

WEIGHT WATCHERS INTERNATIONAL INC  
Form DEF 14A  
April 21, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(RULE 14a-101)

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**WEIGHT WATCHERS INTERNATIONAL, INC.**

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Amount Previously Paid:

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(3) Filing Party:

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**WEIGHT WATCHERS INTERNATIONAL, INC.**

**675 Avenue of the Americas, 6<sup>th</sup> Floor**

**New York, New York 10010**

**Corporate Website: [www.weightwatchersinternational.com](http://www.weightwatchersinternational.com)**

**NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held On May 7, 2015**

The 2015 Annual Meeting of Shareholders of Weight Watchers International, Inc. (the Company) will be held at the Company's corporate headquarters at 675 Avenue of the Americas, 6<sup>th</sup> Floor, New York, New York 10010 on Thursday, May 7, 2015, at 10:00 a.m. Eastern Time (the 2015 Annual Meeting), to consider and act upon each of the following matters:

1. The election of the three nominees named in the attached Proxy Statement as members of the Board of Directors to serve for a three-year term as Class II directors;
2. The ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal 2015;
3. The approval of an amendment to the Company's 2014 Stock Incentive Plan to permit a one-time option exchange; and
4. Such other business as may properly come before the meeting and any and all adjournments or postponements thereof. These items of business are more fully described in the attached Proxy Statement. Only shareholders of record at the close of business on March 26, 2015, the record date, are entitled to notice of, and to vote at, the 2015 Annual Meeting and at any and all adjournments or postponements of the 2015 Annual Meeting.

By Order of the Board of Directors

Michael F. Colosi

General Counsel and Secretary

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New York, New York

April 21, 2015

WHETHER OR NOT YOU EXPECT TO ATTEND THE 2015 ANNUAL MEETING OF SHAREHOLDERS, PLEASE VOTE BY USING THE INTERNET OR TELEPHONE BY FOLLOWING THE INSTRUCTIONS IN THE PROXY STATEMENT AND ON THE ENCLOSED PROXY CARD OR COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES.

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**WEIGHT WATCHERS INTERNATIONAL, INC.**

**675 Avenue of the Americas, 6<sup>th</sup> Floor**

**New York, New York 10010**

**PROXY STATEMENT**

**FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held On May 7, 2015**

The Board of Directors of Weight Watchers International, Inc. is soliciting proxies for the company's 2015 Annual Meeting of Shareholders to be held at the company's corporate headquarters at 675 Avenue of the Americas, 6<sup>th</sup> Floor, New York, New York 10010 on Thursday, May 7, 2015, at 10:00 a.m. Eastern Time, and at any and all adjournments or postponements thereof. This Proxy Statement and the accompanying proxy card contain information about the items shareholders will vote on at the 2015 Annual Meeting of Shareholders. It is anticipated that this Proxy Statement and the accompanying proxy card will first be mailed to shareholders on or about April 21, 2015.

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**BASIS OF PRESENTATION**

Weight Watchers International, Inc. is a Virginia corporation with its principal executive offices in New York, New York. In this Proxy Statement unless the context indicates otherwise: we , us , our, Weight Watchers and the Company 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; and Artal refers to Artal Group S.A. together with its parents and its subsidiaries. Our fiscal year ends on the Saturday closest to December 31<sup>st</sup> and consists of either 52- or 53-week periods. In this Proxy Statement:

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; and

fiscal 2015 refers to our fiscal year ended January 2, 2016.

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**INFORMATION ABOUT THE 2015 ANNUAL MEETING OF SHAREHOLDERS AND VOTING**

**The Board of Directors of Weight Watchers International, Inc. is soliciting proxies for the Company's 2015 Annual Meeting of Shareholders (the 2015 Annual Meeting), to be held at our corporate headquarters at 675 Avenue of the Americas, 6<sup>th</sup> Floor, New York, New York 10010 on Thursday, May 7, 2015, at 10:00 a.m. Eastern Time, and at any and all adjournments or postponements thereof. You may obtain directions to the 2015 Annual Meeting by contacting our investor relations representative at (212) 986-6667. This Proxy Statement and the accompanying proxy card contain information about the items shareholders will vote on at the 2015 Annual Meeting. It is anticipated that this Proxy Statement and the accompanying proxy card will first be mailed to shareholders on or about April 21, 2015.**

**Who is entitled to vote?**

As of the close of business on March 26, 2015 (such date and time, the Record Date), there were 57,171,337 shares of common stock, no par value per share, of the Company (the Common Stock) outstanding. If you are a shareholder of record or a beneficial owner of Common Stock on the Record Date, you are entitled to receive notice of and to vote at the 2015 Annual Meeting and at any and all adjournments or postponements of the 2015 Annual Meeting. You are entitled to one vote for each share of Common Stock you hold as a shareholder of record or as beneficial owner for each matter presented for vote at the 2015 Annual Meeting.

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

If your shares are registered directly in your name with the Company's transfer agent, Computershare Trust Company, N.A., you are considered the shareholder of record with respect to those shares, and these proxy materials are being sent directly to you by or on behalf of the Company. As the shareholder of record, you have the right to grant your proxy to the persons named in the enclosed proxy card or to vote in person at the 2015 Annual Meeting. The Company has enclosed a proxy card for you to use.

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

**If I am a shareholder of record, how do I vote?**

As a shareholder of record, you may vote in person at the 2015 Annual Meeting. We will give you a ballot when you arrive at the 2015 Annual Meeting. If you do not wish to vote in person at, or if you will not be attending, the 2015 Annual Meeting, you may vote as follows:

1. Over the Internet: go to [www.investorvote.com/WTW](http://www.investorvote.com/WTW);
2. By telephone: call 1-800-652-VOTE (8683) (toll-free within the United States, U.S. territories and Canada) or 1-781-575-2300 (collect); or
3. By mail: complete, sign and date and promptly mail the enclosed proxy card in the enclosed envelope (postage-prepaid for mailing in the United States).

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

As the beneficial owner, you have the right to direct your bank, broker, trustee or other nominee how to vote and are also invited to attend the 2015 Annual Meeting. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the 2015 Annual Meeting unless you obtain and present at the 2015 Annual Meeting a legal proxy from the bank, broker, trustee or other nominee that holds your shares, giving you the right to vote the shares at the 2015 Annual Meeting. Your bank, broker, trustee or other nominee will send you separate instructions describing the procedure for voting your shares in person.

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If you do not wish to vote in person at the 2015 Annual Meeting, you may vote by providing voting instructions to your bank, broker, trustee or other nominee. Subject to and in accordance with the instructions provided by your bank, broker, trustee or other nominee, you may vote in one of the following manners: over the Internet, by telephone or by mail.

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

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

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

You can view our proxy materials for the 2015 Annual Meeting on the Internet on our corporate website at [www.weightwatchersinternational.com](http://www.weightwatchersinternational.com).

### **What happens if I do not give specific voting instructions?**

*Shareholders of Record.* If you are a shareholder of record and you indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors, or if you sign and return the enclosed proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the 2015 Annual Meeting.

*Beneficial Owners of Shares Held in Street Name.* If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the New York Stock Exchange ("NYSE") rules, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. We encourage you to provide voting instructions to the organization that holds your shares. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform our Inspector of Election that it does not have the authority to vote on such matter with respect to your shares. This is generally referred to as a "broker non-vote". Under current NYSE rules, Proposal 1 (Election of Class II Directors) and Proposal 3 (Approval of an Amendment to the Company's 2014 Stock Incentive Plan to Permit a One-Time Option Exchange) are considered non-routine matters.

### **How can I revoke my proxy or change my vote?**

You may revoke your proxy or change your voting instructions before the proposals are voted on at the 2015 Annual Meeting:

1. If you are a shareholder of record, by (a) voting on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the 2015 Annual Meeting will be counted), (b) timely delivering a written revocation or a valid, later-dated proxy to the Corporate Secretary of the Company at the address of the Company's corporate headquarters, or (c) attending the 2015 Annual Meeting and voting in person (attendance at the 2015 Annual Meeting will not itself revoke a proxy); or
2. If you are a beneficial owner of shares held in street name, by submitting new voting instructions by contacting your bank, broker, trustee or other nominee, or as otherwise provided in the instructions provided to you by your bank, broker, trustee or other nominee.

### **How many shares must be present or represented to constitute a quorum for the 2015 Annual Meeting?**

The presence, in person or represented by proxy, of a majority of the outstanding shares of the Common Stock entitled to vote at the 2015 Annual Meeting constitutes a quorum. A quorum is necessary in order to

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conduct business at the 2015 Annual Meeting. Abstentions, withheld votes in the election of directors and broker shares that include broker non-votes are counted as present for purposes of determining a quorum. If a quorum is not present, the Company expects that the 2015 Annual Meeting will be rescheduled for a later date.

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

*Proposal 1 Election of Class II Directors.* Directors are elected by a plurality of the votes cast, in person or by proxy, at the 2015 Annual Meeting. A withhold vote in the election of directors will have the same effect as an abstention. Neither a withhold vote nor a broker non-vote will affect the outcome of the election of directors.

*Proposal 2 Ratification of the Selection of Independent Registered Public Accounting Firm.* The selection of PricewaterhouseCoopers LLP ( PricewaterhouseCoopers ) as our independent registered public accounting firm for fiscal 2015 will be ratified if the votes cast, in person or by proxy, at the 2015 Annual Meeting for ratification exceed the number of votes cast against ratification. Abstentions will have no effect on this proposal. This Proposal 2 is an advisory vote and not binding on the Company.

*Proposal 3 Approval of an Amendment to the Company's 2014 Stock Incentive Plan to Permit a One-Time Option Exchange.* The affirmative vote of a majority of votes cast, in person or by proxy, at the 2015 Annual Meeting is required to approve an amendment to the Company's 2014 Stock Incentive Plan (the 2014 Plan ) to permit a one-time option exchange. In determining whether this proposal received the requisite number of affirmative votes, abstentions are considered votes cast and will have the same effect as a vote cast against this proposal. Broker non-votes are not considered votes cast and will have no effect on this proposal.

*Other Matters.* Any other matters that may properly come before the 2015 Annual Meeting will generally require that the votes cast for must exceed the votes cast against . If any other matter not discussed in this Proxy Statement properly comes before the 2015 Annual Meeting upon which a vote may be taken, shares represented by all proxies received by the Company will be voted on that matter in accordance with the discretion of the persons named as proxies. Abstentions will have no effect on the proposal to approve any such other matter.

### **How does the Board of Directors recommend that I vote?**

The Board of Directors unanimously recommends that you vote your shares FOR the election of each of the nominees for Class II director to the Board of Directors (Proposal 1), FOR the ratification of the selection of PricewaterhouseCoopers as our independent registered public accounting firm for fiscal 2015 (Proposal 2) and FOR the approval of an amendment to the 2014 Plan to permit a one-time option exchange (Proposal 3).

### **How are votes counted?**

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

### **Who will bear the cost of soliciting votes for the 2015 Annual Meeting?**

The Company will bear the entire cost of this proxy solicitation, including the preparation, printing and mailing of this Proxy Statement, the proxy card and any additional soliciting materials sent by the Company to shareholders. The Company will reimburse brokerage firms and other persons representing beneficial owners of shares for reasonable expenses incurred by them in forwarding proxy-soliciting materials to such beneficial

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owners. In addition to solicitations by mail, certain of the Company's directors, officers and regular employees, without additional remuneration, may solicit proxies on the Company's behalf by telephone, e-mail, facsimile or personal interviews.

### **How can interested parties communicate with the Board of Directors?**

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

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

### **When do we anticipate mailing the proxy materials to shareholders?**

It is anticipated that this Proxy Statement and the accompanying proxy card will first be mailed to shareholders on or about April 21, 2015.

#### **Important Notice Regarding the Availability of Proxy Materials**

**for the 2015 Annual Meeting of Shareholders to Be Held on May 7, 2015**

**The Proxy Statement and the Annual Report to Shareholders are**

**available at [www.weightwatchersinternational.com](http://www.weightwatchersinternational.com).**

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**PROPOSAL 1**

**ELECTION OF CLASS II DIRECTORS**

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

*Class II Directors (term expiring in 2015)*

Marsha Johnson Evans

Sacha Lainovic

Christopher J. Sobecki

*Class III Directors (term expiring in 2016)*

Steven M. Altschuler, M.D.

Philippe J. Amouyal

James R. Chambers

*Class I Directors (term expiring in 2017)*

Raymond Debbane

Cynthia Elkins

Jonas M. Fajgenbaum

The Board of Directors has nominated for election at the 2015 Annual Meeting as Class II directors, to serve until the 2018 annual meeting of shareholders and until their successors have been duly elected and qualified, the following slate of three nominees: Denis F. Kelly, Sacha Lainovic and Christopher J. Sobecki. Messrs. Lainovic and Sobecki currently serve as directors of the Company and were elected by the shareholders at the Company's 2012 annual meeting of shareholders. The Board of Directors nominated Mr. Kelly to be elected by the shareholders as a Class II director at the 2015 Annual Meeting. Ms. Evans, currently a director, will retire from the Board of Directors effective upon the conclusion of the 2015 Annual Meeting.

Unless authority to vote for the election of any or all of the nominees is withheld by marking the proxy card to that effect, the persons named as proxies in the enclosed proxy card will, upon receipt of a properly executed proxy card, vote to elect Messrs. Kelly, Lainovic and Sobecki as Class II directors for a term expiring at the 2018 annual meeting of shareholders and until their successors have been duly elected and qualified. The Board of Directors knows of no reason why these nominees should be unable or unwilling to serve, but if that should be the case, proxies will be voted for the election of such substitutes as the Board of Directors may designate.

**Background Information on Nominees**

Background information about each of the nominees for Class II director is as follows:

*Denis F. Kelly.* Mr. Kelly, age 65, has served and continues to serve as a Managing Partner of Scura Paley Securities LLC, a private investment banking firm which he co-founded, since 2001. From 1993 to 2001, he was a Managing Director of Prudential Securities Incorporated. Previously, he served as the President and Chief Executive Officer of Denbrook Capital Corporation, a merchant banking firm, from 1991 to 1993. From 1980 to 1991, Mr. Kelly held various positions at Merrill Lynch, including Managing Director of Mergers and Acquisitions and Managing Director of Merchant Banking. Mr. Kelly began his investment banking career at Lehman Brothers in 1974. Mr. Kelly received a

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B.A. from Amherst College and an M.B.A. from the Wharton School of Business of the University of Pennsylvania. Mr. Kelly is also a director of MSC Industrial Direct Co.,

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Inc., where he serves as a member of the Audit Committee and the chairman of the Compensation Committee. Mr. Kelly previously served as a director of Kenneth Cole Productions, Inc., which is no longer a public company.

*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 or Invus, L.P. are shareholders.

**The Board of Directors unanimously recommends that you vote FOR the election of each of the Class II director nominees.**



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**PROPOSAL 2**

**RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED**

**PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has selected PricewaterhouseCoopers to serve as the Company's independent registered public accounting firm for fiscal 2015. Representatives of PricewaterhouseCoopers are expected to be present at the 2015 Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Ratification by the shareholders of the selection of the independent registered public accounting firm is not required, but the Board of Directors believes that it is desirable to submit this matter to the shareholders. If the selection of PricewaterhouseCoopers is not ratified at the 2015 Annual Meeting, the Audit Committee will investigate the reason for the rejection and reconsider the appointment.

**The Board of Directors unanimously recommends that you vote FOR the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal 2015.**

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**PROPOSAL 3**

**APPROVAL OF AN AMENDMENT TO THE COMPANY'S 2014 STOCK INCENTIVE PLAN TO PERMIT A ONE-TIME OPTION EXCHANGE**

**Overview**

Our Board of Directors unanimously recommends that you approve an amendment to the 2014 Plan. If approved, the 2014 Plan will be amended and restated to allow for a one-time stock option exchange program as outlined below (the "Option Exchange"). A copy of the 2014 Plan, as amended and restated, to reflect the amendment is attached as Appendix A hereto and is marked to show all changes from the existing 2014 Plan.

We have issued stock options under the 2014 Plan and our other equity incentive compensation plans as a means of attracting, motivating and retaining employees over time to promote the Company's long-term financial and strategic success. In addition, stock options also align compensation directly with the creation of shareholder value. Our Board of Directors has determined that certain of our employees have outstanding stock options with exercise prices and stock price performance vesting hurdles (such options defined hereafter as T&P Options) that are significantly higher than the current market price of our Common Stock. For a description of the T&P Options, see *Compensation Discussion and Analysis*, *Determination of Executive Compensation*, *Long-Term Equity Incentive Compensation*, *Types of Awards*, *Special Awards*. As a result, these stock options have little or no current value as an incentive to retain and motivate our employees.

As a result, our Board of Directors has determined that it would be in the best interests of the Company and its shareholders to amend the 2014 Plan to allow us to authorize and conduct an Option Exchange, under which the Company would offer eligible employees the opportunity to exchange certain eligible T&P Options on a (a) two-for-one basis for new stock options for all eligible employees, other than our Chief Executive Officer (i.e., so that the new stock options will cover half as many shares as the corresponding surrendered options) and (b) 3.5-for-one basis for new stock options for our Chief Executive Officer (i.e., so that the new stock options will cover a number of shares equal to the quotient of the number of shares covered by the corresponding surrendered options divided by 3.5). Eligible employees will be current employees who hold eligible T&P Options and remain employed through the date on which new stock options will be granted pursuant to the exchange offer. Eligible T&P Options are any T&P Options outstanding under our equity incentive compensation plans that have an exercise price greater than the closing price per share of our Common Stock on the NYSE on the grant date of the new stock options. To participate in the Option Exchange, eligible employees must exchange all of their eligible T&P Options for new stock options. The new stock options would be issued under and be subject to the terms of the 2014 Plan and the terms and conditions of the Company's stock-based incentive compensation plan documents. The new stock options would have an exercise price equal to the greater of (a) the closing price per share of our Common Stock on the NYSE on the date of grant and (b) the average closing price of a share of our Common Stock on the NYSE for the five trading day period immediately preceding and including the date of grant. The new stock options would have a ten year term and would vest over three years beginning on the date the new stock options are granted, with 25% of the stock options vesting on each of the first and second anniversaries of the date of grant and 50% of the stock options vesting on the third anniversary of the date of grant. All other terms and conditions of the new stock options will generally be consistent with the terms and conditions of the Company's standard time-vesting stock option grants. Our Board of Directors believes that the proposed Option Exchange would create better incentives for employees to remain with the Company and contribute to the attainment of our business and financial objectives.

The 2014 Plan does not currently permit us to undertake any stock option exchange program, unless the exchange is approved by our shareholders. Therefore, our Board of Directors has amended the 2014 Plan to permit the proposed Option Exchange subject to shareholder approval of the amendment to the 2014 Plan. By approving this proposal, you would allow us to authorize and conduct the Option Exchange with respect to all eligible T&P Options currently held by eligible employees. If approved by our shareholders, as of March 26, 2015, a maximum of 76 employees will be eligible to participate in the Option Exchange, including our executive officers. While the features of the Option Exchange are expected to be materially similar to the terms described

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in this proposal, our Board of Directors and Compensation Committee will have the discretion to change the terms of the Option Exchange to take into account a change in circumstances or local regulations. In particular, employees based in certain countries may not be eligible to participate in the Option Exchange because local tax and regulatory regimes or other factors such as expense, complexity, administrative burden or similar considerations prevent us from achieving our goals with respect to these countries.

You are being asked to approve the amendment to the 2014 Plan, the full text of which is included in Appendix A and marked to show the changes that would be effected by the proposed amendment.

We are not seeking to make any other changes to the terms of the 2014 Plan other than the amendment described in this proposal.

**New Plan Benefits Under the 2014 Plan, as Amended by this Proposal**

The following table illustrates the maximum aggregate number of stock options that would be granted under the 2014 Plan pursuant to the Option Exchange assuming the Option Exchange is implemented and assuming that all eligible stock options outstanding as of March 26, 2015 are exchanged in the Option Exchange on a 3.5-for-one basis by the Chief Executive Officer and on a two-for-one basis by other eligible employees holding eligible stock options as of the Record Date.

**Grants Under the 2014 Plan**

Name and Position	Number of Stock Options
James R. Chambers, President and Chief Executive Officer, Director	154,880
Michael F. Colosi, General Counsel and Secretary	40,307
Nicholas P. Hotchkin, Chief Financial Officer	56,325
Jeanine Lemmens, President, United Kingdom	28,503
Lesya Lysyj, Former President, North America <sup>(1)</sup>	44,467
Corinne Pollier(-Bousquet), President, Continental Europe & Australia-New Zealand	33,642
Executive Group	358,124
Non-Executive Director Group	
Non-Executive Officer Employee Group	512,039

(1) Ms. Lysyj left the Company on March 31, 2015. As a result of her departure, all eligible stock options were immediately forfeited.

**Accounting Treatment of Option Exchange**

We account for share-based payments in accordance with the provisions of Financial Accounting Standards Board ( FASB ) Accounting Standards Codification 718, Compensation - Stock Compensation ( ASC Topic 718 ). Under ASC Topic 718, we will recognize incremental compensation expense, if any, resulting from the new stock options granted in the Option Exchange. The incremental compensation cost will be measured as the excess, if any, of the fair value of each award of stock options granted to participants in exchange for surrendered eligible stock options, measured as of the date the new stock options are granted, over the fair value of the eligible stock options surrendered in exchange for the new stock options, measured immediately prior to the exchange. We expect that the compensation cost associated with the Option Exchange will be immaterial.

**Summary of the 2014 Plan, as Amended by this Proposal**

*Administration.* The 2014 Plan is administered by the Compensation and Benefits Committee of the Board of Directors, or such other committee to which the Board of Directors has delegated power to act (the Compensation Committee ), which must consist of at least two directors, all of whom shall be intended to qualify as non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of

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1934, as amended, and the rules and regulations thereunder (or any successor rule thereto) (the Exchange Act ) and outside directors within the meaning of Section 162(m) ( Section 162(m) ) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code ), unless otherwise determined by the Board of Directors. The Compensation Committee may delegate its duties to any subcommittee of the Compensation Committee. In addition, to the extent permitted under applicable law and the applicable rules of any listing exchange, as long as grants are made consistent with Compensation Committee guidelines and the 2014 Plan, the Compensation Committee may delegate the authority to grant awards under the 2014 Plan to any employee or group of employees of the Company or an affiliate.

The Compensation Committee has the authority to make, and establish the terms and conditions of, any award to any person eligible to be a participant under the 2014 Plan and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting or forfeiture conditions with respect to outstanding Awards). The Compensation Committee is authorized to interpret the 2014 Plan, to establish, amend and rescind any rules and regulations relating to the 2014 Plan and to make any other determinations that it deems necessary or desirable for the administration of the 2014 Plan. The Board of Directors may take any action delegated to the Compensation Committee that it deems necessary or desirable for the administration of the 2014 Plan.

*Eligibility.* Any employee, director, advisor or consultant of the Company or an affiliate is eligible to receive an award grant under the 2014 Plan. The Compensation Committee may select individuals eligible to participate in the 2014 Plan. As of March 26, 2015, approximately 275 employees and directors of the Company were eligible to participate in the 2014 Plan, based on established criteria currently utilized by the Compensation Committee in determining awards.

*Shares Subject to the 2014 Plan.* The total number of shares which may be issued under the 2014 Plan is 3,500,000. The 2014 Plan includes limits on the maximum amount of awards that may be granted under specified types of awards to specified types of participants in a calendar year.

The maximum number of shares subject to stock options or stock appreciation rights which may be granted to a participant in a calendar year is 875,000.

The maximum number of shares with respect to which performance-based awards may be granted during each calendar year to a participant may not exceed 584,000, if denominated or payable in shares, and the maximum value of a performance-based award may not exceed \$5 million, if such award is not denominated or payable in shares.

The maximum number of shares with respect to which awards may be granted during each calendar year to a non-employee director, taken together with any cash fees paid to such non-employee director, may not exceed \$400,000 in total value.

The shares may consist, in whole or in part, of unissued shares or shares that the Company has reacquired, bought on the market or otherwise. The issuance of shares or the payment of cash upon the exercise of an award or in consideration of the cancellation or termination of an award shall reduce the total number of shares available under the 2014 Plan. Shares subject to awards (or portions thereof) that terminate or lapse without the payment of consideration may be granted again under the 2014 Plan. In addition, shares withheld by the Company to satisfy any tax withholding obligation may be granted again under the 2014 Plan.

*Stock Options and Stock Appreciation Rights.* The Compensation Committee may award non-qualified stock options and incentive stock options under the 2014 Plan. Options granted under the 2014 Plan will become vested and exercisable at such times and upon such terms and conditions as may be determined by the Compensation Committee, but an option will generally not be exercisable for a period of more than ten years after it is granted.

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The exercise price per share of Common Stock for any stock option awarded will not be less than the fair market value of our Common Stock on the grant date. Unless otherwise determined by the Compensation Committee prior to an applicable grant date, the fair market value of our Common Stock on a given date will be deemed to equal the closing sales price for our shares on the NYSE or such other national securities exchange on which the shares are traded on such date (or the most recent preceding trading date if the grant date is not a trading date). To the extent permitted by the Compensation Committee, the exercise price of a stock option may be paid (i) in cash or its equivalent (e.g. a check or wire transfer); (ii) in shares of Common Stock having a fair market value equal to the aggregate option exercise price; (iii) partly in cash and partly in shares of Common Stock; (iv) through the delivery of irrevocable instructions to a broker to sell, to the extent permitted by applicable law, shares of Common Stock obtained upon the exercise of the stock option and to deliver promptly to the Company an amount out of the proceeds of the sale equal to the aggregate option exercise price for the shares being purchased, or (v) to the extent permitted by the Compensation Committee, through net settlement in shares.

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

*Restricted Stock Units.* A restricted stock unit ( RSU ) award gives the participant an opportunity to receive shares of Common Stock free of restrictions upon vesting of the RSU award (and subject to any other terms of the RSU award). The Compensation Committee will determine the number of RSUs to grant to a participant, the duration of the period during which any vesting or restrictions may remain imposed on such RSUs, the conditions, if any, under which the RSUs may be forfeited to the Company, and the other terms and conditions of the RSU awards. At the discretion of the Compensation Committee, an RSU award may entitle the participant to receive an amount that is equal to the amount of any dividends that the participant would have been paid if the RSUs were actual Common Stock. If the participant is entitled to these types of dividend equivalent payments, the Compensation Committee will decide whether these payments will be made to the participant currently or held until the RSU award vests, and whether the amounts shall be invested or deemed invested in Common Stock.

*Restricted Stock.* The Compensation Committee will determine the number of shares of restricted stock to grant to a participant, the duration of the period during which any restrictions may remain imposed on such restricted stock, the conditions, if any, under which the restricted stock may be forfeited to the Company, and the other terms and conditions of restricted stock awards. At the discretion of the Compensation Committee, restricted stock awards may entitle the participant to receive an amount that is equal to the amount of any dividends paid on actual Common Stock. If the participant is entitled to dividends, the Compensation Committee will decide whether these payments will be made to the participant currently or held until the restricted stock award vests, and whether the amounts shall be reinvested in additional shares of restricted stock.

Certain restricted stock and RSU awards granted under the 2014 Plan may be granted in a manner designed to make them deductible by the Company under Section 162(m). Such awards shall be based upon one or more of the performance criteria described below in *Summary of the 2014 Plan, as Amended by this Proposal Plan Awards Section 162(m) of the Internal Revenue Code* .

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*Other Equity-Based Awards.* The Compensation Committee, in its sole discretion, may grant or sell stock awards, unrestricted Common Stock and other awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value, of the Common Stock. Such other equity-based awards may be in such form, and dependent on such conditions, as the Compensation Committee determines, including, without limitation, the right to receive, or vest with respect to, one or more shares of Common Stock (or the equivalent cash value of such shares of Common Stock based on the fair market value of such stock) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of certain performance objectives.

*Cash Awards.* The Company may also make awards of cash to participants in a manner which is intended to allow such awards to be deductible by the Company under Section 162(m). Cash awards shall be provided for pursuant to the procedures regarding the grant, determination and payment of the Performance-Based Award, as described below in *Summary of the 2014 Plan, as Amended by this Proposal* *Plan Awards Section 162(m) of the Internal Revenue Code* and *U.S. Tax Consequences of the 2014 Plan Awards* .

*Plan Awards Section 162(m) of the Internal Revenue Code.* Restricted stock, RSU and other equity-based and cash awards granted under the 2014 Plan may be granted in a manner designed to make them deductible by the Company under Section 162(m). Such awards ( Performance-Based Awards ) shall be based upon one or more of the following performance criteria: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per share; (v) book value per share; (vi) return on shareholders' equity; (vii) expense management; (viii) return on investment; (ix) improvements in capital structure; (x) profitability or revenue of an identifiable business unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales; (xv) costs; (xvi) cash flow; (xvii) working capital; (xviii) return on assets, (xix) total shareholder return; (xx) customer satisfaction; (xxi) credit rating; (xxii) closing of corporate transactions and (xxiii) completion or attainment of products or projects. With respect to Performance-Based Awards, (A) the Compensation Committee shall establish in writing the objective performance goals applicable to a given period of service no later than 90 days after the commencement of such period of service (but in no event after 25% of such period of service has elapsed), and (B) no awards (or any associated dividends or dividend equivalents that may be earned with respect to such awards) shall be paid to any participant for such period of service until the Compensation Committee certifies that the objective performance goals applicable to such period have been satisfied.

No participant who is a covered employee within the meaning of Section 162(m) shall receive payment of a cash award under the 2014 Plan in respect of any performance period in excess of \$5 million, and the Compensation Committee shall have the right, in its absolute discretion, to reduce or eliminate the amount of any cash award otherwise payable to any participant under the 2014 Plan based on individual performance or any other factors that the Compensation Committee, in its discretion, shall deem appropriate.

*Adjustments Upon Certain Events.* In the event of any stock split, spin-off, share combination, reclassification, recapitalization, liquidation, dissolution, reorganization, merger, Change in Control (as defined in the 2014 Plan), payment of a dividend (other than a cash dividend paid as part of a regular dividend program) or other similar transaction or occurrence which affects the equity securities of the Company or the value of such equity securities, the Compensation Committee shall (i) adjust the number and kind of shares subject to the 2014 Plan and available for or covered by awards granted under the 2014 Plan, (ii) adjust the share prices related to outstanding awards granted under the 2014 Plan and/or (iii) take such other action (including providing for the payment of a cash amount to holders of outstanding awards granted under the 2014 Plan in cancellation of any such awards), in each case as it deems reasonably necessary to address, on an equitable basis, the effect of the applicable corporate event on the 2014 Plan and any outstanding awards granted under the 2014 Plan; provided, however, that the Compensation Committee may, upon the consummation of the transactions constituting a Change in Control, cancel without consideration any outstanding stock option or stock appreciation right having an Option Price or exercise price, respectively, that is greater than the per share consideration received by a holder of Common Stock in such transaction.

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*Amendment and Termination.* The Compensation Committee may amend, alter or discontinue the 2014 Plan, but, except as discussed above in *Adjustments Upon Certain Events*, no amendment, alteration or discontinuation shall be made (i) without the approval of the shareholders of the Company, if such action would increase the total number of shares of Common Stock reserved for the purposes of the 2014 Plan, or increase the maximum number of awards that may be granted to any participant, (ii) without the consent of a participant, if such action would materially diminish any of the rights of the participant under any award previously granted to the participant under the 2014 Plan or (iii) to the provision prohibiting the repricing of stock options or stock appreciation rights to permit such repricing; provided, however, that the Board of Directors may amend the 2014 Plan in such manner as it deems necessary to permit the granting of awards meeting the requirements of the Internal Revenue Code or other applicable laws.

*Limitations.* No award may be granted under the 2014 Plan after the tenth anniversary of its initial approval by the Board of Directors (the Expiration Date), but awards granted prior to the Expiration Date may extend beyond that date. Except for adjustments to stock options or stock appreciation rights made in connection with changes in capitalization of the Company or similar events, as discussed above in *Adjustments Upon Certain Events*, the 2014 Plan prohibits the repricing of the exercise price of any stock options or stock appreciation rights after they have been granted without prior approval of the Company's shareholders but would permit the Option Exchange for eligible options that is the subject of this proposal.

### **U.S. Tax Consequences of the 2014 Plan Awards**

*Introduction.* The following general discussion of the federal income tax consequences of awards to be granted under the 2014 Plan is based on current federal tax laws and regulations, does not purport to be a complete description of the federal income tax laws, and does not purport to be a representation as to the actual tax consequences that any participant or the Company may in fact incur. Participants may also be subject to certain state and local taxes, which are not described below.

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

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

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

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*Restricted Stock Units.* If the award granted is an RSU, the participant will not recognize any income for federal income tax purposes when RSUs are granted because restricted share units are not considered to be property for purposes of the Internal Revenue Code and no deduction is available to the Company at such time. After the RSUs vest and are settled, the participant will be required to treat as ordinary income an amount equal to the full fair market value of the shares of Common Stock and any cash received. If the participant sells the shares of Common Stock, the participant generally will have a taxable capital gain (or loss). Because the participant will have recognized income when any stock was distributed, the amount of this gain (or loss) is the difference between the sale price and the fair market value of the stock on the date it was distributed.

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

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

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

*Section 409A of the Internal Revenue Code.* Section 409A of the Internal Revenue Code (Section 409A) covers certain nonqualified deferred compensation arrangements and generally establishes rules that must be followed with respect to covered deferred compensation arrangements in order to avoid the imposition of an additional 20% tax (plus interest) on the service provider who is entitled to receive the deferred compensation. Certain awards that may be granted under the 2014 Plan may constitute deferred compensation within the meaning of and subject to Section 409A. While the Compensation Committee intends to administer and operate the 2014 Plan and establish terms (or make required amendments) with respect to awards subject to Section 409A in a manner that will avoid the imposition of additional taxation under Section 409A upon a participant, there can be no assurance that additional taxation under Section 409A will be avoided in all cases.

### **Stock Awards Previously Granted Under the 2014 Plan**

The following table sets forth information regarding awards previously granted under the 2014 Plan since its adoption through March 26, 2015. As of March 26, 2015, the closing price of our Common Stock as reported on the NYSE was \$7.55 per share. Since the inception of the 2014 Plan through March 26, 2015, no stock options or



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RSUs were granted under the 2014 Plan to any of our current directors who are not executive officers or nominees. In addition, since the inception of the 2014 Plan through March 26, 2015, no stock options or RSUs were granted to (i) any associate of any current director who is not an executive officer or nominee or (ii) any associate of any executive officer, and no person was granted stock options or RSUs which account for five percent or more of the total number of shares available for issuance under the 2014 Plan.

Name & Position	Time-Vesting	T&P Option	Restricted	Total of All
	Stock		Stock	
	Option	Grants <sup>(1)</sup>	Unit	in
	Grants		Grants	Table
James R. Chambers, President and Chief Executive Officer, Director			170,441	170,441
Michael F. Colosi, General Counsel and Secretary		80,614	22,658	103,272
Nicholas P. Hotchkin, Chief Financial Officer			35,419	35,419
Jeanine Lemmens, President, United Kingdom			17,555	17,555
Lesya Lysyj, Former President, North America			27,962 <sup>(2)</sup>	27,962
Corinne Pollier(-Bousquet), President, Continental Europe & Australia-New Zealand			20,895	20,895
All Executive Officers as a Group		80,614	294,930	375,544
All Employees, other than Executive Officers, as a Group		283,355	335,509	618,864

(1) Reflects eligible stock options with respect to the Option Exchange and the amounts reflect the number of T&P Options that would vest assuming achievement of the maximum level of stock price performance vesting hurdles and satisfaction of the time-vesting criteria.

(2) Ms. Lysyj left the Company on March 31, 2015. As a result of her departure, these RSUs, all of which were unvested, were immediately forfeited.

**Equity Compensation Plan Information**

The following table summarizes our equity compensation plan information as of January 3, 2015:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights <sup>(2)</sup>	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) <sup>(3)</sup>
	(a)	(b)	(c)
Equity compensation plans approved by security holders	4,088,151	\$ 24.42	2,451,603
Equity compensation plans not approved by security holders			
Total	4,088,151	\$ 24.42	2,451,603

(1) Consists of 3,249,901 shares of our Common Stock issuable upon the exercise of outstanding options awarded under our 2014 Plan, our 2008 Stock Incentive Plan, or 2008 Plan, our 2004 Stock Incentive Plan, or 2004 Plan, and our 1999 Stock Purchase and Option Plan, or 1999 Plan, and 838,250 shares of our Common Stock issuable upon the vesting of RSUs awarded under our 2014 Plan, 2008 Plan and 2004 Plan.

(2) Includes weighted average exercise price of outstanding stock options of \$30.72 and RSUs of \$0.

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- (3) Consists of shares of our Common Stock issuable under our 2014 Plan pursuant to various awards the Compensation Committee may make, including non-qualified stock options, incentive stock options, stock appreciation rights, RSUs, restricted stock and other equity-based awards. Our 1999 Plan terminated on December 16, 2009 pursuant to its terms and in connection with such termination no additional securities can be issued under the plan. In connection with the approval of our 2014 Plan on May 6, 2014, the 2014 Plan replaced the 2004 Plan and the 2008 Plan with respect to prospective equity grants.

**The Board of Directors unanimously recommends that you vote FOR the approval of an amendment to the Company's 2014 Stock Incentive Plan to permit a one-time option exchange.**

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**CORPORATE GOVERNANCE**

**BOARD OF DIRECTORS AND COMMITTEES**

**Board of Directors**

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

The Board of Directors held 7 meetings in fiscal 2014. Each then current director attended at least 75% of the aggregate number of the meetings of the Board of Directors and of the committees on which he or she served during the period for which he or she was a director or committee member, respectively. We also expect directors to attend our 2015 Annual Meeting. All then-current directors attended the Company's 2014 annual meeting of shareholders. In addition to attending and participating in meetings of the Board of Directors, the committees thereof and annual meetings of shareholders, the directors communicate with our executive management team to remain informed about the Company's business and for such other purposes as may be helpful to the Board of Directors in fulfilling its responsibilities.

**Directors of Weight Watchers International, Inc.**

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

**Corporate Governance Guidelines**

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

**Committees of the Board of Directors**

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

***Audit Committee***

We have an Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, the rules and regulations of the SEC and the listing standards of the NYSE. The current members of the Audit Committee are Ms. Evans, Dr. Altschuler and Ms. Elkins. Ms. Evans, who will be retiring from the Board of Directors effective upon the conclusion of the 2015 Annual Meeting, is the Chair of the Audit Committee. Mr. John F. Bard was the Chair and a member of our Audit Committee until his death on November 10, 2013. Ms. Elkins joined our Audit Committee on March 30, 2014 to fill the vacancy created by Mr. Bard's death. The

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Audit Committee held 13 meetings during fiscal 2014.

The principal duties of the Audit Committee are as follows:

to oversee that our management has maintained the reliability and integrity of our accounting policies and financial reporting and our disclosure practices;

to oversee that our management has established and maintained processes to ensure that an adequate system of internal controls is functioning;

to oversee that our management has established and maintained processes to ensure our compliance with all applicable laws, regulations and corporate policy;

to prepare an annual performance evaluation of the Audit Committee;

to establish and maintain procedures for the receipt, retention and treatment of complaints received by us, from any source, regarding accounting, internal accounting controls or auditing matters, and from our employees for the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters;

to assist the Board of Directors in its oversight of the integrity of our financial statements;

to review the earnings press releases prior to the release of earnings and to review our annual and quarterly financial statements prior to their filing;

to oversee the performance of our independent registered public accounting firm and to retain or terminate the independent registered public accounting firm and approve all audit and non-audit engagement fees and terms with such registered public accounting firm;

to review, at least annually, the qualifications, performance and independence of our independent registered public accounting firm; and

in consultation with the independent accountants, management and the internal auditors, to review the integrity of the Company's financial reporting processes, both internal and external.

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

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

## ***Compensation Committee***

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The current members of the Compensation Committee are Messrs. Debbane and Amouyal and Dr. Altschuler. The Chairman of the Compensation Committee is Mr. Debbane. The Compensation Committee held 8 meetings during fiscal 2014. The principal duties of the Compensation Committee are as follows:

to establish and review the overall compensation philosophy of the Company;

to review and approve corporate goals and objectives relevant to the Chief Executive Officer's and other executive officers compensation, including annual performance objectives;

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

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

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

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

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

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

For additional information on the Compensation Committee's activities, its use of outside advisors and its consideration and determination of executive compensation, as well as the role of our Chief Executive Officer in recommending the amount or form of compensation paid to the named executive officers other than himself, see *Compensation Discussion and Analysis*.

## **Board Structure**

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

## **Oversight of Risk Management**

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

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Committee oversees our risk management efforts related to the Company's audit function while the Compensation Committee oversees our risk management efforts related to employment and compensation matters. Members of our executive management team meet with the Board of Directors, Audit Committee and Compensation Committee regularly to discuss, as well as provide reports relating to, the risks facing the Company.

### **Compensation Committee Interlocks and Insider Participation**

Each of Messrs. Debbane and Amouyal and Dr. Altschuler served as a member of the Compensation Committee during fiscal 2014. There were no Compensation Committee interlocks or insider (employee) participation during fiscal 2014. See *Transactions with Related Persons and Certain Control Persons Transactions with Related Persons* for a description of the relationships that Messrs. Debbane and Amouyal have with the Company.

### **Director Nominations**

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

### **Identifying and Evaluating Nominees for Directors**

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

*Recommendation of the Nominee Class II Director.* The General Counsel and Secretary of the Company, Mr. Colosi, identified Mr. Kelly as a possible candidate for election to the Company's Board of Directors. The Board of Directors considered Mr. Kelly's qualifications, met with him to determine his suitability for the Board of Directors and subsequently discussed and evaluated his candidacy. In April 2015, the Company's Board of Directors unanimously nominated Mr. Kelly for election as a Class II director at the 2015 Annual Meeting.

### **Procedures for Submitting Director Recommendations and Nominations**

The Company's Amended and Restated Bylaws (the *Bylaws*) provide that shareholders may nominate persons for election as directors at the Company's shareholder meetings by giving timely written notice to the Corporate Secretary of the Company containing required information. The Bylaws require that, to be timely and

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

In notifying the Corporate Secretary, the shareholder making the submission must provide the following information: (i) the name and the address of the shareholder, as they appear on the Company's stock transfer books, and the name, age and business address (and, if known, residential address) of the candidate to be considered; (ii) a representation by the shareholder that the shareholder is a shareholder of record and intends to appear in person or by proxy at the meeting to nominate the candidate; (iii) the class or series and number of shares of the Company's stock that are beneficially owned by the shareholder and by the candidate; (iv) a description of all arrangements or understandings between the shareholder and the candidate and any other person (naming such person(s)) pursuant to which such nomination is to be made by such shareholder; (v) an executed written consent of the candidate to be named in the proxy statement as a nominee and to serve as a director of the Company if so elected; (vi) the principal occupation or employment of the candidate; and (vii) any other information relating to the candidate required to be disclosed in accordance with the Bylaws and the Exchange Act. For the 2016 annual meeting of shareholders, the foregoing information must be submitted to the Board of Directors through Weight Watchers International, Inc., Attention: Corporate Secretary, 675 Avenue of the Americas, 6<sup>th</sup> Floor, New York, New York 10010.

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

## **Director Independence**

The Board of Directors has affirmatively determined that three of our nine current directors, Dr. Altschuler, Ms. Elkins and Ms. Evans, and director nominee, Mr. Kelly, are independent under applicable listing standards of the NYSE and our Corporate Governance Guidelines. For a director to be considered independent, the Board of Directors must determine that the director does not have any direct or indirect material relationship with the Company. The Board of Directors has established guidelines to assist it in determining director independence, which conform to the independence requirements in the NYSE listing standards. In addition to applying these guidelines, which are set forth in Article II of our Corporate Governance Guidelines, the Board of Directors will consider all relevant facts and circumstances in making an independence determination.

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



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### **Code of Business Conduct and Ethics**

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

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

### **Executive Sessions of Non-Management and Independent Directors**

Non-management directors meet in executive sessions of the Board of Directors in which management directors and other members of management do not participate. These sessions are periodically scheduled for non-management directors at meetings of the Board of Directors. The Chairman of the Board of Directors, Mr. Debbane, presides over the meetings of the non-management directors. In addition, the directors who the Board of Directors affirmatively determined are independent under applicable listing standards of the NYSE and our Corporate Governance Guidelines hold executive sessions at least once a year. Ms. Evans presided over these sessions in fiscal 2014.

**Table of Contents****EXECUTIVE OFFICERS AND DIRECTORS OF THE COMPANY**

Set forth below are the names, ages, and current positions with us as of April 1, 2015 of our executive officers and directors. Directors are elected at the annual meeting of shareholders. Executive officers are appointed by, and hold office at, the discretion of the Board of Directors.

<b>Name</b>	<b>Age</b>	<b>Position</b>
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
Corinne Pollier(-Bousquet)	50	President, Continental Europe & Australia-New Zealand
Raymond Debbane <sup>(1)</sup>	60	Chairman of the Board of Directors
Steven M. Altschuler, M.D. <sup>(1)(2)</sup>	61	Director
Philippe J. Amouyal <sup>(1)</sup>	56	Director
Cynthia Elkins <sup>(2)</sup>	49	Director
Marsha Johnson Evans <sup>(2)</sup>	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 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.

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*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.

*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 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 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

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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.

*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 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 or Invus, L.P. are shareholders.

## **Director Qualifications**

When considering whether directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board of Directors to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Board of Directors focused primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth immediately above or in Proposal 1 (Election of Class II Directors). In particular, the Board of Directors considered:

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

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

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

Mr. Chambers' experience with general and cross-functional operational management and executive leadership in varied consumer-focused global industries and his position as President and Chief Executive Officer of the Company having responsibility for the day-to-day oversight of the Company's business operations.

Ms. Elkins' experience as a senior executive for several information technology service companies and her extensive knowledge and understanding of commercial information technology systems, software applications, supplier network solutions and financial management and accounting.

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

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

Mr. Kelly's experience in investment banking and strategic transactions and his extensive knowledge and understanding of corporate finance and accounting, business development and international corporate strategy.