

RABBITT LINDA D  
Form 4  
April 18, 2012

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
RABBITT LINDA D

2. Issuer Name and Ticker or Trading Symbol  
Towers Watson & Co. [TW]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
875 THIRD AVENUE  
  
(Street)

3. Date of Earliest Transaction  
(Month/Day/Year)  
04/16/2012

Director  10% Owner  
 Officer (give title below)  Other (specify below)

NEW YORK, NY 10022

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)	
				(A) or (D)	Price			
				Code	V	Amount		
Class A Common Stock	04/16/2012		M	2.23	A	\$ 0	25,256.97	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

Edgar Filing: RABBITT LINDA D - Form 4

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
				Code V (A) (D)		Date Exercisable Expiration Date	Title	
Restricted Stock Unit Dividend	\$ 0	04/16/2012		A	1.46 (1)	08/08/1988 08/08/1988	Class A Common Stock	1.46
Restricted Stock Unit Dividend	\$ 0	04/16/2012		M	2.23 (2)	08/08/1988 08/08/1988	Class A Common Stock	2.23

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RABBITT LINDA D 875 THIRD AVENUE NEW YORK, NY 10022		X		

## Signatures

/s/ Neil Falis, attorney-in-fact for Ms. Rabbitt 04/18/2012

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Represents dividends accrued on RSUs granted to the directors as part of their annual grant under the Towers Watson & Co.

(1) Compensation Plan for Non-Employee Directors (the "Plan"). The dividends on the annual grant vest quarterly beginning on October 1, 2011.

(2) Represents dividends accrued on the quarterly record date that have now vested, in connection with the annual grant of RSUs to the directors under the Plan (dividends on which vest quarterly beginning October 1, 2011).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. that you have earned during the note term just ended while allowing the principal amount of your note to roll over and renew for the same term at the interest rate then in effect. To exercise this option, you will need to call, fax or send a written request to our servicing agent.

The foregoing options will be available to holders until termination or redemption under the indenture and the notes by either the holder or us. Interest will accrue from the first day of each renewed term. Each renewed note will retain all its original provisions, including provisions relating to payment, except that the interest rate payable during any renewal term will be the interest rate that is being offered at that time to

## Edgar Filing: RABBITT LINDA D - Form 4

other holders with similar aggregate note portfolios for notes of the same term as set forth in the interest rate supplement delivered with the maturity notice. If similar notes are not then being offered, the interest rate upon renewal will be the rate specified by us on or before the maturity date, or the rate of the existing note if no such rate is specified.

If we notify the holder of our intention to repay a note at maturity, we will pay the holder the principal amount and any accrued but unpaid interest on the stated maturity date. Similarly, if, within 15 days after a note's stated maturity date (or during any applicable extension of the 15 day period, as described below), the holder requests repayment with respect to a note, we will pay the holder the principal amount of the note plus accrued but unpaid interest up to, but not including, the note's stated maturity date.

In the event that a holder's regularly scheduled interest payment date falls after the maturity date of the note but before the date on which the holder requests repayment, the holder may receive interest payments that include interest for periods after the maturity date of the note. If this occurs, the excess interest will be deducted from our final payment of the principal amount of the note to the

holder. We will initiate payment to any holder timely requesting repayment by the later of the maturity date or five business days after the date on which we receive such notice from the holder. Because payment is made by ACH transfer, funds may not be received in the holder's account for 2 to 3 business days. Requests for repayment should be made to our servicing agent in writing.

From time to time we will be required to file post-effective amendments to the registration statement of which this prospectus is a part to update the information it contains. If you would otherwise be required to elect to have your notes renewed or repaid following their stated maturity at a time when we have determined that a post-effective amendment must be filed with the Securities and Exchange Commission but such post-effective amendment has not yet been declared effective, the period during which you can elect renewal or repayment will be automatically extended until ten days following the postmark date of a notice that will be sent to you at your registered address by the servicing agent that the post-effective amendment has been declared effective. In the event that a holder's regularly scheduled interest payment date falls after the maturity date of the note but before the date on which the holder requests repayment, the holder may receive an interest payment that includes interest for periods after the maturity date of the note. If this occurs, the excess interest will be deducted from our final payment of the principal amount of the note to the holder. All other provisions relating to the renewal or redemption of notes upon their stated maturity described above shall remain unchanged.

***Redemption or Repurchase prior to Stated Maturity***

The notes may be redeemed prior to stated maturity only as set forth in the indenture and described below. The holder has no right to require us to prepay or repurchase any note prior to its maturity date as originally stated or as it may be extended, except as indicated in the indenture and described below.

***Redemption by Us***

We have the right to redeem any note at any time prior to its stated maturity upon 30 days written notice to the holder of the note. The holder of the note being redeemed will be paid a redemption price equal to the outstanding principal amount thereof plus accrued and unpaid interest up to but not including the date of redemption without any penalty or premium. We may use any criteria we choose to determine which notes we will redeem if we choose to do so. We are not required to redeem notes on a pro rata basis.

***Repurchase Election upon Death or Total Permanent Disability***

Notes may be repurchased prior to maturity, in whole and not in part, at the election of a holder who is a natural person (including notes held in an individual retirement account), by giving us written notice within 45 days following the holder's total permanent disability, as established to our satisfaction, or at the election of the holder's estate, by giving written notice within 45 days following his or her death. Subject to the limitations described below, we will repurchase the notes within 10 days after the later to occur of the request for repurchase or the establishment to our satisfaction of the holder's death or total permanent disability. The repurchase price, in the event of such a death or total permanent disability, will be the principal amount of the notes, plus interest accrued and not previously paid up to but not including the date of repurchase. If spouses are joint registered holders of a note, the right to elect to have us repurchase will apply when either registered holder dies or suffers a total permanent disability. If the note is held jointly by two or more persons who are not legally married, none of these persons will have the right to request that we repurchase the notes unless all joint holders have either died or suffered a total permanent disability. If the note is held by a person who is not a natural person such as a trust, partnership, corporation or other similar entity, the right to request repurchase upon death or total permanent disability does not apply.

## Edgar Filing: RABBITT LINDA D - Form 4

*Repurchase at request of holder.* In addition to the right to elect repurchase upon death or total permanent disability, a holder may request that we repurchase one or more of the holders' notes prior to maturity, in whole and not in part, at any time by giving us written notice. Subject to approval, at our sole discretion, and the limitations described below, we will repurchase the holder's note(s) specified in the notice within 10 days of receipt of the notice. The repurchase price, in the event we elect to repurchase the notes, will be the principal amount of the note, plus interest accrued and not previously paid (up to but not including the date of repurchase), minus a repurchase penalty. The early repurchase penalty for a note with a three month maturity is the interest accrued on such note up to the date of repurchase, not to exceed three months of simple interest at the existing rate. The early repurchase penalty for a note with a maturity of six months or longer is the interest accrued on such note up to the date of repurchase, not to exceed six months of simple interest at the existing rate. The penalty for early repurchase may be waived or reduced at the discretion of our servicing agent.

*Limitations on requirements to repurchase.* Our obligation to repurchase notes prior to maturity for any reason will be subject to a calendar quarter limit equal to the greater of \$1 million or 2% of the total principal amount of all notes outstanding at the end of the previous calendar quarter. This limit includes any notes we repurchase upon death or total permanent disability of the holder and any notes that we repurchase pursuant to the holders' right to elect repurchase. Repurchase requests will be honored in the order in which they are received, to the extent possible, and any repurchase request not honored in a calendar quarter will be honored in the next calendar quarter, to the extent possible, since repurchases in the next calendar quarter are also subject to these limits. For purposes of determining the order in which repurchase requests are received, a repurchase request will be deemed made on the later of the date on which it is received by us or, if applicable, the date on which the death or total permanent disability is established to our reasonable satisfaction.

*Modifications to repurchase policy.* We may modify the policies on repurchase in the future. No modification will affect the right of repurchase applicable to any note outstanding at the time of any such modification.

### **Transfers**

The notes are not negotiable debt instruments and, subject to certain exceptions, will be issued only in book-entry form. The purchase confirmation issued upon our acceptance of a subscription is not a certificated security or negotiable instrument, and no rights of record ownership can be transferred without our prior written consent. Ownership of notes may be transferred on our register only as follows:

The holder must deliver written notice requesting a transfer to our servicing agent signed by the holder(s) or such holder's duly authorized representative on a form to be supplied by our servicing agent.

We must provide our written consent to the proposed transfer.

We or our servicing agent may require a legal opinion from counsel satisfactory to the servicing agent that the proposed transfer will not violate any applicable securities laws.

We or our servicing agent may require a signature guarantee in connection with such transfer.

Upon transfer of a note, our servicing agent will provide the new holder of the note with a purchase confirmation that will evidence the transfer of the account on our records. We or our servicing agent may charge a reasonable service charge in connection with the transfer of any note.

***Quarterly Statements; Investor Relations***

Our servicing agent will provide holders of the notes with quarterly statements, which will indicate, among other things, the account balance at the end of the quarter, interest credited, redemptions or repurchases made, if any, and the interest rate paid during the quarter. These statements will be mailed not later than the 10th business day following the end of each calendar quarter. Our servicing agent may charge such holders a reasonable fee to cover the charges incurred in providing such information.

Our servicing agent will also manage customer service and investor relations with respect to the notes. The servicing agent will manage:

Prospectus delivery and subscription procedures;

Inquiries from note holders;

Changes in address or account changes for note holders;

Preparing and issuing renewal and maturity notices for outstanding notes;

Reports and analyses to us, the trustee and note holders as applicable.

The servicing agent will also direct the paying agent to make interest and principal payments on the notes, and direct the trustee to issue Form 1099INTs to note holders. The servicing agent expects to develop a web site to facilitate online offers and sales of notes.

***Subordination***

The indebtedness evidenced by the notes, and any interest thereon, is subordinated in right of payment to all of our senior debt. "Senior debt" means all of our secured, unsecured, senior or subordinate indebtedness including commitments to extend senior debt, as well as other financial obligations of the company, whether outstanding on the date of this prospectus or incurred after the date of this prospectus, whether such indebtedness is or is not specifically designated as being senior debt in its defining instruments, other than the existing notes and future offerings of additional renewable unsecured subordinated notes issued under this indenture which will rank equally with the notes. Senior debt also includes discounted lease rentals that we have incurred in the past and will incur in the future from time to time.

The provisions of the indenture governing subordination of the notes to senior debt may not be amended or terminated without the consent of each holder of senior debt. Also, the subordination provisions cannot be terminated or revoked until all senior debt is paid in full and all commitments to extend senior debt have terminated.

Until all of our senior debt has been fully paid and all obligations of any senior lender to extend credit to us have terminated, we cannot provide holders of the notes or the trustee with any security or guarantee of payment of the notes. In addition, if the trustee or note holders obtain any security for repayment from us while senior debt is outstanding, any senior debt holder is entitled to have such security terminated and assigned to senior debt holders. The indenture prevents note holders or the trustee from challenging the priority or validity of any senior debt holders' lien over our assets or senior debt holders' priority over note holders in any legal proceeding. Any documents, agreements or instruments evidencing or relating to any senior debt may be amended, restated, supplemented and/or renewed from time to time without requiring any notice to or consent of any holder of notes or any person or entity acting on behalf of any such holder or the trustee.

The indenture does not prevent holders of senior debt from disposing of, or exercising any other rights with respect to, any or all of the collateral securing the senior debt. As of December 29, 2007, we had approximately \$16.2 million of outstanding indebtedness under a facility that permits us to draw up to \$25 million from time to time and up to \$50 million if we satisfy certain conditions. We and our

subsidiaries have granted LaSalle Bank a continuing security interest in all assets that we currently hold or subsequently acquire to secure our obligations under the credit facility.

We have in the past, and expect in the future to enter into payment arrangements in connection with acquisitions or investments that may involve contingent obligations or commitments. We also have in the past, and will in the future enter into non-recourse discounting of lease rentals with financial institutions at fixed interest rates. Our obligations under these types of arrangements may continue for several years following an acquisition, investment or lease, and will rank senior to your notes. The terms of the notes or the indenture do not impose any limitation on the amount of senior debt or other indebtedness we may incur, although our existing senior debt agreements may restrict us from incurring new senior debt.

The notes are not guaranteed by any of our subsidiaries. Accordingly, in the event of a liquidation or dissolution of one of our subsidiaries, creditors of that subsidiary will be paid in full, or provision for such payment will be made, from the assets of that subsidiary prior to distributing any remaining assets to us as a shareholder of that subsidiary. Therefore, in the event of liquidation or dissolution of a subsidiary, no assets of that subsidiary may be used to make payment to the holders of the notes until the creditors of that subsidiary are paid in full from the assets of that subsidiary.

In the event of any liquidation, dissolution or any other winding up of us, or of any receivership, insolvency, bankruptcy, readjustment, reorganization or similar proceeding under the U.S. Bankruptcy Code or any other applicable federal or state law relating to bankruptcy or insolvency, or during the continuation of any event of default on the senior debt, no payment may be made on the notes until all senior debt has been paid in full or provision for such payment has been made to the satisfaction of the senior debt holders. If any of the above events occurs, holders of senior debt may also submit claims on behalf of holders of the notes and retain the proceeds for their own benefit until they have been fully paid, and any excess will be turned over to the holders of the notes. If any distribution is nonetheless made to holders of the notes, the money or property distributed to them must be paid over to the holders of the senior debt to the extent necessary to pay senior debt in full.

We will not make any payment, direct or indirect (whether for interest, principal, as a result of any redemption or repurchase, at maturity, on default, or otherwise), on the notes and any other indebtedness being subordinated to the payment of the notes, and neither the holders of the notes nor the trustee will have the right, directly or indirectly, to sue on or to enforce the indenture or the notes, if a default or event of default under any senior debt has occurred and is continuing, or if any default or event of default under any senior debt would result from such payment, in each case unless and until:

all defaults and events of default have been cured or waived or have ceased to exist and would not result from any payment on the notes; or

the end of the period commencing on the date the trustee receives written notice of default from a holder of the senior debt and ending on the earlier of:

the trustee's receipt of a valid waiver of default from the holder of senior debt; or

the trustee's receipt of a written notice from the holder of senior debt terminating the payment blockage period.

Provided, however, that if any of the blockage events described above has occurred, a senior debt holder may not block payments for more than 180 days out of any 360 day period. But, this 180-day limit applies only to senior debt holders that join in a notice to block payment due to a senior debt default. If other senior debt holders do not join or give notice of a payment blockage, these non-joining senior debt holders may, if applicable, assert a default and a 180-day period will be calculated in accordance with the notice of default provided by such non-joining senior debt holder.

## Edgar Filing: RABBITT LINDA D - Form 4

In addition to being unable to make payments on the notes, in case of default on any senior debt, we cannot issue any new notes or renew any existing notes without a waiver from the holder of senior debt or a written notice from the senior debt holder terminating the payment blockage period.

Following, waiver or termination of all blockage periods described above, the trustee may thereafter sue on and enforce the indenture and the notes as long as any funds paid as a result of any such suit or enforcement action shall be paid toward the senior debt until it is indefeasibly paid in full before being applied to the notes.

Until all senior debt is paid in full or commitments to extend senior debt have terminated, note holders cannot exercise any right to subrogate, or stand in the shoes, of a senior debt holder with respect to any distributions on senior debt. The indenture also requires that note holders agree that senior debt holders have no liability to note holders for actions that senior debt holders take in good faith to assert a default on senior debt, collect senior debt or foreclose on security on senior debt.

### ***No Security; No Sinking Fund***

The notes are unsecured, which means that none of our tangible or intangible assets or property, nor any of the assets or property of any of our subsidiaries, has been set aside or reserved to make payment to the holders of the notes in the event that we default on our obligations to the holders. In addition, we will not contribute funds to any separate account, commonly known as a sinking fund, to repay principal or interest due on the notes upon maturity or default.

### ***Restrictive Covenants***

The indenture contains certain limited restricted covenants that require us to maintain certain financial standards and restrict us from certain actions as set forth below.

The indenture provides that, so long as the notes are outstanding:

we will maintain a positive net worth; and

we will not declare or pay any dividends or other payments of cash or other property to our shareholders (other than a dividend paid in shares of our capital stock on a pro rata basis to all our shareholders) unless no default and no event of default with respect to the notes exists or would exist immediately following the declaration or payment of the dividend or other payment.

### ***Consolidation, Merger or Sale***

The indenture generally permits a consolidation or merger between us and another entity. It also permits the sale or transfer by us of all or substantially all of our property and assets. These transactions are permitted if:

the resulting or acquiring entity, if other than us, is a United States corporation, limited liability company or limited partnership and assumes all of our responsibilities and liabilities under the indenture, including the payment of all amounts due on the notes and performance of the covenants in the indenture; and

immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists.

If we consolidate or merge with or into any other entity or sell or lease all or substantially all of our assets, according to the terms and conditions of the indenture, the resulting or acquiring entity will be substituted for us in the indenture with the same effect as if it had been an original party to the indenture. As a result, the successor entity may exercise our rights and powers under the indenture, in



our name and we will be released from all our liabilities and obligations under the indenture and under the notes.

***Events of Default***

The indenture provides that each of the following constitutes an event of default:

failure to pay interest on a note within 15 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);

failure to pay principal on a note within 10 days after the due date for such payment (whether or not prohibited by the subordination provisions of the indenture);

our failure to observe or perform any material covenant, condition or agreement or our breach of any material representation or warranty, but only after we have been given notice of such failure or breach and such failure or breach is not cured within 30 days after our receipt of notice;

defaults in certain of our other financial obligations that are not cured within 30 days; and

certain events of bankruptcy or insolvency with respect to us.

If any event of default occurs and is continuing (other than an event of default involving certain events of bankruptcy or insolvency with respect to us), the trustee or the holders of at least a majority in principal amount of the then outstanding notes may by notice to us declare the unpaid principal of and any accrued interest on the notes to be due and payable immediately. So long as any senior debt is outstanding, however, and a payment blockage on the notes is in effect, a declaration of this kind will not be effective, and neither the trustee nor the holders of notes may enforce the indenture or the notes, except as otherwise set forth above in " Subordination". In the event senior debt is outstanding and no payment blockage on the notes is in effect, a declaration of this kind will not become effective until the earlier of:

the day which is five business days after the receipt by us and the holders of senior debt of such written notice of acceleration; or

the date of acceleration of any senior debt.

In the case of an event of default arising from certain events of bankruptcy or insolvency, with respect to us, all outstanding notes will become due and payable without further action or notice. Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of the notes notice of any continuing default or event of default (except a default or event of default relating to the payment of principal or interest) if the trustee in good faith determines that withholding notice would have no material adverse effect on the holders.

The holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may, on behalf of the holders of all of the notes, waive any existing default or event of default and its consequences under the indenture, except:

a continuing default or event of default in the payment of interest on, or the principal of, a note held by a non-consenting holder; or

a waiver that would conflict with any judgment or decree.

We are required to deliver to the trustee within 120 days of the end of our fiscal year a certificate regarding compliance with the indenture, and we are required, upon becoming aware of any default or



event of default, to deliver to the trustee a certificate specifying such default or event of default and what action we are taking or propose to take with respect to the default or event of default.

***Amendment, Supplement and Waiver***

Except as provided in this prospectus or the indenture, the terms of the indenture or the notes then outstanding may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding, and any existing default or compliance with any provision of the indenture or the notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding notes.

Notwithstanding the foregoing, an amendment or waiver with any of the following consequences will not be effective unless each note holder consents:

reduces the aggregate principal amount of notes whose holders must consent to an amendment, supplement or waiver;

reduces the principal of or changes the fixed maturity of any note or alters the repurchase or redemption provisions or the price at which we shall offer to repurchase or redeem the note;

reduces the rate of or changes the time for payment of interest, including default interest, on any note;

waives a default or event of default in the payment of principal or interest on the notes, except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the then outstanding notes and a waiver of the payment default that resulted from such acceleration;

makes any note payable in money other than that stated in this prospectus;

makes any change in the provisions of the indenture relating to waivers of past defaults or the rights of holders of notes to receive payments of principal of or interest on the notes;

makes any change to the subordination provisions of the indenture that has a material adverse effect on holders of notes;

modifies or eliminates the right of the estate of a holder or a holder to cause us to repurchase a note upon the death or total permanent disability of a holder; or

makes any change in the foregoing amendment and waiver provisions.

Notwithstanding the foregoing, without the consent of any holder of the notes, we and the trustee may amend or supplement the indenture or the notes:

to cure any ambiguity, defect or inconsistency;

to provide for assumption of our obligations to holders of the notes in the case of a merger, consolidation or sale of all or substantially all of our assets;

to provide for additional uncertificated or certificated notes;

## Edgar Filing: RABBITT LINDA D - Form 4

to make any change that does not adversely affect the legal rights under the indenture of any such holder, including but not limited to an increase in the aggregate dollar amount of notes which may be outstanding under the indenture;

to modify our policy regarding repurchases elected by a holder of notes prior to maturity and our policy regarding repurchase of the notes prior to maturity upon the death or total permanent disability of any holder of the notes, but such modifications shall not materially adversely affect any then outstanding notes; or

to comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act.

***The Trustee***

Wells Fargo Bank, National Association has agreed to be the trustee under the indenture. The indenture contains certain limitations on the rights of the trustee, should it become one of our creditors, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any claim as security or otherwise. The trustee will be permitted to engage in other transactions with us.

Subject to certain exceptions, the holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee. The indenture provides that in case an event of default specified in the indenture shall occur and not be cured, the trustee will be required, in the exercise of its power, to use the degree of care of a reasonable person in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless the holder shall have offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

***Resignation or Removal of the Trustee***

The trustee may resign at any time, or may be removed by the holders of a majority of the aggregate principal amount of the outstanding notes. In addition, upon the occurrence of contingencies relating generally to the insolvency of the trustee or the trustee's ineligibility to serve as trustee under the Trust Indenture Act of 1939, as amended, we may remove the trustee. However, no resignation or removal of the trustee may become effective until a successor trustee has accepted the appointment as provided in the indenture.

***Reports to Trustee***

Our servicing agent will provide the trustee with quarterly reports containing any information reasonably requested by the trustee. These quarterly reports will include information on each note outstanding during the preceding quarter, including outstanding principal balance, interest credited and paid, transfers made, any redemption or repurchase and interest rate paid.

***No Personal Liability of our or our Servicing Agent's Directors, Officers, Employees and Shareholders***

No director, officer, employee, incorporator or shareholder of ours or our servicing agent, will have any liability for any of our obligations under the notes, the indenture or for any claim based on, in respect to, or by reason of, these obligations or their creation. Each holder of the notes waives and releases these persons from any liability, including any liability arising under applicable securities laws. The waiver and release are part of the consideration for issuance of the notes. We have been advised that the waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

***Service Charges***

We and our servicing agent may assess service charges for changing the registration of any note to reflect a change in name of the holder, multiple changes in interest payment dates or transfers (whether by operation of law or otherwise) of a note by the holder to another person.

***Additional Securities***

We may offer additional classes of securities with terms and conditions different from the notes currently being offered in this prospectus. We will amend or supplement this prospectus if and when we decide to offer to the public any additional class of security under this prospectus. If we sell the entire

principal amount of notes offered in this prospectus, we may register and sell additional notes by amending this prospectus, but we are under no obligation to do so.

***Variations by State***

We may offer different securities and vary the terms and conditions of the offer (including, but not limited to, different interest rates and service charges for all notes) depending upon the state where the purchaser resides.

***Interest Withholding***

We will withhold 28% (which rate is scheduled to increase to 31% for payments made after December 31, 2010) of any interest paid to any investor who has not provided us with a social security number, employer identification number, or other satisfactory equivalent in the subscription agreement (or another document) or where the Internal Revenue Service has notified us that backup withholding is otherwise required. See "Material Federal Income Tax Consequences Reporting and Backup Withholding."

***Lack of Liquidity***

There is not currently a trading market for the notes, and we do not expect that a trading market for the notes will develop.

***Satisfaction and Discharge of Indenture***

The indenture shall cease to be of further effect upon the payment in full of all of the outstanding notes and the delivery of an officer's certificate to the trustee stating that we do not intend to issue additional notes under the indenture or, with certain limitations, upon deposit with the trustee of funds sufficient for the payment in full of all of the outstanding notes.

***Reports***

We currently file annual reports on Form 10-K containing financial statements and quarterly reports on Form 10-Q containing financial information for the first three quarters of each fiscal year. We also furnish or file current reports on Form 8-K for certain events involving our business. We will send copies of these reports, at no charge, to any holder of notes who requests them in writing.

***Paying Agent***

We have appointed Wells Fargo to serve as paying agent for the notes. At our or the servicing agent's direction, Wells Fargo will pay principal and interest on the notes under the terms of any applicable note, pursuant to the indenture and prospectus. Wells Fargo must pay only amounts that we deposit for payment on the notes. We will pay all fees and expenses in connection with the paying agent's services. Wells Fargo must maintain certain records of note holders' subscriptions and payments. We have also agreed to indemnify Wells Fargo against any claims that arise from its services as paying agent except for claims resulting from the paying agent's negligence, bad faith or willful misconduct.

**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**

The following discussion describes the material federal income tax consequences relating to the purchase of the notes from us and ownership and disposition of the notes. The discussion is based upon the current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), regulations issued under the Code and judicial or ruling authority, all of which are subject to change that may be applied retroactively. The discussion does not deal with note owners other than original

purchasers from us. The discussion assumes that the notes are held as capital assets within the meaning of Section 1221 of the Code and does not discuss the federal income tax consequences applicable to all categories of investors, including banks, tax-exempt organizations, insurance companies, dealers in securities or currencies, persons that will hold notes as a position in a hedging, straddle or conversion transactions, or persons that have a functional currency other than the U.S. dollar, some of which may be subject to special rules. If a partnership holds notes, the tax treatment of a partner will generally depend on the status of the partner and on the activities of the partnership. Our counsel is of the opinion that the following discussion of federal income tax consequences is correct in all material respects. An opinion of our counsel, however, is not binding on the Internal Revenue Service or the courts, and no rulings on any of the issues discussed below will be sought from the Internal Revenue Services. **You should consult your own tax advisor to determine the specific federal, state, local and any other tax consequences applicable to you relating to your purchase, ownership and disposition of the notes.**

#### *Interest Income On The Notes*

Subject to the discussion below applicable to "non-U.S. holders," stated interest on a note will be includible in your gross income as ordinary interest income at the time it is accrued or received in accordance with your method of accounting for United States federal income tax purposes.

If you hold a note issued with original issue discount ("OID"), the provisions of Sections 1271 through 1273 and 1275 of the Code will apply to that note. In general, a note will be issued with OID if its term exceeds one year and interest is paid at maturity. Even if you are a cash method holder, you must include in your gross income, as ordinary income, the daily portion of such OID attributable to each day that you hold the note pursuant to the applicable Code Sections and Treasury regulations promulgated thereunder. This requirement generally will result in the accrual of income before the receipt of cash attributable to that income.

#### *Treatment Of Dispositions Of Notes*

Upon the sale, exchange, retirement or other taxable disposition of a note, you will recognize taxable gain or loss in an amount equal to the difference between the amount realized on the disposition and your adjusted tax basis in the note. Your adjusted tax basis of a note generally will equal your original cost for the note, increased by any accrued but unpaid interest you previously included in income with respect to the note and reduced by any principal payments you previously received with respect to the note. Any gain or loss will be capital gain or loss, except for gain representing accrued interest not previously included in your income. The capital gain or loss will be long-term capital gain or loss if the note has been held for more than one year. Capital gain or loss from a note held for one year or less will be short-term capital gain or loss. Capital losses generally may be used only to offset capital gains.

#### *Non-U.S. Holders*

Generally, if you are a nonresident alien individual or a non-U.S. corporation and do not hold the note in connection with a United States trade or business, interest paid or accrued on the notes will be treated as "portfolio interest" and therefore will be exempt from United States federal income tax. In that case, you will be entitled to receive interest payments on the notes free of United States federal income tax provided that you periodically provide us with a statement on applicable IRS forms certifying under penalty of perjury that you are not a United States person and provide your name and address. In addition, in that case you will not be subject to United States federal income tax on gain from the disposition of a note unless you are an individual who is present in the United States for 183 days or more during the taxable year in which the disposition takes place and certain other requirements are met. Interest paid to or accrued by a non-U.S. person are not subject to

U.S. withholding tax if the income is effectively connected with a United States trade or business conducted by that person and we are provided a properly executed IRS Form W-8ECI. Such "effectively connected income" will, however, generally be subject to the regular United States income tax. Holders of notes should consult their tax advisors regarding the procedures whereby they may establish an exemption from withholding.

***Reporting And Backup Withholding***

We will report annually to the Internal Revenue Service and to holders of record that are not exempted from the reporting requirements any information that may be required with respect to interest paid or required to be accrued on the notes. Under certain circumstances, as a holder of a note, you may be subject to "backup withholding" currently at a 28% rate. Under current law, after December 31, 2010, the backup withholding rate is scheduled to increase to 31%. Backup withholding may apply to you if you are a United States person and, among other circumstances, you fail to furnish on IRS Form W-9 or a substitute Form W-9 your Social Security number or other taxpayer identification number to us. Backup withholding may apply, under certain circumstances, if you are a non-U.S. person and fail to provide us with the statement necessary to establish an exemption from federal income and withholding tax on interest on the note. Backup withholding, however, does not apply to payments on a note made to certain exempt recipients, such as corporations and tax-exempt organizations, and to certain non-U.S. persons. Backup withholding is not an additional tax and may be refunded or credited against your United States federal income tax liability, provided that you furnish certain required information.

**This federal tax discussion is included for general information only and may not be applicable depending upon your particular situation. You should consult your own tax advisor with respect to the specific tax consequences to you of the purchase, ownership and disposition of the notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in federal or other tax laws.**

**PLAN OF DISTRIBUTION**

Under the terms and subject to the conditions contained in a distribution and management agreement between us and Sumner Harrington Ltd., Sumner Harrington Ltd. has agreed to serve as our selling agent and to use its best efforts to sell the notes on the terms set forth in this prospectus. The selling agent is not obligated to sell any minimum amount of notes or to purchase any of the notes.

The selling agent proposes to offer the notes to the public on our behalf on the terms set forth in this prospectus and the prospectus supplements that we file from time to time. The selling agent plans to market the notes directly to the public through newspaper, radio, internet, direct mail and other advertising. In addition, our selling agent will manage certain administrative and customer service functions relating to the notes, including handling all inquiries from potential investors, mailing investment kits, meeting with investors, processing subscription agreements and responding to all written and telephonic questions relating to the notes. Upon prior written notice to the selling agent, we may elect to use a different selling agent or perform these duties ourselves. The selling agent's servicing responsibilities are described under "Description of the Notes Servicing Agent."

We have agreed to reimburse the selling agent for its out-of-pocket expenses incurred in connection with the offer and sale of the notes, including document fulfillment expenses, legal and accounting fees, regulatory fees, due diligence expenses and marketing costs. Under the terms of the distribution and management agreement, we also will pay our selling agent a commission equal to 3.00% of the principal amount of all notes sold other than on notes sold to certain of our affiliates for which we pay no commission. For notes with maturities of two years or more, the entire



3.00% commission will be paid to the selling agent at the time of issuance and no additional commission will be paid upon renewal. For notes with maturities of less than two years, the gross 3.00% commission will be paid in pro rata installments upon the original issuance and each renewal, if any, over the first two years. Accordingly, the selling agent will not receive the entire 3.00% gross commission on notes with terms of less than two years unless the notes are successively renewed for two years. The selling agent may engage or allow selected brokers or dealers to sell notes for a commission, at no additional cost to us.

Under the distribution and management agreement, we have also agreed to pay Sumner Harrington Ltd. an annual portfolio management fee equal to 0.25% of the weighted average principal balance of the notes outstanding for its services as servicing agent. In exchange for the annual portfolio management fee, Sumner Harrington Ltd. will manage all customer service functions concerning the notes and act as an agent between us and the purchasers and holders of the notes. The annual portfolio management fee also covers all costs relating to maintenance of the investor relationship after the purchase of notes. This includes, among other things, addressing all investor inquiries regarding the notes, the preparation of all confirmations, notices and statements to purchasers and holders of the notes, the coordination of interest payments with us and the paying agent, the establishment and maintenance of records relating to the notes, the preparation of all reports, statements and analyses regarding the notes, and all out-of-pocket expenses for the printing and mailing of confirmations, notices and statements to the purchasers and holders of the notes. See "Description of the Notes Servicing Agent." This ongoing fee will be paid monthly. The amount of this fee will depend upon a number of variables, including the pace at which notes are sold, the terms of the notes sold and whether the notes are redeemed or repurchased.

The distribution and management agreement may be terminated by either us or Sumner Harrington Ltd. upon giving prior notice.

The selling agent will only be compensated to the extent that notes are sold in the offering. The table below summarizes the maximum possible amounts of compensation or reimbursement that we will pay the selling agent for services rendered in offering and selling the notes and serving as the servicing agent with regard to the notes. While actual amounts may differ from the percentages and amounts shown in the table, in no event will the total commission plus the total cost of the remaining line items exceed 6.00% of the aggregate principal amount of the notes sold. Further, in no event will the aggregate portfolio management fee exceed 2.25% of the aggregate principal amount of the notes sold, nor will the total of all other items of compensation or reimbursement exceed 0.75% of the aggregate principal amount of the notes sold.

Compensation and Reimbursement	% of Offering	Amount(1)
Total commissions	3.00%(2)	\$ 1,500,000
Selling agent's legal counsel fees	0.15%	\$ 75,000
Document fulfillment expenses	0.60%	\$ 300,000
Maximum portfolio management fee	2.25%	\$ 1,125,000
<b>Total</b>	<b>6.00%</b>	<b>\$ 3,000,000</b>

(1) All amounts assume the sale of 100% of aggregate principal amount of notes offered and represent the maximum possible amount payable to the selling agent or its affiliate over the entire term of the offering. If less than 100% of the aggregate principal amount of the notes are sold in the offering, the amounts actually paid to the agent for commissions and annual portfolio management fees will be less. In no event will the compensation paid to the selling agent for commissions, annual portfolio management fees and other categories exceed the percentage amounts shown, as applied to the notes actually sold.

(2) Assumes that each note with a term of less than two years is successively renewed for a total of two years.

## Edgar Filing: RABBITT LINDA D - Form 4

The distribution and management agreement provides for reciprocal indemnification between us and the selling agent, including the selling agent's and our officers, directors and controlling persons, against civil liabilities in connection with this offering, including certain liabilities under the Securities Act of 1933, as amended. Insofar as indemnification for liabilities arising under the Securities Act may be permitted pursuant to such indemnification provisions, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Prior to the offering, there has been no public market for the notes. We do not intend to list the notes on any securities exchange or include them for quotation on Nasdaq. The selling agent is not obligated to make a market in the notes and does not intend to do so. We do not anticipate that a secondary market for the notes will develop.

The foregoing is a summary of the material provisions relating to selling and distribution of the notes in the distribution and management agreement. The provisions of the distribution and management agreement relating to our retention of Sumner Harrington Ltd. to act as our servicing agent in performing our ongoing administrative responsibilities for the notes are described under "Description of the Notes." Any amendment to the distribution and management agreement will be filed as an exhibit to an amendment to the registration statement of which this prospectus is a part.

### LEGAL OPINIONS

Lindquist & Vennum P.L.L.P. will issue an opinion regarding the legality of the securities offered by this prospectus.

### EXPERTS

The consolidated financial statements as of December 29, 2007 and December 30, 2006 and for the years then ended incorporated by reference in this Post-Effective Amendment No. 4 to Form S-1 have been audited by Grant Thornton LLP, independent registered public accountants, as indicated in their report with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing.

### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

We "incorporate by reference" into this prospectus certain information that we have filed with the SEC, which means that we disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Some information contained in this prospectus updates the information incorporated by reference. In case of a conflict or inconsistency between information set forth in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. We incorporate by reference the documents and information from documents listed below:

Annual report on Form 10-K for the year ended December 29, 2007 filed on March 18, 2008 (including information specifically incorporated by reference into our Form 10-K from our 2007 annual report to shareholders and from our definitive proxy statement for our 2008 annual meeting of shareholders filed on March 19, 2008);

## Edgar Filing: RABBITT LINDA D - Form 4

Definitive proxy statement for our 2008 annual meeting of shareholders filed on March 19, 2008; and

Current Report or Form 8-K filed on February 11, 2008.

We will provide to each person, including any beneficial owner of the notes, to whom this prospectus is delivered, a copy of any or all reports or documents that have been incorporated by reference in this prospectus contained in the registration statement but not delivered with the prospectus upon written or oral request. We will deliver these reports or documents at no cost to the requester. You may request these reports or documents by writing to or telephoning us at:

Winmark Corporation  
Attn: Chief Financial Officer  
4200 Dahlberg Drive, Suite 100  
Minneapolis, Minnesota 55422-4837  
(763) 520-8500

You may also request these documents via email at [Winmark.information@WinmarkCorporation.com](mailto:Winmark.information@WinmarkCorporation.com).

You may also get these documents from our website under "Investor Relations," click on "SEC Filings," at <http://ir.10kwizard.com/files.php?source=1295>.

You should rely only on the information included or incorporated by reference in this prospectus or the prospectus supplement. We have not authorized anyone else to provide you with different information. We may only use this prospectus to sell securities if we also deliver a prospectus supplement. We are only offering these securities in states where the offer is permitted. You should not assume that the information in this prospectus or the prospectus supplement is accurate as of any date other than the dates on the front of those documents. Information on our website is not a part of this prospectus or a prospectus supplement.



QuickLinks

[Filed Pursuant to Rule 424\(b\)\(2\) Registration No. 333-133393](#)

[TABLE OF CONTENTS](#)

[ABOUT THIS PROSPECTUS](#)

[PROSPECTUS SUMMARY](#)

[WINMARK CORPORATION](#)

[THE OFFERING](#)

[RISK FACTORS](#)

[CAUTION REGARDING FORWARD-LOOKING STATEMENTS](#)

[RATIO OF EARNINGS TO FIXED CHARGES](#)

[USE OF PROCEEDS](#)

[DESCRIPTION OF THE NOTES](#)

[MATERIAL FEDERAL INCOME TAX CONSEQUENCES](#)

[PLAN OF DISTRIBUTION](#)

[LEGAL OPINIONS](#)

[EXPERTS](#)

[WHERE YOU CAN FIND MORE INFORMATION](#)