate our performance in comparison to prior periods. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We use results on a constant currency basis as one measure to evaluate our performance. In this Annual Report on Form 10-K, we calculate constant currency by calculating current-year results using prior-year foreign currency exchange rates. We generally refer to such amounts calculated on a constant currency basis as excluding or adjusting for the impact of foreign currency or being on a constant currency basis. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with GAAP.

Critical Accounting Policies

Management s Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to inventories, the impairment analysis for goodwill and other indefinite-lived intangible assets, share-based compensation, income taxes, tax contingencies and litigation. We base our estimates on historical experience and on various other factors and assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following accounting policies are most important to the portrayal of our financial condition and results of operations and require our most significant judgments and estimates.

Revenue Recognition

We earn revenue by conducting meetings, for which we charge a fee, predominantly through monthly commitment plans, prepayment plans or the pay-as-you-go arrangement. We also earn revenue from monthly subscriptions for our Online products, selling products in our meetings, on the Internet and to our franchisees, collecting commissions from franchisees, collecting royalties related to licensing agreements, selling magazine subscriptions, selling advertising space on our website and in copies of our magazines, and By Mail product sales.

Monthly commitment plans, prepaid meeting fees and magazine subscription revenue is recorded to deferred revenue and amortized into revenue over the period earned. Online Subscription Revenues are recognized over the period that products are provided. One-time sign-up fees are deferred and recognized over the expected customer relationship period. Online Subscription Revenues that are paid in advance are deferred and recognized on a straight-line basis over the subscription period. Revenue from pay-as-you-go meeting fees, product sales, By Mail, commissions and royalties is recognized when services are rendered, products are shipped to customers and title and risk of loss pass to the customers, and commissions and royalties are earned, respectively. Revenue from advertising in magazines is recognized when advertisements are published. Revenue from magazine sales is recognized when the magazine is sent to the customer. We charge non-refundable registration fees in exchange for an introductory information session and materials we provide to new members in our meetings business. Revenue from these registration fees is recognized when the service and products are provided, which is generally at the same time payment is received from the customer. Discounts to customers, including free registration offers, are recorded as a deduction from gross revenue in the period such revenue was recognized. Revenue from advertising on our website is recognized when the advertisement is viewed by the user.

We grant refunds in aggregate amounts that historically have not been material. Because the period of payment of the refund generally approximates the period revenue was originally recognized, refunds are recorded as a reduction of revenue when paid.

Franchise Rights Acquired, Goodwill and Other Intangible Assets

Finite-lived intangible assets are amortized using the straight-line method over their estimated useful lives of 3 to 20 years or, in the case of amortizable franchise rights acquired, over the remaining contractual period, which is generally less than one year.

We review goodwill and other indefinite-lived intangible assets, including franchise rights acquired with indefinite lives, for potential impairment on at least an annual basis or more often if events so require. We performed fair value impairment testing as of the end of fiscal 2014 and fiscal 2013 on our goodwill and other indefinite-lived intangible assets.

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In performing the impairment analysis for goodwill, the fair value for our reporting units is estimated using a discounted cash flow approach. This approach involves projecting future cash flows attributable to the reporting unit and discounting those estimated cash flows using an appropriate discount rate. The estimated fair value is then compared to the carrying value of the reporting unit. We have determined the appropriate reporting unit for purposes of assessing annual impairment to be the country for all reporting units. The values of goodwill in the United States, Canada, Brazil and other countries at January 3, 2015 were $89.3 million, $45.4 million, $23.0 million and $10.6 million, respectively, totaling $168.3 million.

In performing the impairment analysis for our indefinite-lived franchise rights acquired, the fair value for our franchise rights acquired is estimated using a discounted cash flow approach referred to as the hypothetical start-up approach for our franchise rights related to our meetings business and a relief from royalty methodology for our franchise rights related to our Online business. The estimated fair value is then compared to the carrying value of the unit of accounting for those franchise rights. We have determined the appropriate unit of account for purposes of assessing annual impairment to be the combination of the rights in the meetings and Online businesses in the country in which the acquisitions have occurred. The values of these franchise rights in the United States, Canada, United Kingdom, Australia, New Zealand and other countries at January 3, 2015 were $675.6 million, $57.6 million, $13.1 million, $7.3 million, $5.4 million and $1.9 million, respectively, totaling $760.9 million.

When determining fair value, we utilize various assumptions, including projections of future cash flows, growth rates and discount rates. A change in these underlying assumptions will cause a change in the results of the tests and, as such, could cause fair value to be less than the carrying amounts. In the event such a decrease occurred, we would be required to record a corresponding charge, which would impact earnings. We would also be required to reduce the carrying amounts of the related assets on our balance sheet. We continue to evaluate these estimates and assumptions and believe that these assumptions are appropriate.

In performing the impairment analysis for the fiscal year ended January 3, 2015, we determined that the carrying amounts of our franchise rights acquired with indefinite lives did not exceed their respective fair values as of the end of fiscal 2014, and therefore, no impairment existed. In performing the impairment analysis for the fiscal year ended December 28, 2013, we determined that, based on the fair values calculated, the carrying amounts of the indefinite-lived franchise rights acquired related to our Mexico and Hong Kong operations exceeded their respective fair values as of the end of fiscal 2013 and recorded impairment charges of $0.9 million and $0.2 million, respectively, for such rights. We determined that the carrying amounts of the remainder of our franchise rights acquired with indefinite lives did not exceed their respective fair values as of the end of fiscal 2013, and therefore, no other impairment existed.

We estimate future cash flows for each unit of accounting by utilizing the historical cash flows attributable to the rights in that country and then applying a growth rate using a blend of the historical operating income growth rates for such country and expected future operating income growth rates for such country. We utilize operating income as the basis for measuring our potential growth because we believe it is the best indicator of the performance of our business. For fiscal 2014, the compound annual growth rates used in our discounted cash flow analysis ranged from a decline of approximately 5% to growth of approximately 21%. In applying the hypothetical start-up approach in fiscal 2014, we generally assumed that the year of maturity was reached after 7 years. Subsequent to the year of maturity, we assumed growth rates ranging from a decline of approximately 9% to growth of approximately 16%. For fiscal 2013, the compound annual growth rates used in our discounted cash flow analysis ranged from a decline of approximately 5% to growth of approximately 12%. In applying the hypothetical start-up approach in fiscal 2013, we generally assumed that the year of maturity was reached after 7 years. Subsequent to the year of maturity, we assumed growth rates ranging from a decline of approximately 2% to growth of approximately 8%. We then discounted the estimated future cash flows utilizing a discount rate which was calculated using the average cost of capital, which included the cost of equity and the cost of debt. The cost of equity was determined by combining a risk-free rate of return and a market risk premium. The risk-free rate of return was generally determined based on the average rate of long-term U.S. Treasury securities. The market risk premium was generally determined by reviewing external market data. When appropriate, we further adjusted the resulting combined rate to account for certain entity-specific factors such as maturity of the market in order to determine the utilized discount rate. The cost of debt was our average borrowing rate for the period. The discount rates used in our fiscal 2014 and fiscal 2013 year-end impairment tests averaged approximately 10.3% and 9.1%, respectively.

At the end of fiscal 2014, we estimated that approximately 73% of our goodwill and 92% of our franchise rights acquired had a fair value at least 50% higher than their respective carrying amounts. In the United States, which held approximately 71% of the goodwill and 89% of the franchise rights acquired, the fair value of our reporting unit and our franchise rights acquired was at least 50% higher than their respective carrying value. At the end of fiscal 2014, we estimated that Canada s goodwill and franchise rights acquired had a fair value that was approximately 30% higher than their respective carrying value. Although there is currently a measurable difference between the fair value and carrying value of our franchise rights acquired, we believe that continued significant declines in both our revenue and profit performance could lead to an impairment in the future. See Risk Factors . As it relates to Brazil, given the Company acquired the business in fiscal 2014, we could face an impairment charge in the future if we are unable to deliver on the expected results.

Information concerning significant accounting policies affecting us is set forth in Note 2 of our consolidated financial statements, contained in Part IV, Item 15 of this Annual Report on Form 10-K.

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RESULTS OF OPERATIONS FOR FISCAL 2014 (53 weeks) COMPARED TO FISCAL 2013 (52 weeks)

The Company s fiscal year ends on the Saturday closest to December 31st and consists of either 52- or 53-week periods. Fiscal 2014 contained 53 weeks, while fiscal 2013 contained 52 weeks. The 2014 53rd week, which began on December 28, 2014 and ended on January 3, 2015, contributed 1.8 million, or 0.9%, to Total Paid Weeks for fiscal 2014. It also added 0.2 million, or 0.6%, in additional global attendances to fiscal 2014, and drove additional revenues of $14.0 million, or 0.9%, to fiscal 2014. Due to the timing of the 53rd week, additional marketing expense drove a decline in fiscal 2014 operating income. The 53rd week also resulted in an additional week of interest expense. As a result, in the aggregate the 53rd week had a negative $0.05 per share impact on fiscal 2014 EPS.

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The table below sets forth selected financial information for fiscal 2014 from our consolidated statements of net income for fiscal 2014 versus selected financial information for fiscal 2013 from our consolidated statements of net income for fiscal 2013.

Summary of Selected Financial Data

	(In millions, except per share amounts)			
	Fiscal 2014 (Restated)	Fiscal 2013 (Revised)	Increase/ (Decrease)	% Change
Revenues, net	$ 1,479.9	$ 1,724.1	$ (244.2)	(14.2%)
Cost of revenues	677.4	723.0	(45.6)	(6.3%)
Gross profit	802.6	1,001.1	(198.6)	(19.8%)
Gross Margin %	*54.2%*	*58.1%*		
Marketing expenses	262.3	295.6	(33.3)	(11.3%)
Selling, general & administrative expenses	241.0	247.7	(6.8)	(2.7%)
Operating income	299.3	457.8	(158.4)	(34.6%)
Operating Income Margin %	*20.2%*	*26.5%*		
Interest expense	123.0	103.1	19.9	19.3%
Other expense, net	3.2	0.6	2.6	100.0%
Gain on Brazil acquisition	(10.5)		(10.5)	
Early extinguishment of debt		21.7	(21.7)	(100.0%)
Income before income taxes	183.7	332.4	(148.7)	(44.7%)
Provision for income taxes	65.9	129.6	(63.7)	(49.1%)
Net income	117.7	202.7	(85.0)	(41.9%)
Net income attributable to the noncontrolling interest	0.1		0.1	
Net income attributable to Weight Watchers International, Inc.	$ 117.8	$ 202.7	$ (85.0)	(41.9%)
Weighted average diluted shares outstanding	56.7	56.4	0.3	0.6%
Diluted EPS	$ 2.08	$ 3.60	$ (1.52)	(42.2%)

Note: Totals may not sum due to rounding.

Certain results for fiscal 2014 are adjusted to exclude the $11.8 million impact of charges from the previously disclosed 2014 restructuring plan, $10.5 million related to the gain on the Brazil acquisition and the $2.4 million net tax benefit related to an intercompany loan write-off in connection with the closure of our China business partially offset by the recognition of a valuation allowance related to tax benefits for foreign losses that are not expected to be realized. See Non-GAAP Financial Measures above. The table below sets forth a reconciliation of those components of our selected financial data for the fiscal year ended January 3, 2015 which have been adjusted.

(in millions, except per share amounts)	Gross Profit	Gross Profit Margin	Operating Income (Restated)	Operating Income Margin (Restated)	Net Income Attributable to Company (Restated)	Diluted EPS (Restated)
Fiscal 2014	$ 802.6	*54.2%*	$ 299.3	*20.2%*	$ 117.8	$ 2.08

Adjustments to Reported Amounts[1]						
2014 Restructuring charges[1]	4.6		11.8		7.2	0.13
Gain on Brazil acquisition[1]					(6.4)	(0.11)
Tax benefit, net[1]					(2.4)	(0.04)
Total Adjustments	4.6		11.8		(1.5)	(0.03)
Fiscal 2014, as adjusted[1]	$ 807.2	*54.5%*	$ 311.2	*21.0%*	$ 116.3	$ 2.05

Note: Totals may not sum due to rounding

(1) As adjusted is a non-GAAP financial measure that adjusts the consolidated statements of net income for fiscal 2014 to exclude the $11.8 million ($7.2 million after tax) of charges associated with our previously disclosed plan to restructure our organization, the impact of the gain of $10.5 million ($6.4 million after tax) recognized in connection with the Brazil acquisition due to an adjustment of our previously held equity interest to fair value offset by a charge associated with the settlement of the royalty-free arrangement of the Brazilian partnership and the $2.4 million net tax benefit related to an intercompany loan write-off in connection with the closure of our China business partially offset by the recognition of a valuation allowance related to tax benefits for foreign losses that are not expected to be realized. See Non-GAAP Financials Measures above for an explanation of our use of non-GAAP financial measures.

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Certain results for fiscal 2013 are adjusted to exclude the $21.7 million impact of the early extinguishment of debt charge. See Non-GAAP Financial Measures above. The table below sets forth a reconciliation of those components of our selected financial data for the fiscal year ended December 28, 2013 which have been adjusted.

(in millions, except per share amounts)	Income Before Taxes (Revised)	Net Income Attributable Company (Revised)	Diluted EPS (Revised)
Fiscal 2013	$ 332.4	$ 202.7	$ 3.60
Adjustments to Reported Amounts[(1)]			
Early extinguishment of debt charge[(1)]	21.7	13.3	0.26
Total Adjustments	21.7	13.3	0.26
Fiscal 2013, as adjusted[(1)]	$ 354.0	$ 216.0	$ 3.86

Note: Totals may not sum due to rounding

(1) As adjusted is a non-GAAP financial measure that adjusts the consolidated statements of net income for fiscal 2013 to exclude the impact of the $21.7 million ($13.3 million after tax) early extinguishment of debt charge associated with our previously reported debt refinancing. See Non-GAAP Financials Measures above for an explanation of our use of non-GAAP financial measures.

Consolidated Results

Revenues

Revenues in fiscal 2014 declined by 14.2% versus fiscal 2013 driven by revenue declines in the meetings and Online businesses globally, most notably in North America. See Segment Results for additional details on revenues.

Cost of Revenues and Gross Profit

Total cost of revenues in fiscal 2014 declined $45.6 million, or 6.3%, versus the prior year. Excluding the impact of the 2014 restructuring charges, total cost of revenues in fiscal 2014 would have declined $50.3 million, or 7.0%, versus the prior year. Excluding the impact of the 2014 restructuring charges, gross profit for fiscal 2014 would have decreased by $193.9 million, or 19.4%, from fiscal 2013. Excluding the impact of the 2014 restructuring charges, gross margin in fiscal 2014 would have been 54.5%, as compared to gross margin of 58.1% in fiscal 2013. Gross margin compression was driven primarily by the decline in the North America gross margin, which was partially offset by an increase in gross margin in Continental Europe. The decline in North America gross margin was driven primarily by fixed cost deleverage, the impact of service provider compensation changes and training and technology in support of the Personal Coaching offering, 24/7 Expert Chat and healthcare initiatives.

Marketing

Marketing expenses for fiscal 2014 decreased $33.3 million, or 11.3%, versus fiscal 2013. The decline was primarily driven by lower TV media and production costs resulting from the integration of TV spots for both our meetings and Online businesses. The decline was also driven by lower and more efficient digital marketing spend in the United States. This decline was partially offset by the early launch of our winter season brand campaign in the United States. Marketing expenses as a percentage of revenue were 17.7% in fiscal 2014 as compared to 17.1% in the prior year.

Selling, General and Administrative

Selling, general and administrative expenses for fiscal 2014 decreased $6.8 million, or 2.7%, versus fiscal 2013. Excluding the impact of the 2014 restructuring charges, selling, general and administrative expenses for fiscal 2014 would have decreased by 5.6% versus fiscal 2013. In fiscal 2014, the Company made concerted efforts to adopt cost-savings initiatives, including rationalization of its workforce and reduction of its total payroll and discretionary spend. At the same time, the Company decided to invest in certain healthcare and technology initiatives, which partially offset the savings. Selling, general and administrative expenses as a percentage of revenue for fiscal 2014 increased to 16.3% from 14.4% for fiscal 2013. Excluding the impact of the 2014 restructuring charges, selling, general and administrative expenses as a percentage of revenue for fiscal 2014 increased to 15.8% from 14.4% for fiscal 2013.

Operating Income

Operating income for fiscal 2014 decreased $158.4 million, or 34.6%, versus fiscal 2013. This decrease in operating income was almost exclusively the result of lower operating income from North America in fiscal 2014 as compared to the prior year. Excluding the impact of the 2014 restructuring charges, our operating income margin in fiscal 2014 would have decreased to 21.0% from 26.5% in fiscal 2013. This decline in operating income margin was primarily driven by the decline in gross margin, higher selling, general and administrative and marketing expenses as a percentage of revenues, as compared to the prior year.

Interest Expense

Interest expense in fiscal 2014 increased $19.9 million, or 19.3%, versus fiscal 2013. Interest expense for fiscal 2014 included a $1.6 million write-off of deferred financing fees associated with the reduction of the amount of our Revolving Facility (defined hereafter). The increase in interest expense was primarily driven by the difference in the notional amount of our interest rate swaps in effect during fiscal 2014 versus the prior year, the 25 basis point increase related to the issuance of revised corporate ratings by S&P and Moody s on February 21, 2014 and higher interest rates on our debt as a result of the April 2, 2013 debt refinancing. See Liquidity and Capital Resources Long-Term Debt for additional details regarding our Revolving Facility and interest rates on our debt. Our average debt outstanding decreased by $24.4 million to $2,372.9 million in fiscal 2014 from $2,397.3 million in fiscal 2013, however, the effective interest rate on our debt, excluding the impact of our interest rate swaps, increased by 0.37% to 3.86% in fiscal 2014 from 3.49% in fiscal 2013. Including the impact of our interest rate swaps, our effective interest rate increased to 4.67% in fiscal 2014 from 3.92% in fiscal 2013. For additional details on our interest rate swap see Item 7A. Quantitative and Qualitative Disclosures about Market Risk in Part III of this Annual Report on Form 10-K.

Gain on Brazil Acquisition

In March 2014, we acquired an additional 45% equity interest in our Brazilian partnership thereby increasing our equity interest to 80%. As a result of this transaction, we adjusted our previously held equity interest to fair value and recorded a charge associated with the settlement of the royalty-free arrangement of our Brazilian partnership. The net effect of these items resulted in us recognizing a pre-tax gain of $10.5 million in fiscal 2014.

Other Expense

Other expense, which consists of the impact of foreign currency on intercompany transactions, increased by $2.6 million in fiscal 2014 versus the prior year.

Tax

Our effective tax rate was 35.9% for fiscal 2014 as compared to 39.0% for fiscal 2013. The decrease was due mainly to the net tax benefit associated with the closure of our China business that was recorded in fiscal 2014 and a shift in the mix of our domestic and foreign earnings which resulted in lower state income taxes. These were offset by the recognition of a valuation allowance that was recorded in fiscal 2014 related to tax benefits previously recorded for foreign losses that are not expected to be realized.

Net Income Attributable to the Company and Earnings Per Share

Net income attributable to the Company in fiscal 2014 declined 41.9% versus fiscal 2013. Excluding the impact of the 2014 restructuring charges, the gain on the Brazil acquisition, the net tax benefit offset by the recognition of a valuation allowance, and the early extinguishment of debt charge, net income attributable to the Company in fiscal 2014 would have declined 46.2% versus the adjusted prior year. This decline in net income attributable to the Company was primarily driven by the decrease in operating income in fiscal 2014 versus the prior year.

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EPS in fiscal 2014 decreased to $2.08 versus fiscal 2013. Excluding the impact of the 2014 restructuring charges, the gain on the Brazil acquisition, the net tax benefit offset by the recognition of a valuation allowance and the early extinguishment of debt charge, EPS would have been $2.05 in fiscal 2014 as compared to $3.86 in the prior year.

Segment Results

Metrics and Business Trends

The following tables set forth key metrics by reportable segment for fiscal 2014 and the percentage change in those metrics versus the prior year:

	Fiscal 2014								
	GAAP			Constant Currency					
(in millions unless otherwise stated)	Service Revenues	Product Sales & Other	Total Revenues	Service Revenues	Product Sales & Other	Total Revenues	Total Paid Weeks	Incoming Active Base (in thousands)	EOP Active Base (in thousands)
North America	$ 794.4	$ 153.3	$ 947.7	$ 799.6	$ 153.8	$ 953.4	117.1	2,066.1	1,617.8
UK	108.6	48.2	156.8	102.7	45.6	148.3	20.2	297.4	277.8
CE	230.9	68.0	298.9	230.5	67.6	298.1	35.6	528.4	551.9
Other[(1)]	48.0	28.4	76.5	50.6	29.4	79.9	4.9	71.1	62.1
Total	$ 1,181.9	$ 298.0	$ 1,479.9	$ 1,183.4	$ 296.2	$ 1,479.6	177.8	2,962.9	2,509.5
	% Change Fiscal 2014 vs. Fiscal 2013								
North America	-18.0%	-21.9%	-18.6%	-17.4%	-21.6%	-18.1%	-16.8%	-12.3%	-21.7%
UK	-5.5%	-16.6%	-9.2%	-10.6%	-21.2%	-14.1%	-9.2%	-14.3%	-6.6%
CE	1.2%	-4.6%	-0.2%	1.0%	-5.2%	-0.4%	3.1%	14.6%	4.4%
Other[(1)]	-2.8%	-25.1%	-12.5%	2.4%	-22.8%	-8.5%	-2.2%	-7.1%	-12.6%
Total	-13.1%	-18.0%	-14.2%	-13.0%	-18.5%	-14.2%	-12.2%	-8.6%	-15.3%

Note: Totals may not sum due to rounding

(1) Represents Asia Pacific and emerging markets operations and franchise revenues.

	Fiscal 2014									
	Meeting Fees		Meeting Paid Weeks	Incoming Active Meeting Subscribers (in thousands)	EOP Active Meeting Subscribers (in thousands)	Online Subscription Revenues		Online Paid Weeks	Incoming Active Online Subscribers (in thousands)	EOP Active Online Subscribers (in thousands)
(in millions unless otherwise stated)	GAAP	Constant Currency				GAAP	Constant Currency			
North America	$ 496.2	$ 499.3	50.3	833.2	692.6	$ 298.2	$ 300.3	66.8	1,232.9	925.2
UK	80.8	76.4	12.4	166.0	158.1	27.9	26.4	7.9	131.4	119.7
CE	133.4	133.0	12.8	183.6	178.2	97.4	97.5	22.8	344.8	373.6
Other[(1)]	34.1	35.6	2.7	33.9	26.4	13.9	15.0	2.1	37.1	35.6
Total	$ 744.6	$ 744.3	78.2	1,216.7	1,055.4	$ 437.4	$ 439.1	99.6	1,746.2	1,454.1
	% Change Fiscal 2014 vs. Fiscal 2013									
North America	-16.6%	-16.1%	-15.8%	-11.7%	-16.9%	-20.1%	-19.6%	-17.5%	-12.6%	-25.0%
UK	-5.2%	-10.4%	-9.6%	-18.7%	-4.7%	-6.2%	-11.3%	-8.6%	-8.0%	-8.9%
CE	-2.8%	-3.1%	-2.5%	-0.9%	-2.9%	7.3%	7.4%	6.5%	25.0%	8.4%

Other[1]	0.3%	4.8%	6.2%	-3.4%	-22.0%	-9.6%	-2.9%	-11.0%	-10.2%	-4.1%
Total	-12.6%	-12.6%	-12.3%	-11.1%	-13.3%	-14.1%	-13.8%	-12.2%	-6.7%	-16.7%

Note: Totals may not sum due to rounding

(1) Represents Asia Pacific and emerging markets operations and franchise revenues.

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North America Performance

North America continued to face strong competition for consumer trial from an evolving competitor set, including mobile apps and activity monitors, during fiscal 2014. The Company believes this competition drove declines in all revenue categories in North America in fiscal 2014 versus the prior year. The decline in North America Total Paid Weeks primarily resulted from the lower Incoming Active Base at the beginning of fiscal 2014 versus the beginning of fiscal 2013 as well as by lower recruitments in fiscal 2014 versus the prior year. In response to weakening recruitment trends in early fiscal 2014, North America introduced new advertising and implemented new promotional tactics. In addition, the United States launched its 2014 winter season brand campaign one month early.

The decline in North America product sales and other was driven primarily by a decline in in-meeting product sales and to a lesser extent a decline in licensing revenue. In fiscal 2014, in-meeting product sales of $85.2 million decreased by $33.9 million, or 28.5%, versus the prior year. This decrease resulted primarily from a 15.3% attendance decline in fiscal 2014 as compared to the prior year. In-meeting product sales per attendee decreased by 15.5% in fiscal 2014 versus the prior year, driven primarily by a decline in sales of enrollment products. Licensing revenue of $37.2 million declined $1.4 million, or 3.7%, from $38.6 million in the prior year.

United Kingdom Performance

The decline in UK revenues in fiscal 2014 versus the prior year was driven primarily by the decline in product sales and to a lesser extent a decline in Service Revenues. The decline in UK Total Paid Weeks was driven by the lower Incoming Active Base at the beginning of fiscal 2014 versus the beginning of fiscal 2013 coupled with lower recruitments in fiscal 2014 as compared to the prior year. In response to weakening recruitment trends, primarily in the meetings business, early in fiscal 2014, the United Kingdom introduced new advertising, implemented new promotional tactics and invested in a local marketing campaign to combat a strong local competitor. As a result of these initiatives, although still negative in fiscal 2014, the United Kingdom experienced an improvement in its recruitment trend in the second half of fiscal 2014 as compared to the prior year period.

The decline in UK product sales and other in fiscal 2014 versus the prior year was driven primarily by a decline in in-meeting product sales and to a lesser extent a decline in licensing revenue. In fiscal 2014, in-meeting product sales of $30.2 million decreased by $5.7 million, or 15.9%, versus the prior year. This decrease resulted primarily from an 11.4% attendance decline in fiscal 2014 as compared to the prior year. In-meeting product sales per attendee also declined by 5.0%, or 10.3% on a constant currency basis, in fiscal 2014 versus the prior year driven by the impact of the Simple Start program on product sales. The decline in licensing revenue was driven by timing associated with brand marketing.

Continental Europe Performance

The decline in Continental Europe revenues in fiscal 2014 versus the prior year was driven primarily by the decline in product sales and other partially offset by an increase in Service Revenues. The increase in Continental Europe Service Revenues on a constant currency basis in fiscal 2014 versus fiscal 2013 was primarily the result of an increase in Online Subscription Revenues versus the prior year. This increase in Online Subscription Revenues was driven by the higher number of Incoming Active Online Subscribers at the start of fiscal 2014 versus the start of fiscal 2013 which drove higher Online Paid Weeks in the year as compared to the prior year. This increase in Online Subscription Revenues more than offset a lower number of Incoming Active Meeting Subscribers and recruitment softness in the meetings business, particularly in Germany, in fiscal 2014.

The decline in Continental Europe product sales and other in fiscal 2014 versus the prior year was driven primarily by both a decline in in-meeting product sales and a decline in licensing revenue. In fiscal 2014, in-meeting product sales of $46.3 million decreased by $1.7 million, or 3.6% (4.4% on a constant currency basis), versus the prior year. This decrease resulted primarily from a 5.2% attendance decline in fiscal 2014 as compared to the prior year. In fiscal 2014, licensing revenue of $10.1 million declined $2.0 million, or 16.2% (16.3% on a constant currency basis), from $12.1 million in the prior year driven by the timing associated with brand marketing.

Other Performance

The decline in Other revenue in fiscal 2014 versus the prior year was driven by revenue declines in Asia Pacific and with our franchisees, partially offset by the beneficial impact of the consolidation of the Brazil operations. The increase in Other Service Revenues in fiscal 2014 versus the prior year was driven by a 6.2% increase in Other Meeting Paid Weeks. The decline in fiscal 2014 Other Total Paid Weeks versus the prior year was driven by the lower Incoming Active Base at the beginning of fiscal 2014 versus the beginning of fiscal 2013 and higher recruitments as compared to the prior year.

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The decline in Other product sales and other in fiscal 2014 versus the prior year was driven primarily by a decline in revenue from our franchisees and to a lesser extent our licensees. Revenues from our franchisees totaled $11.4 million in fiscal 2014, a decline of $4.6 million, or 28.8%, from the prior year, driven in part by the decline in their meetings business performance, similar to that which we experienced in North America, and in the number of franchises resulting from our recent franchise acquisitions. In fiscal 2014, licensing revenue declined in part due to the timing of brand revenue from our licensing partners. In fiscal 2014, in-meeting product sales of $7.4 million decreased by $1.6 million, or 17.5% (14.5% on a constant currency basis), versus the prior year driven by volume declines in Asia Pacific partially offset by the impact of the Brazil acquisition.

RESULTS OF OPERATIONS FOR FISCAL 2013 (52 weeks) COMPARED TO FISCAL 2012 (52 weeks)

The table below sets forth selected financial information for fiscal 2013 from our consolidated statements of net income for fiscal 2013 versus selected financial information for fiscal 2012 from our consolidated statements of net income for fiscal 2012.

Summary of Selected Financial Data

	(In millions, except per share amounts) Fiscal 2013 (Revised)	Fiscal 2012	Increase/ (Decrease)	% Change
Revenues, net	$ 1,724.1	$ 1,839.4	$ (115.3)	(6.3%)
Cost of revenues	723.0	745.6	(22.6)	(3.0%)
Gross profit	1,001.1	1,093.8	(92.7)	(8.5%)
Gross Margin %	*58.1%*	*59.5%*		
Marketing expenses	295.6	353.7	(58.0)	(16.4%)
Selling, general & administrative expenses	247.7	229.3	18.4	8.0%
Operating income	457.8	510.8	(53.0)	(10.4%)
Operating Income Margin %	*26.5%*	*27.8%*		
Interest expense	103.1	90.5	12.6	13.9%
Other expense, net	0.6	2.0	(1.4)	(69.7%)
Early extinguishment of debt	21.7	1.3	20.4	
Income before income taxes	332.4	417.0	(84.6)	(20.3%)
Provision for income taxes	129.6	159.5	(29.9)	(18.8%)
Net income	$ 202.7	$ 257.4	$ (54.7)	(21.2%)
Weighted average diluted shares outstanding	56.4	60.9	(4.5)	(7.4%)
Diluted EPS	$ 3.60	$ 4.23	$ (0.63)	(14.9%)

Note: Totals may not sum due to rounding.

Certain results for fiscal 2013 are adjusted to exclude the $21.7 million impact of the early extinguishment of debt charge. See Non-GAAP Financial Measures above. The table below sets forth a reconciliation of those components of our selected financial data for the fiscal year ended December 28, 2013 which have been adjusted.

(in millions, except per share amounts)	Income Before Taxes (Revised)	Net Income Attributable Company (Revised)	Diluted EPS (Revised)
Fiscal 2013	$ 332.4	$ 202.7	$ 3.60
Adjustments to Reported Amounts[1]			
Early extinguishment of debt charge[1]	21.7	13.3	0.26
Total Adjustments	21.7	13.3	0.26
Fiscal 2013, as adjusted[1]	$ 354.0	$ 216.0	$ 3.86

Note: Totals may not sum due to rounding

(1) As adjusted is a non-GAAP financial measure that adjusts the consolidated statements of net income for fiscal 2013 to exclude the impact of the $21.7 million ($13.3 million after tax) early extinguishment of debt charge associated with our previously reported debt refinancing. See Non-GAAP Financials Measures above for an explanation of our use of non-GAAP financial measures.

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Certain results for fiscal 2012 are adjusted to exclude the $14.5 million decrease to cost of revenues and the $7.1 million increase to interest expense related to the settlement of the UK self-employment matter. See Non-GAAP Financial Measures above. The table below sets forth a reconciliation of those components of our selected financial data for the fiscal year ended December 29, 2012 which have been adjusted.

(in millions, except per share amounts)	Gross Profit	Gross Profit Margin	Operating Income	Operating Income Margin	Interest Expense	Net Income	Diluted EPS
Fiscal 2012	$ 1,093.8	*59.5%*	$ 510.8	*27.8%*	$ 90.5	$ 257.4	$ 4.23
Adjustments to Reported Amounts[(1)]							
UK self-employment accrual reversal[(1)]	(14.5)		(14.5)		(7.1)	(4.1)	(0.07)
Total Adjustments	(14.5)		(14.5)		(7.1)	(4.1)	(0.07)
Fiscal 2012, as adjusted[(1)]	$ 1,079.3	*58.7%*	$ 496.3	*27.0%*	$ 83.4	$ 253.3	$
Less historical interest expense and related amortization on debt issuance costs on extinguished borrowings:	(3,292)	(1,784)					
Adjustment to interest expense	$ 169	$ (437)					

(1) Represents pro forma interest expense on the Amended Facility calculated using the average monthly borrowings for both the twelve and six month periods ending December 31, 2008 and June 30, 2009, respectively. Interest rate assumption was based on the actual LIBOR rates available as of the beginning of each period presented plus applicable spread under the Amended Facility of 4.25%.

(2) Represents amortization of debt issuance costs over the term of the new Amended Facility.

(g) Reflects adjustments for preferred dividends for periods presented. Preferred dividends are cumulative and include the amortization of issuance costs and the accretion of discount on the issuance of preferred stock attributable to the fair value of the Warrant:

	Year Ended December 31, 2008	Six Months Ended June 30, 2009
Series E Preferred, 20,000 shares, annual dividend rate of 15%	$ 3,000	$ 1,500
Series F Preferred, 5,000 shares, annual dividend rate of 16%	800	400
Series G Preferred, 10,000 shares, annual dividend rate of 18%	1,800	900
Amortization and discount accretion	1,394	637
	$ 6,994	$ 3,437

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DIRECTORS AND EXECUTIVE OFFICERS

The name, age, directorships (if applicable) and business experience during at least the last five years for our directors and executive officers is set forth in the tables below.

Directors

NAME	AGE	OCCUPATION, BUSINESS & DIRECTORSHIPS	DIRECTOR SINCE
Richard J. Giromini	56	Mr. Giromini was promoted to President and Chief Executive Officer on January 1, 2007. He had been Executive Vice President and Chief Operating Officer from February 28, 2005 until December 2005 at which time he was appointed President and a Director of the Company. He had been Senior Vice President — Chief Operating Officer since joining the Company on July 15, 2002. Prior to joining Wabash National, Mr. Giromini was with Accuride Corporation from April 1998 to July 2002, where he served in capacities as Senior Vice President — Technology and Continuous Improvement; Senior Vice President and General Manager — Light Vehicle Operations; and President and CEO of AKW LP. Previously, Mr. Giromini was employed by ITT Automotive, Inc. from 1996 to 1998 serving as Director of Manufacturing. Mr. Giromini also serves as a Director of Robbins & Myers, Inc., a leading supplier of engineered equipment and systems for critical applications in global energy, industrial chemical and pharmaceutical markets.	December 2005
James G. Binch	62	Mr. Binch was appointed to our Board of Directors effective on August 3, 2009 pursuant to the rights provided to Trailer Investments in the Transaction. Since 2007, Mr. Binch has served as a Managing Director of Lincolnshire Management, Inc., a private equity firm and affiliate of Trailer Investments. From 1991 until 2006, Mr. Binch served as the President and Chief Executive Officer of Memry Corporation, a medical device component manufacturer. Mr. Binch also serves as a Director of Exactech Corporation.	July 2009
Andrew C. Boynton	53	Mr. Boynton was appointed to our Board of Directors effective on August 3, 2009 pursuant to the rights provided to Trailer Investments in the Transaction. Mr. Boynton is currently the Dean of the Carroll School of Management of Boston College, a position he has held since 2005. Prior to then, Mr. Boynton was a professor of strategy at IMD in Lausanne, Switzerland for ten years. Mr. Boynton also serves as a Director of Clough Global Opportunities Fund, Clough Global Equity Fund, and Clough Global Allocation Fund, all of which are registered as investment companies under the Investment Company Act of 1980 and associated with Clough Capital Partners, L.P., their investment advisor.	July 2009
Dr. Martin C. Jischke	68	Dr. Jischke served as President of Purdue University, West Lafayette, Indiana, from August 2000 until his retirement in July 2007. Dr. Jischke became Chairman of our Board of Directors at the 2007 Annual Meeting.	January 2002

		Dr. Jischke also serves as a Director of Vectren Corporation and Duke Realty Corporation.	
James D. Kelly	57	Mr. Kelly has served as the President, Engine Business and as a Vice President for Cummins Inc. since May 2005. Between 1976 and 1988, and following 1989, Mr. Kelly has been employed by Cummins in a variety of positions of increasing responsibility including, most recently, the Vice President and General Manager — Mid Range Engine Business between 2001 and 2004, and the Vice President and General Manager — Mid Range and Heavy Duty Engine Business from 2004 through May 2005.	February 2006

Stephanie K. Kushner	54	Ms. Kushner was Senior Vice President and Chief Financial Officer of Federal Signal Corporation, from March 2002 until December 2008. Prior to joining Federal Signal, she was employed by affiliates of FMC Corporation for 14 years, most recently as Vice President — Treasury and Corporate Development for FMC Technologies in 2001 and Vice President and Treasurer for FMC Corporation from 1999 to 2001.	February 2004
Michael J. Lyons	50	Mr. Lyons was appointed to our Board of Directors effective on August 3, 2009 pursuant to the rights provided to Trailer Investments in the Transaction. Since 1998, Mr. Maloney has served as a Senior Managing Director of Lincolnshire Management, Inc., a private equity firm and affiliate of Trailer Investments. Mr. Lyons began his affiliation with Lincolnshire in 1994 when he was Chief Operating Officer at one of its portfolio companies. Mr. Lyons started his career as a CPA with PriceWaterhouse.	July 2009
Larry J. Magee	55	Mr. Magee is Chairman, Chief Executive Officer and President of BFS Retail & Commercial Operations, LLC, a position he has held since December 2001. Previously, Mr. Magee served as President of Bridgestone/Firestone Retail Division from 1998 until his 2001 appointment. Mr. Magee held positions of increasing responsibility within the Bridgestone/Firestone family of companies during his 31-year tenure.	January 2005
Thomas J. Maloney	56	Mr. Maloney was appointed to our Board of Directors effective on August 3, 2009 pursuant to the rights provided to Trailer Investments in the Transaction. Since 1998, Mr. Maloney has served as the President of Lincolnshire Management, Inc., a private equity firm and affiliate of Trailer Investments. Mr. Maloney served as Managing Director of Lincolnshire beginning in 1993. Mr. Maloney serves on the board of several companies. He is a member of the Board of Trustees of Boston College, Fordham University and the Tilton School.	July 2009
Vineet Pruthi	64	Mr. Pruthi was appointed to our Board of Directors effective on August 3, 2009 pursuant to the rights provided to Trailer Investments in the Transaction. Since 1999, Mr. Pruthi has served as a Senior Managing Director of Lincolnshire Management, Inc., a private equity firm and affiliate of Trailer Investments. Prior to joining Lincolnshire in 1999, Mr. Pruthi was Chief Financial Officer of Credentials Services International.	July 2009
Scott K. Sorensen	48	Mr. Sorensen is the Chief Financial Officer of Sorenson Communications, a provider of communication services and products, a position he has held since August 2007. Previously, Mr. Sorensen was the Chief Financial Officer of Headwaters, Inc. from October 2005 to August 2007. Prior to joining Headwaters, Mr. Sorensen was the Vice President and Chief Financial Officer of Hillenbrand Industries, Inc., a manufacturer and provider of products and services for the health care and funeral services industries, since March 2001.	March 2005
			December 2004
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Ronald L. Stewart	Prior to his retirement in December 2005, Mr. Stewart served as President and Chief Executive Officer of Material Sciences Corporation, a position he held from March 2004 until his retirement. Previously, Mr. Stewart was President and Chief Executive Officer of Pangborn Corporation from 1999 through 2004. He currently serves on the Board of Directors for Pangborn Corporation.

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Executive Officers(1)

NAME	AGE	TITLE, BUSINESS EXPERIENCE AND DIRECTORSHIPS
Rodney P. Ehrlich	63	Mr. Ehrlich has been Senior Vice President — Chief Technology Officer of the Company since January 2004. From 2001 to 2003, Mr. Ehrlich was Senior Vice President of Product Development. Mr. Ehrlich has been in charge of the Company's engineering operations since the Company's founding. Prior to Wabash National, Mr. Ehrlich started with Monon Trailer Corporation in 1963 working various positions until becoming Chief Engineer in 1973, Director of Engineering in 1978, and serving until joining the founders of Wabash National in 1985. Mr. Ehrlich has obtained over 50 patents in trailer related design during his 45 year trailer career. Mr. Ehrlich holds a Bachelor of Science degree in Mechanical Engineering from Purdue University.
Bruce N. Ewald	57	Mr. Ewald's original appointment was Vice President and General Manager of Wabash National Trailer Centers, Inc. when he joined the Company in March 2005. In October 2005, he was promoted to Senior Vice President — Sales and Marketing. Mr. Ewald has nearly 25 years experience in the transportation industry. Most recently, Mr. Ewald was with PACCAR from 1991 to February 2005 where he served in a number of executive-level positions. Prior to PACCAR, Mr. Ewald spent ten years with Genuine Parts Co. where he served in several positions, including President and General Manager, Napa Auto Parts/Genuine Parts Co. Mr. Ewald holds a Bachelor of Science degree in Business from the University of Minnesota.
Timothy J. Monahan	57	Mr. Monahan has been Senior Vice President — Human Resources since joining the Company on October 15, 2003. Prior to that, Mr. Monahan was with Textron Fastening Systems from 1999 to October 2003 where he served as Vice President — Human Resources for the Commercial Solutions Group and later Global Vice President — Human Resources. Previously, Mr. Monahan served as Vice President — Human Resources at Beloit Corporation. Mr. Monahan serves on the board of directors of North American Tool Corporation, a global producer of special cutting tools. He holds a Bachelor of Science degree from Milton College and has attended the Duke University Fuqua School of Management — Executive Management Program.
Mark J. Weber	38	Effective August 31, 2009, Mr. Weber was promoted to Senior Vice President — Chief Financial Officer. Mr. Weber joined the Company in August 2005 as Director of Internal Audit, was promoted in February 2007 to Director of Finance, and in November 2007 he was promoted to Vice President and Corporate Controller. Prior to joining the Company, Mr. Weber was with Great Lakes Chemical Corporation from October 1995 through August 2005 where he served in several positions of increasing responsibility within accounting and finance, including Vice President of Finance. Mr. Weber earned his Master's of Business Administration and Bachelor of Science in Accounting from Purdue University's Krannert School of Management.

Joseph M. Zachman	49	In March 2008, Mr. Zachman was appointed to Senior Vice President — Chief Operating Officer. Mr. Zachman joined the Company in May 2005 as Vice President of Manufacturing and in June 2006 he was promoted to Senior Vice President — Manufacturing. Prior to joining Wabash in May 2005, Mr. Zachman was with TTM Technologies where he served as Vice President and General Manager from December 2002 until December 2004. Previously, Mr. Zachman served as President of CDR Corporation from September 2001 until December 2002; Director of Operations of Sanmina Corporation from September 1997 until September 2001; and worked at Delco Electronics Corporation from January 1984 until September 1997 where he served in numerous positions of increasing responsibility in engineering and manufacturing management. Mr. Zachman holds a Bachelor of Science degree from Purdue University and Masters of Sciences degree from Kettering University (formerly GMI). He is a graduate of the Advanced Management Program at the Duke University Fuqua School of Management.

(1) Information regarding Richard J. Giromini, President and Chief Executive Officer, is included in the table above.

SECURITY OWNERSHIP OF CERTAIN BENIFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of October 12, 2009 (unless otherwise specified), with respect to the beneficial ownership of our common stock by each person who is known to own beneficially more than 5% of the outstanding shares of common stock, each person currently serving as a director, each of our named executive officers (as defined in the Compensation Discussion & Analysis set forth in our Proxy Statement for our 2009 Annual Meeting of Stockholders and incorporated by reference in this prospectus), and all directors and executive officers as a group:

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES OF COMMON STOCK BENIFICIALLY OWNED	PERCENT OF CLASS
Trailer Investments, LLC c/o Lincolnshire Management, Inc. 780 Third Avenue New York, NY 10017	24,762,636(2)	44.2 %
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403	3,954,200(3)	12.7 %
Tontine Capital Management, L.L.C. and affiliates 55 Railroad Avenue, 3rd Floor Greenwich, CT 06830	2,833,200(4)	9.1 %
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, CA 90401	2,498,902(5)	8.0 %
Barclays Global Investors, N.A. and affiliates 400 Howard Street San Francisco, CA 94105	2,147,631(6)	6.9 %
James G. Binch	0	*
Andrew C. Boynton	0	*
Rodney P. Ehrlich	129,635(7)	*
Richard J. Giromini	511,781(8)	1.6%
Martin C. Jischke	53,823	*
James D. Kelly	43,756	*
Stephanie K. Kushner	47,447	*
Michael J. Lyons	24,762,636(9)	44.2 %
Larry J. Magee	51,786	*
Thomas J. Maloney	24,762,636(2)	44.2 %
Timothy J. Monahan	111,485(10)	*
Vineet Pruthi	24,762,636(11)	44.2 %
Scott K. Sorensen	45,686	*
Ronald L. Stewart	46,872	*
Robert J. Smith	82,744(12)	*
Joseph M. Zachman	97,314(13)	*

All executive officers and directors as a group (17 persons)	25,735,246(14)	45.6 %

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* Less than one percent

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of October 12 , 2009 are deemed outstanding for purposes of computing the percentage ownership of the person holding such options, but are not deemed outstanding for purposes of computing the percentage ownership of any other person. Except where indicated otherwise, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

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(2) Based on information provided jointly by (i) Trailer Investments, (ii) Lincolnshire Equity Fund III, L.P. (“LEF III”), a Delaware limited partnership and the sole member of Trailer Investments, (iii) Lincolnshire Equity Partners III, L.P. (“LEP III”), a Delaware limited partnership principally engaged in the business of serving as the general partners of LEF III, Lincolnshire Equity III, LLC (“Equity III”), a Delaware limited liability company principally engaged in the business of serving as the general partner of LEP III, and Thomas J. Maloney, a member of our board of directors, who holds a majority of the voting power of Equity III. The shares of common stock are issuable upon exercise of the Warrant, which is immediately exercisable at $.01 per share.

(3) Based solely on a Schedule 13G/A filed February 2, 2009 on behalf of Franklin Resources, Inc. (“FRI”). These shares of common stock are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries, each, an “Investment Management Subsidiary” and, collectively, the “Investment Management Subsidiaries” of FRI, including the Investment Management Subsidiary Franklin Advisory Services, LLC. Investment management contracts grant to the Investment Management Subsidiaries all investment and/or voting power over the securities owned by such investment management clients, unless otherwise noted. Therefore, for purposes of Rule 13d-3 under the Act, the Investment Management Subsidiaries may be deemed to be the beneficial owners of the securities.

Charles B. Johnson and Rupert H. Johnson, Jr. (the “Principal Shareholders”) each own in excess of 10% of the outstanding common stock of FRI and are the principal stockholders of FRI. FRI and the Principal Shareholders may be deemed to be, for purposes of Rule 13d-3 under the Act, the beneficial owners of securities held by persons and entities for whom or for which FRI subsidiaries provide investment management services. FRI, the Principal Shareholders and each of the Investment Management Subsidiaries disclaim any pecuniary interest in any of the securities.

FRI, the Principal Shareholders, and each of the Investment Management Subsidiaries believe that they are not a “group” within the meaning of Rule 13d-5 under the Exchange Act and that they are not otherwise required to attribute to each other the beneficial ownership of the securities held by any of them or by any persons or entities for whom or for which FRI subsidiaries provide investment management services.

(4) Based solely on a Schedule 13G/A filed February 13, 2009 by Mr. Jeffrey L. Gendell, individually, and as managing member of Tontine Capital Management, L.L.C. (“TCM”), a Delaware limited liability company, the general partner of Tontine Capital Partners, L.P. (“TCP”), a Delaware limited partnership. Mr. Gendell is also the managing member of Tontine Overseas Associates, L.L.C. (“TOA”), a Delaware limited liability company, the investment manager to Tontine Capital Overseas Master Fund, L.P. (“TCO”), a Cayman Islands partnership.

TOA reported beneficial ownership of, shared power to vote or direct the vote of, and shared power to dispose of or direct the disposition of 651,194 shares of common stock.

TCP reported beneficial ownership of, shared power to vote or direct the vote of, and shared power to dispose of or direct the disposition of 2,182,006 shares of common stock.

TCM reported beneficial ownership of, shared power to vote or direct the vote of, and shared power to dispose of or direct the disposition of 2,182,006 shares of common stock.

Mr. Gendell reported beneficial ownership of, shared power to vote or direct the vote of, and shared power to dispose of or direct the disposition of 2,833,200 shares of common stock.

(5)

Based solely on a Schedule 13G filed February 9, 2009. Dimensional Fund Advisors LP (formerly, Dimensional Fund Advisors Inc.) ("Dimensional"), an investment advisor registered under the Investment Company Act of 1940, furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts. These investment companies, trusts and accounts are the "Funds." In its role as investment advisor or manager, Dimensional possess investment and/or voting power over the securities that are owned by the Funds, and may be deemed to be the beneficial owner of the shares held by the Funds. However, all securities reported in the Schedule 13/G are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.

(6) Based solely on a Schedule 13G filed February 5, 2009. Addresses are: Barclays Global Investors, NA ("Barclays Investors") and Barclays Global Fund Advisors ("Barclays Fund Advisors"), 400 Howard Street, San Francisco CA 94105; Barclays Global Investors, Ltd. ("Barclays Investors Ltd."), Murray House, 1 Royal Mint Court, London, EC3N 4HH; Barclays Global Investors Japan Limited ("Barclays Investors Japan"), Ebisu Prime Square Tower 8th Floor, 1-1-39 Hiroo Shibuya-Ku, Tokyo 150-8402 Japan; Barclays Global Investors Canada Limited ("Barclays Investors Canada"), Brookfield Place, 161 Bay Street, Suite 2500, PO Box 614, Toronto, Canada, Ontario M5J 2S1; Barclays Global Investors Australia Limited ("Barclays Investors Australia"), Level 43, Grosvenor Place, 225 George Street, PO Box N43, Sydney, Australia NSW 1220; Barclays Global Investors (Deutschland) AG ("Barclays Investors Deutschland"), Apianstrasse 6, D-85774, Unterfohring, Germany. As of December 31, 2008, the Schedule 13G indicates: Barclays Investors has sole voting power as to 586,078 shares and sole dispositive power as to 743,810 shares; Barclays Fund Advisors has sole voting power as to 1,037,224 shares and sole dispositive power as to 1,384,356 shares; Barclays Investors Ltd. has sole dispositive power as to 19,465 shares; and, Barclays Investors Japan, Barclays Investors Canada, Barclays Investors Australia, and Barclays Investors Deutschland have sole voting power and sole dispositive power as to 0 shares.

(7) Includes options held by Mr. Ehrlich to purchase 65,130 shares that are currently, or will be within 60 days of October 12 , 2009, exercisable. Includes 14,000 shares held by a trust of which Mr. Ehrlich's spouse is the sole trustee and 6,011 shares held by a trust of which Mr. Ehrlich is the sole trustee.

(8) Includes options held by Mr. Giromini to purchase 226,937 shares that are currently, or will be within 60 days of October 12 , 2009, exercisable.

(9) Mr. Lyons is a member of Equity III. Equity III is the general partner of LEP III, which is the general partner of LEF III, which is the sole member of Trailer Investments. By virtue of his relationship with Equity III, Mr. Lyons may be deemed to have voting and dispositive power with respect to the 24,762,636 shares beneficially owned by Trailer Investments. Mr. Lyons disclaims beneficial ownership of the securities held by each of the entities referred to in this footnote except to the extent of his pecuniary interest therein.

(10) Includes options held by Mr. Monahan to purchase 51,680 shares that are currently, or will be within 60 days of October 12 , 2009, exercisable.

(11) Mr. Pruthi is a member of Equity III. Equity III is the general partner of LEF III, which is the general partner of LEP III, which is the sole member of Trailer Investments. By virtue of his relationship with Equity III, Mr. Pruthi may be deemed to have voting and dispositive power with respect to the 24,762,636 shares beneficially owned by Trailer Investments. Mr. Pruthi disclaims beneficial ownership of the securities held by each of the entities referred to in this footnote except to the extent of his pecuniary interest therein.

(12) Includes options held by Mr. Smith to purchase 50,140 shares that are currently, or will be within 60 days of October 12 , 2009, exercisable. Mr. Smith ceased to serve as our Chief Financial Officer on August 31, 2009.

(13) Includes options held by Mr. Zachman to purchase 35,960 shares that are currently, or will be within 60 days of October 12 , 2009, exercisable.

(14) Includes options held by our executive officers to purchase an aggregate of 438,084 shares that are currently, or will be within 60 days of October 12 , 2009, exercisable. Also includes the 24,762,636 shares issuable upon exercise of the warrant referenced in footnote 2. Mr. Smith ceased to serve as our Chief Financial Officer on August 31, 2009 and his equity ownership is not included in the total. Mark J. Weber became our Chief Financial Officer on August 31, 2009, and his equity ownership is included in the total.

DESCRIPTION OF OUR COMMON STOCK

The following description of our common stock and provisions of our certificate of incorporation and amended and restated bylaws, as amended, are summaries and are qualified by reference to our certificate of incorporation and our amended and restated bylaws, as amended, that are filed as exhibits to the registration statement that includes this prospectus. The General Corporation Law of the State of Delaware (the "DGCL") may also affect the terms of our common stock.

General

We are authorized to issue up to 75,000,000 shares of common stock, par value $0.01 per share. We are also authorized to issue up to 25,000,000 shares of preferred stock, par value $0.01 per share. As of September 30, 2009, (i) there were 31,201,275 shares of our common stock outstanding, (ii) 35,000 shares of our Preferred Stock outstanding and (ii) there was the Warrant outstanding that is exercisable at $0.01 per share for 24,762,636 newly issued shares of our common stock, subject to upward adjustment.

Voting Rights

Holders of our common stock are entitled to attend all annual and special meetings of our stockholders and to vote upon any matter, including, without limitation, the election of directors. Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Accordingly, holders of a majority of the shares of our common stock entitled to vote in any election of directors may elect all of the directors standing for election. However, for so long as the Trailer Investors beneficially own at least 10% of our outstanding common stock, they maintain the right to designate five persons for election to our board of directors. In addition, for so long as the Trailer Investors continue to hold a majority of the Preferred Stock, we cannot take certain actions without the consent of a majority of the Trailer Investors, even if approved by the holders of our common stock. Specifically, without the approval of a majority of the Trailer Investors we cannot:

- directly or indirectly declare or make any dividend, distribution, or redemption of any shares of any class of our stock other than dividend payments on the Preferred Stock;

- directly or indirectly declare or make any payments of management, consulting or other fees to any affiliate, which includes certain of our officers, directors and employees;

- issue any notes or debt securities containing equity or voting features or any capital stock, other equity securities or equity-linked securities;

- make loans or advances to, guarantees for the benefit of, or investments in, any person, subject to exceptions for reasonable advances to employees and specified types of highly liquid investments;

- liquidate, dissolve or effect a recapitalization or reorganization in any form of transaction, unless, in the case of a recapitalization or reorganization, such transaction would result in a change of control and we pay to the holders of the Preferred Stock all amounts then due and owing under the Preferred Stock prior to or contemporaneous with the consummation of such transaction;

- directly or indirectly acquire any interest in an entity or joint venture, except for acquisitions involving aggregate consideration (whether payable in cash or otherwise) not to exceed $5,000,000 in the aggregate if, at the time of any such acquisition, we have availability for draw-downs under the Amended Facility in an amount equal to or exceeding $20,000,000 and the ratio of our aggregate indebtedness as of the most recent month end to the previous twelve-month EBITDA (as defined in the Amended Facility) after giving effect to such acquisition is less than 6:1;

- reclassify or recapitalize our capital stock , subject to certain exceptions;
- enter into any line of business other than the lines of business in which we are currently engaged and other activities reasonably related thereto;
- enter into, amend, modify or supplement any agreement, commitment or arrangement with any of our affiliates, except for customary employment arrangements and benefit programs on reasonable terms and except as otherwise expressly contemplated by certain documents entered into in connection with the Transaction;
- create, incur, guarantee, assume or suffer to exist, any indebtedness, other than (A) indebtedness pursuant to the Amended Facility, and (B) indebtedness in an aggregate amount not to exceed $10,000,000, provided that such indebtedness is created, incurred, guaranteed, assumed or suffered to exist solely to satisfy our working capital requirements, the interest rate per annum applicable to such Indebtedness does not exceed 9% and the ratio of our aggregate indebtedness as of the most recent month end to the previous twelve-month EBITDA after giving effect to such creation, incurrence, guaranty, assumption or sufferance does not exceed 3:1;
- engage in any transaction that results in a change of control unless we pay to the holders of the Preferred Stock all amounts then due and owing under the Preferred Stock (including the premium payable in connection with any redemption relating to a change of control) prior to or contemporaneous with the consummation of such transaction;
- sell, lease or otherwise dispose of more than 2% of our consolidated assets (computed on the basis of book value, determined in accordance with Generally Accepted Accounting Principles in the U.S. (“GAAP”), or fair market value, determined by the board of directors in its reasonable good faith judgment) in any transaction or series of related transactions, other than sales of inventory in the ordinary course of business;
- become subject to any agreement or instrument which by its terms would (under any circumstances) restrict (A) the right of any subsidiary to make loans or advances or pay dividends to, transfer property to, or repay any indebtedness owed to us or (B) restrict our right or ability to perform the provisions of certain agreements entered into in connection with the Transaction or to conduct its business as conducted as of the Effective Date (as defined in the Amended Facility);
- make any amendment to or rescind any provision of our organization documents, increase the number of authorized shares of common stock or preferred stock or adversely affect or otherwise impair the rights of the Trailer Investors or the holders of the Preferred Stock; or
- increase the size of the board of directors or create or change any committee of our board of directors.

Liquidation Rights

Upon our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive their ratable portion of our assets legally available for distribution after the payment of all debts and other liabilities and subject to the rights of the Preferred Stock. Subject to the rights of our creditors, upon any liquidation, dissolution or winding up of Wabash the holders of the Preferred Stock are entitled to be paid before any distribution or payment is made to the holders of our common stock. The liquidation preference for the Preferred Stock is for an amount in cash equal to $1,000 per share of Preferred Stock plus all accumulated, accrued and unpaid dividends thereon. Further, as noted above under “Voting Rights”, without the consent of a majority of the Trailer Investors we cannot engage in any transaction that results in a change of control unless we pay to the holders of the Preferred Stock all amounts then due and owing under the Preferred Stock (including the premium payable in connection with any redemption relating to a change of control) prior to or contemporaneous with the consummation of such transaction.

Other Rights and Restrictions

Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of the Preferred Stock and the shares of any series of preferred stock that we may designate and issue in the future. Our certificate of incorporation and amended and restated bylaws, as amended, do not restrict the ability of a holder of common stock to transfer his or her shares of common stock.

Anti-Takeover Provisions

Organizational Documents. Our certificate of incorporation and our amended and restated bylaws, as amended, provide that any action required or permitted to be taken by our stockholders at an annual or special meeting of stockholders may only be taken if it is properly brought before the meeting or taken by written action in lieu of a meeting by persons who would be entitled to vote at a meeting and who hold shares having voting power equal to not less than the minimum number of votes that would be necessary to authorize or take action at a meeting at which all shares entitled to vote were present and void. Our amended and restated bylaws, as amended, further provide that special meetings of stockholders may only be called by our President, board of directors, or chairperson of the board of directors. In addition, our amended and restated bylaws establish an advance notice procedure for stockholder proposals and director nominations to be brought before an annual meeting of stockholders. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder’s intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholders’ meeting actions that are favored by the holders of a majority of our outstanding voting securities.

Certificates of Designation of the Preferred Stock. Pursuant to the terms of our Preferred Stock, which are provided in the certificates of designation filed with the Secretary of State for the State of Delaware for each series, for so long as the Trailer Investors continue to hold a majority of the Preferred Stock we cannot engage in any transaction that results in a change of control unless we pay the Preferred Stock holders all amounts then due and owing under the Preferred Stock (including the premium payable in connection with any redemption relating to a change of control) prior to or contemporaneous with the consummation of such transaction without the consent of a majority of the Trailer Investors. Further, without the consent of a majority of the Trailer Investors we cannot sell, lease or otherwise dispose of more than 2% of our consolidated assets (as computed on the basis of book value determined in accordance with GAAP or on the basis of fair market value determined by the board of directors in its reasonable good faith judgment) in any transaction or series of related transactions, other than sales of inventory in the ordinary course of business.

Stockholders’ Rights Plan. We have a Stockholders’ Rights Plan (the “Rights Plan”) that is designed to deter coercive or unfair takeover tactics in the event of an unsolicited takeover attempt. It is not intended to prevent a takeover on terms that are favorable and fair to all stockholders and will not interfere with a merger approved by our board of directors. Each right entitles stockholders to buy one one-thousandth of a share of Series D Junior Participating Preferred Stock at an exercise price of $120. The rights will be exercisable only if a person or a group acquires or announces a tender or exchange offer to acquire 20% or more of our common stock or if we enter into other business combination transactions not approved by our board of directors. Trailer Investments is exempted from the application of the Rights Plan to the acquisition of our shares by them. In the event the rights become exercisable, the Rights Plan allows for our stockholders to acquire our stock or the stock of the surviving corporation, whether or not we are the surviving corporation, having a value twice that of the exercise price of the rights. These rights pursuant to the Rights Plan will expire December 28, 2015 or are redeemable for $0.01 per right by the our board under certain circumstances.

Dividends

Holders of our common stock are entitled to receive proportionately any dividends as may be declared by our board of directors on our common stock, subject to any preferential dividend rights of outstanding preferred stock, including the Preferred Stock, and subject to any applicable contractual restrictions and limitations, including as a result of our current amended and restated credit facility.

Listing

Our common stock is listed on the New York Stock Exchange under the symbol “WNC”.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is The Bank of New York Mellon Corporation.

LEGAL MATTERS

Hogan & Hartson LLP, Baltimore, Maryland has passed upon certain legal matters in connection with the common stock.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements included in our Annual Report on Form 10-K/A for the year ended December 31, 2008, and the effectiveness of our internal control over financial reporting as of December 31, 2008, as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP’s reports, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, proxy statements or other information that we file with the SEC at the following location of the SEC:

Public Reference Room
100 F Street, N.E.
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC’s web site is www.sec.gov.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

Securities and Exchange Commission filing fee	$ 3,710
Accounting fees and expenses	65,000
Legal fees and expenses	45,000
Miscellaneous	10,000
Total expenses	$ 123,710

All of the above fees and expenses will be paid by us. Other than the Securities and Exchange Commission filing fee, all fees and expenses are estimated.

Item 14. Indemnification of Directors and Officers

Delaware General Corporation Law. Section 145(a) of the General Corporation Law of the State of Delaware (the "DGCL") provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

Section 145(b) of the DGCL states that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which the person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

Section 145(c) of the DGCL provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145(d) of the DGCL states that any indemnification under subsections (a) and (b) of Section 145 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of Section 145. Such determination shall be made with respect to a person who is a director or officer at the time of such determination (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Section 145(f) of the DGCL states that the indemnification and advancement of expenses provided by, or granted pursuant to, the other subsections of Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person’s official capacity and as to action in another capacity while holding such office.

Section 145(g) of the DGCL provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person’s status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Section 145.

Section 145(j) of the DGCL states that the indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Certificate of Incorporation. Article TENTH of our certificate of incorporation provides that the we will indemnify our directors and officers to the fullest extent permitted by law and that directors shall not be liable for monetary damage to us or our stockholders for breach of fiduciary duty, except to the extent not permitted under DGCL.

Bylaws. Our amended and restated bylaws, as amended, provide that any director or officer who was or is a party or is threatened to be made a party to any action or proceeding by reason of his or her services to us will be indemnified to the fullest extent permitted by the DGCL.

Indemnification Agreements. The board of directors has adopted a form of indemnification agreement for our directors, which provides a contractual right in certain circumstances to indemnification for related expenses including, among other things, attorneys’ fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding arising as a result of such individual’s relationship with us, and the advancement of expenses for the same.

Insurance. We maintain directors and officers liability insurance, which covers our directors and officers against certain claims or liabilities arising out of the performance of their duties.

Item 15. Recent Sales of Unregistered Securities

Since January 1, 2006 we have issued unregistered securities to a limited number of persons as described below:

(1) On August 3, 2009, we issued to Trailer Investments, an entity formed to invest in us by Lincolnshire Equity Fund III, L.P., a private equity fund managed by Lincolnshire Management, Inc., the following securities: (i) 20,000 shares of Series E redeemable preferred stock, (ii) 5,000 shares of Series F redeemable preferred stock, (iii) 10,000 shares of Series G redeemable preferred stock and (iv) a warrant is immediately exercisable at $0.01 per share for up to 44.21% of the shares of our common stock (subject to adjustment) (the “Warrant”). At the time of issuance, the number of shares subject to the Warrant was 24,762,636 shares of newly issued common stock, subject to upward adjustment. The issuance of the foregoing securities was for an aggregate offering price of $35,000,000 and the issuance was made in reliance on Section 4(2) under the Securities Act and Regulation D promulgated thereunder in a transaction not involving a public offering.

(2) On May 14, 2009, each non-employee director of our board of directors, as part of the director compensation to be paid by us for 2009, was granted 32,374 shares of unrestricted common stock for an aggregate grant of 194,244 shares, pursuant to our 2007 Omnibus Incentive Plan (the "Omnibus Plan"). The Omnibus Plan limits grants of unrestricted stock awards in an aggregate amount of up to 5% of the number of shares of stock available for issuance under the Plan. In July 2009, we discovered that the May 14, 2009 grant to non-employee directors exceeded this 5% limitation by 118,440 shares, or 19,740 shares per non-employee director, and as such, these shares were void. In response, and in consideration of the 2009 compensation for service on the board of directors, on July 30, 2009 the board of directors approved providing each non-employee director the right to receive, at the election of such non-employee director, either (i) 19,740 shares of our common stock or (ii) a cash amount equivalent to the product of (1) the closing price of our common stock on the New York Stock Exchange on the business day after the respective election is received us and (2) 19,740. Accordingly, since that date up to an aggregate of 118,440 shares have been issued to members of the board of directors in reliance on Section 4(2) under the Securities Act in a transaction not involving a public offering.

Item 16. Exhibits and Financial Statement Schedules.

(a)

2.01	Stock Purchase Agreement by and among the Company, Transcraft Corporation and Transcraft Investment Partners, L.P. dated as of March 3, 2006 (12)
3.01	Certificate of Incorporation of the Company (1)
3.02	Certificate of Designations of Series D Junior Participating Preferred Stock (10)
3.03	Certificates of Designations, Preferences and Rights of Series E Redeemable Preferred Stock (19)
3.04	Certificates of Designations, Preferences and Rights of Series F Redeemable Preferred Stock (19)
3.05	Certificates of Designations, Preferences and Rights of Series G Redeemable Preferred Stock (19)
3.06	Amended and Restated By-laws of the Company, as amended (19)
4.01	Specimen Stock Certificate (2)
4.02	Rights Agreement between the Company and National City Bank as Rights Agent dated December 28, 2005 (11)
4.02	Amendment dated July 17, 2009 to the Rights Agreement, dated as of December 28, 2005, between the Company and National City Bank, as Rights Agent (18)
5.01	Opinion of Hogan & Hartson LLP (20)
10.01#	1992 Stock Option Plan (1)
10.02#	2000 Stock Option Plan (3)
10.03#	Executive Employment Agreement dated June 28, 2002 between the Company and Richard J. Giromini (4)
10.04#	Non-qualified Stock Option Agreement dated July 15, 2002 between the Company and Richard J. Giromini (4)
10.05#	Non-qualified Stock Option Agreement between the Company and William P. Greubel (4)
10.06	Asset Purchase Agreement dated July 22, 2003 (5)
10.07	Amendment No. 1 to the Asset Purchase Agreement dated September 19, 2003 (5)
10.08#	2004 Stock Incentive Plan (6)
10.09#	Form of Associate Stock Option Agreements under the 2004 Stock Incentive Plan (7)
10.10#	Form of Associate Restricted Stock Agreements under the 2004 Stock Incentive Plan (7)
10.11#	Form of Executive Stock Option Agreements under the 2004 Stock Incentive Plan (7)
10.12#	Form of Executive Restricted Stock Agreements under the 2004 Stock Incentive Plan (7)
10.13#	Restricted Stock Unit Agreement between the Company and William P. Greubel dated March 7, 2005 (8)
10.14#	Stock Option Agreement between the Company and William P. Greubel dated March 7, 2005 (8)
10.15#	Corporate Plan for Retirement – Executive Plan (9)

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10.16# Change in Control Policy (15)
10.17# Executive Severance Policy (15)
10.18# Form of Restricted Stock Unit Agreement under the 2004 Stock Incentive Plan (13)
10.19# Form of Restricted Stock Agreement under the 2004 Stock Incentive Plan (13)
10.20# Form of CEO and President Restricted Stock Agreement under the 2004 Stock Incentive Plan (13)
10.21# Form of Stock Option Agreement under the 2004 Stock Incentive Plan (13)
10.22# Form of CEO and President Stock Option Agreement under the 2004 Stock Incentive Plan (13)
10.23# Executive Director Agreement dated January 1, 2007 between the Company and William P. Greubel (14)
10.24# Amendment to Executive Employment Agreement dated January 1, 2007 between the Company and Richard J. Giromini (14)
10.25# Form of Non-Qualified Stock Option Agreement under the 2007 Omnibus Incentive Plan (15)
10.26# Form of Restricted Stock Agreement under the 2007 Omnibus Incentive Plan (15)
10.27 Third Amended and Restated Loan and Security Agreement, by and among the Company and certain of its subsidiaries identified on the signature page thereto, Bank of America, N.A., as a Lender and as Agent, and other Lender parties thereto (18)
10.28# 2007 Omnibus Incentive Plan, as amended (16)
10.29 Securities Purchase Agreement dated as of July 17, 2009, by and between the Company and Trailer Investments, LLC, including Exhibits thereto (18)
10.30 Investor Rights Agreement dated as of August 3, 2009 by and between the Company and Trailer Investments, LLC (19)
10.31 Warrant to Purchase Shares of Common Stock issued on August 3, 2009 (19)
10.32# Form of Indemnification Agreement (19)
21.01 List of Significant Subsidiaries (17)
23.01 Consent of Ernst & Young LLP (21)
23.02 Consent of Hogan & Hartson (Included in Exhibit 5.01)
24.01 Power of Attorney (20)

Management contract or compensatory plan.

(1) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (No. 33-42810) or the Registrant’s Registration Statement on Form 8-A filed December 6, 1995 (Item 3.02 and 4.02)
(2) Incorporated by reference to the Registrant’s registration statement Form S-3 (Registration No. 333-27317) filed on May 16, 1997
(3) Incorporated by reference to the Registrant’s Form 10-Q for the quarter ended March 31, 2001 (File No. 1-10883)
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(19) Incorporated by reference to the Registrant's Form 8-K filed on August 4, 2009 (File No. 1-10883)
(20) Previously filed
(21) Filed herewith

(b) Financial statement schedules.

The financial statement schedules have been omitted as they are not applicable or the required information is included in the notes to the financial statements.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

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(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(5) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of our company pursuant to the foregoing provisions, or otherwise, our company has been advised that in the opinion of the Securities and Exchange Commission that type of indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against said liabilities (other than the payment by our company of expenses incurred or paid by a director, officer or controlling person of our company in the successful defense of any action, suit or proceeding) is asserted by the director, officer or controlling person in connection with the securities being registered, our company will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of the issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, Wabash National Corporation has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lafayette, Indiana on October 13, 2009.

WABASH NATIONAL CORPORATION

By: /s/ Richard J. Giromini
Richard J. Giromini
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Richard J. Giromini Richard J. Giromini	President, Chief Executive Officer and Director (principal executive officer)	October 13, 2009
/s/ Mark J. Weber Mark J. Weber	Senior Vice President— Chief Financial Officer (principal financial and accounting officer)	October 13, 2009
* Martin C. Jischke	Director	October 13, 2009
* James D. Kelly	Director	October 13, 2009
* Stephanie K. Kushner	Director	October 13, 2009
* Larry J. Magee	Director	October 13, 2009
* Scott K. Sorensen	Director	October 13, 2009
* Ronald L. Stewart	Director	October 13, 2009
* Thomas J. Maloney	Director	October 13, 2009
* Michael J. Lyons	Director	October 13, 2009

* Vineet Pruthi	Director	October 13, 2009

* James G. Binch	Director	October 13, 2009
* Andrew C. Boynton	Director	October 13, 2009

* By: /s/ Mark J. Weber
Attorney-in-Fact

EXHIBIT INDEX

2.01	Stock Purchase Agreement by and among the Company, Transcraft Corporation and Transcraft Investment Partners, L.P. dated as of March 3, 2006 (12)
3.01	Certificate of Incorporation of the Company (1)
3.02	Certificate of Designations of Series D Junior Participating Preferred Stock (10)
3.03	Certificates of Designations, Preferences and Rights of Series E Redeemable Preferred Stock (19)
3.04	Certificates of Designations, Preferences and Rights of Series F Redeemable Preferred Stock (19)
3.05	Certificates of Designations, Preferences and Rights of Series G Redeemable Preferred Stock (19)
3.06	Amended and Restated By-laws of the Company, as amended (19)
4.01	Specimen Stock Certificate (2)
4.02	Rights Agreement between the Company and National City Bank as Rights Agent dated December 28, 2005 (11)
4.02	Amendment dated July 17, 2009 to the Rights Agreement, dated as of December 28, 2005, between the Company and National City Bank, as Rights Agent (18)
5.01	Opinion of Hogan & Hartson LLP (20)
10.01#	1992 Stock Option Plan (1)
10.02#	2000 Stock Option Plan (3)
10.03#	Executive Employment Agreement dated June 28, 2002 between the Company and Richard J. Giromini (4)
10.04#	Non-qualified Stock Option Agreement dated July 15, 2002 between the Company and Richard J. Giromini (4)
10.05#	Non-qualified Stock Option Agreement between the Company and William P. Greubel (4)
10.06	Asset Purchase Agreement dated July 22, 2003 (5)
10.07	Amendment No. 1 to the Asset Purchase Agreement dated September 19, 2003 (5)
10.08#	2004 Stock Incentive Plan (6)
10.09#	Form of Associate Stock Option Agreements under the 2004 Stock Incentive Plan (7)
10.10#	Form of Associate Restricted Stock Agreements under the 2004 Stock Incentive Plan (7)
10.11#	Form of Executive Stock Option Agreements under the 2004 Stock Incentive Plan (7)
10.12#	Form of Executive Restricted Stock Agreements under the 2004 Stock Incentive Plan (7)
10.13#	Restricted Stock Unit Agreement between the Company and William P. Greubel dated March 7, 2005 (8)
10.14#	Stock Option Agreement between the Company and William P. Greubel dated March 7, 2005 (8)
10.15#	Corporate Plan for Retirement – Executive Plan (9)
10.16#	Change in Control Policy (15)
10.17#	Executive Severance Policy (15)
10.18#	Form of Restricted Stock Unit Agreement under the 2004 Stock Incentive Plan (13)
10.19#	Form of Restricted Stock Agreement under the 2004 Stock Incentive Plan (13)
10.20#	Form of CEO and President Restricted Stock Agreement under the 2004 Stock Incentive Plan (13)
10.21#	Form of Stock Option Agreement under the 2004 Stock Incentive Plan (13)
10.22#	Form of CEO and President Stock Option Agreement under the 2004 Stock Incentive Plan (13)
10.23#	Executive Director Agreement dated January 1, 2007 between the Company and William P. Greubel (14)
10.24#	Amendment to Executive Employment Agreement dated January 1, 2007 between the Company and Richard J. Giromini (14)
10.25#	Form of Non-Qualified Stock Option Agreement under the 2007 Omnibus Incentive Plan (15)
10.26#	Form of Restricted Stock Agreement under the 2007 Omnibus Incentive Plan (15)
10.27	Third Amended and Restated Loan and Security Agreement, by and among the Company and certain of its subsidiaries identified on the signature page thereto, Bank of America, N.A., as a Lender and as Agent, and other Lender parties thereto (18)
10.28#	2007 Omnibus Incentive Plan, as amended (16)
10.29	

	Securities Purchase Agreement dated as of July 17, 2009, by and between the Company and Trailer Investments, LLC, including Exhibits thereto (18)
10.30	Investor Rights Agreement dated as of August 3, 2009 by and between the Company and Trailer Investments, LLC (19)
10.31	Warrant to Purchase Shares of Common Stock issued on August 3, 2009 (19)
10.32#	Form of Indemnification Agreement (19)

21.01 List of Significant Subsidiaries (17)
23.01 Consent of Ernst & Young LLP (21)
23.02 Consent of Hogan & Hartson (Included in Exhibit 5.01)
24.01 Power of Attorney (20)

Management contract or compensatory plan.

(1) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (No. 33-42810) or the Registrant’s Registration Statement on Form 8-A filed December 6, 1995 (Item 3.02 and 4.02)
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