

[Letterhead of Skadden, Arps, Slate, Meagher & Flom LLP]

FOIA CONFIDENTIAL TREATMENT REQUESTED

CERTAIN PORTIONS OF THIS LETTER AS FILED VIA EDGAR HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR THE OMITTED PORTIONS, WHICH HAVE BEEN REPLACED WITH THE FOLLOWING PLACEHOLDER "[*]"**

September 4, 2019

BY HAND AND EDGAR

Division of Corporation Finance
Office of Telecommunications
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Attn: Joshua Shainess
Celeste M. Murphy

**Re: The We Company
Registration Statement on Form S-1
Registration No. 333-233259**

Dear Mr. Shainess and Ms. Murphy:

On behalf of our client, The We Company (the "Company"), we are submitting this letter in connection with the review by the staff (the "Staff") of the Securities and Exchange Commission (the "Commission") of the Company's Registration Statement on Form S-1 (File No. 333-233259) (the "Registration Statement") in connection with the initial public offering (the "Offering") of the Company's Class A common stock (the "Shares").

Due to the commercially sensitive nature of the information contained herein, this submission is accompanied by a request for confidential treatment of selected portions of this letter pursuant to Rule 83 of the Commission's Rules on Information and Requests, 17 C.F.R. § 200.83 and the Freedom of Information Act.

The purpose of this letter is to notify the Staff that the price range included on the cover of the Company's preliminary prospectus is expected to be within a range of \$[***] and \$[***] per Share. The actual price range to be included in the Company's preliminary prospectus (which will comply with the Staff's interpretation regarding the parameters of a bona fide price range) has not yet been finally determined and remains subject to adjustment based on factors outside of the Company's control, including then-current market conditions, continuing discussions with the underwriters as well as further business and market developments affecting the Company. While the Company expects to consummate a stock split on the closing date of the Offering, the details of the stock split are still to be determined. As a result, all per-share numbers referred to in this letter do not give effect to any proposed stock split.

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The price range described above was determined based, in large part, on discussions in late August 2019 among the senior management of the Company and representatives of the underwriters for the Offering.

(b)(4)

The indicative preliminary price range set forth in this letter reflects the estimated public offering price range of the Shares to be sold in the public markets, which Shares will be freely tradable and will not be subject to a lock-up or market stand-off agreement, in contrast with all of the Company's outstanding capital stock. Thus, the indicative preliminary price range does not take into account the current lack of liquidity for the Company's common stock and assumes a successful Offering is completed in September 2019 under current market conditions with no weighting attributed to any other outcome for the Company's business, such as the potential that the Company might remain privately held or that markets decline to a level where the Company would not be able to go public for an extended period of time.

This letter provides a discussion of the Company's approach to indicative and fair value determinations with respect to the options, restricted stock unit awards ("RSUs") and profits interests granted by the Company's board of directors or compensation committee of the board of directors since January 1, 2019.

We also supplementally advise you that the Company intends to grant RSUs in respect of an aggregate of approximately (b)(4) Shares subject to and effective upon the completion of the Offering.

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Summary of 2019 Grants

In previous correspondence with the Commission, the Company provided background on the valuation reports obtained over the period of March 2017 to May 2019, including the valuation methodology used as well as the Company's enterprise value and the per-share price for the Company's Class A common stock, or, as applicable, Class B common stock. The Company has summarized such information below for valuation reports received since January 1, 2019, including a valuation report obtained by the Company as of July 30, 2019.

Date	Class A Common Stock (per share)	Class B Common Stock (per share)	Enterprise Value (in millions)	Selected Enterprise Valuation Methodology
January 7, 2019	\$(b)(4)	(b)(4)	\$(b)(4)	(b)(4)
March 14, 2019	\$	\$	\$	
May 3, 2019	\$	\$	\$	
July 30, 2019	\$	\$	\$	

No single event caused the valuation of the shares described above to fluctuate between periods. Instead, a combination of Company-specific factors and external market factors described below led to the changes in fair value. Most significantly, the greater weighting placed on scenarios in which the Company completed the Offering led to an increase in the July 30, 2019 valuation, which was principally driven by the status of the Company's negotiations at that time with lenders over the terms of a new senior secured credit facility. The Company entered into a commitment letter in respect of a senior secured credit facility of up to \$6.0 billion on August 13, 2019. The Company expects to receive substantial proceeds from the Offering and this new senior secured credit facility that will provide additional capital upon the completion of the Offering.

January 7, 2019 Valuation Report

The Company respectfully advises the Staff that the Company granted stock-based awards as summarized in the below table based on the January 7, 2019 valuation report.

Date of Grant	Number of Shares	Exercise Price (per share)	Estimated Fair Value (per share)
<i>Stock Options – Class A Common Stock</i>			
February 11, 2019	(b)(4)	\$(b)(4)	\$(b)(4)
March 4, 2019		\$	\$
<i>Restricted Stock Units or Restricted Stock Awards – Class A Common Stock</i>			
February 11, 2019		N/A	(b)(4)
March 4, 2019		N/A	

As noted in the Company's correspondence with the Commission dated August 14, 2019, the January 7, 2019 valuation was determined based on a discounted cash flow methodology and binomial lattice model. As of the time of the January 7, 2019 valuation report, the Company considered the timing for a potential initial public offering to be (b)(4) and considered an initial public offering to have a (b)(4) likelihood of occurring based on the progress completed as of that time, which consisted solely of a confidential submission of the Registration Statement in December 2018 (absent the engagement of underwriters). Additionally, the valuation included a discount for lack of marketability of (b)(4) as private company securities are not traded on an active market.

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March 14, 2019 Valuation Report

The Company respectfully advises the Staff that the Company granted stock-based awards as summarized in the below table based on the March 14, 2019 valuation report.

Date of Grant	Number of Shares	Exercise Price (per share)	Estimated Fair Value (per share)
<i>Stock Options – Class A Common Stock</i>			
March 16, 2019	(b)(4)	\$ (b)(4)	\$ (b)(4)
April 3, 2019	(b)(4)	(b)(4)	(b)(4)
April 17, 2019	(b)(4)	(b)(4)	(b)(4)
<i>Stock Options – Class B Common Stock*</i>			
March 29, 2019	(b)(4)	(b)(4)	(b)(4)
<i>Restricted Stock Units or Restricted Stock Awards – Class A Common Stock</i>			
April 17, 2019	(b)(4)	N/A	(b)(4)
April 25, 2019	(b)(4)	N/A	(b)(4)

*Note that (b)(4) of the options issued in March 29, 2019, which had been issued to certain members of management, were cancelled in July and August 2019. Of the remaining (b)(4) options, 9,438,483 options were exercised shortly after they were issued. Those 9,438,483 shares were surrendered in August 2019, as described further below. The remaining (b)(4) options are outstanding.

The March 14, 2019 valuation was determined based on a discounted cash flow methodology and binomial lattice model. As of the time of the March 14, 2019 valuation, the Company considered the timing for a potential for an initial public offering to be (b)(4) and considered an initial public offering to have a (b)(4) likelihood of occurring based on the progress completed as of that time, which continued to consist solely of a confidential submission of the Registration Statement in December 2018 (absent the engagement of underwriters). Additionally, the valuation included a discount for lack of marketability of approximately (b)(4) a slight reduction from the January 7, 2019 valuation methodology based on reduced time to a potential initial public offering (from (b)(4) to (b)(4)).

May 3, 2019 Valuation Report

The Company respectfully advises the Staff that the Company granted stock-based awards as summarized in the below table based on the May 3, 2019 valuation report.

Date of Grant	Number of Shares	Exercise Price (per share)	Estimated Fair Value (per share)
<i>Stock Options – Class B Common Stock*</i>			
June 4, 2019	(b)(4)	\$ (b)(4)	\$ (b)(4)
<i>Restricted Stock Awards – Class A Common Stock</i>			
July 1, 2019	(b)(4)	N/A	(b)(4)

*Note that all of the options issued on June 4, 2019, which had been issued to certain members of management, were cancelled in July 2019.

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The May 3, 2019 valuation was determined based on a discounted cash flow methodology and binomial lattice model. As of the time of the May 3, 2019 valuation report, the Company considered the timing for a potential initial public offering to be (b)(4) and considered an initial public offering to have a (b)(4) likelihood of occurring based on the progress completed as of that time, which consisted of a confidential submission of the Registration Statement in December 2018 and the submission of Amendment No. 1 thereto on April 25, 2019 (again, absent the involvement of underwriters). The (b)(4) probability weighting factored in the Company's belief that, prior to pursuing a potential initial public offering, the Company would be required to negotiate with various investment banks as lenders in connection with a sizable credit facility that would fund the Company's operations as a public company. (b)(4) Additionally, the valuation included a discount for lack of marketability of (b)(4) the decrease relative to the March 14, 2019 valuation was based on the reduced time to a potential initial public offering and increased probability of an initial public offering since the March 14, 2019 valuation.

In July 2019, as described in the Registration Statement, certain members of management were issued profits interests in The We Company Management Holdings L.P., a subsidiary of the Company. These profits interests are subject to certain time-based, performance-based and/or market-based vesting criteria and have a distribution threshold in an amount established with respect to each profits interest as necessary to cause such unit to constitute a "profits interest" within the meaning of Revenue Procedures 93-27 and 2001-43. The Company also cancelled certain existing share-based payment awards that were previously issued on March 29, 2019 and June 4, 2019. Any excess fair value of the profits interests over the fair value of the share-based payment awards immediately before cancellation will be recognized as incremental compensation cost in accordance with ASC 718.

At the time of the issuance of the profits interests in July 2019, the Company considered whether the May 3, 2019 valuation report continued to form an appropriate basis for the determination of the fair value of the Company. As part of this assessment the Company considered the nature of various reorganization transactions undertaken by the Company (as described in the Registration Statement) and whether key assumptions underlying the valuation methodology had changed. First, the Company determined that there had not been any significant changes to the Company's capital structure or operations. Second, the Company determined that there had not been any significant changes to the assumptions used in the valuation report (such as the Company's forecast or probability of initial public offering). The Company therefore determined that the May 3, 2019 valuation continued to form an appropriate basis for the determination of the fair value of the Company as of July 2019.

(b)(4)
(b)(4) Furthermore, the issuance of Series AP-4 preferred stock in connection with acquisitions that closed in early July did not impact the Company's conclusion on the appropriateness of continuing to use the May 3, 2019 valuation report, given that the Series AP-4 preferred shares had the same rights and protections as the previously issued Series AP-3 preferred shares and were issued in connection with transactions completed at fair value with independent third parties.

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July 30, 2019 Valuation Report

The Company respectfully advises the Staff that the Company granted stock-based awards as summarized in the below table based on the July 30, 2019 valuation report.

Date of Grant	Number of Shares	Exercise Price (per share)	Estimated Fair Value (per share)
<i>Restricted Stock Units or Restricted Stock Awards – Class A Common Stock</i>			
August 13, 2019	(b)(4)	N/A	(b)(4)
August 25, 2019		N/A	

On August 12, 2019, an individual that is a principal stockholder, executive officer and director of the Company received an award of 9,438,483 profits interests. The profits interests are subject to time-based vesting criteria and have a distribution threshold in an amount established with respect to each profits interests as necessary to cause such unit to constitute a “profits interest” within the meaning of Revenue Procedures 93-27 and 2001-43. In satisfaction of a loan plus accrued interest receivable by the Company, the individual surrendered 9,438,483 shares received upon his early exercise of certain unvested stock options granted on March 29, 2019. Any excess fair value of the profits interests over the fair value of the shares immediately before they were surrendered will be recognized as incremental compensation cost in accordance with ASC 718.

(b)(4)

(b)(4)

(b)(4)

In connection with receiving this information, the Company determined that an updated valuation report was necessary in order to incorporate this indication of potential market value for the Company’s common stock upon an initial public offering that the Company estimated at that time would be completed in September 2019. As such, a valuation was performed by the Company’s appraisal specialist utilizing a Probability Weighted Expected Return Method (“PWERM”), which included an increased weighting on an initial public offering outcome based on the indicated pre-money value of the Company provided by the underwriters described above. The PWERM also considered a “Later Liquidity” scenario, which was based on an income approach, specifically a discounted cash flow methodology and an Option Pricing Model (“OPM”), to allocate the enterprise value to each class of preferred and common stock based on their applicable rights and protections. The weighting applied to the initial public offering scenario and the later exit scenario were (b)(4) and (b)(4) respectively. (b)(4)

(b)(4)

(b)(4)

The valuations included a weighted average discount for lack of marketability that was consistent with the previous valuation as applied to each scenario given that all employees would be subject to at least a 180 day lock-up period after the completion of any initial public offering.

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The Company respectfully submits that the difference between the fair value of the Company, as reflected in the price for the Shares in the May 3, 2019 valuation report of \$(b)(4) per Share, the price for the Shares in the July 30, 2019 valuation report of \$(b)(4) per Share and the indicative preliminary price range for the initial public offering provided in the third paragraph of this letter is primarily the result of the following factors:

- The indicative preliminary initial public offering price range assumes a successful Offering is completed in September 2019 (the "IPO Outcome") at current market conditions with no weighting attributed to any other outcome for the Company's business, such as the potential that the Company might remain privately held or that markets decline to a level where the Company would not be able to go public for an extended period of time. As a result, the indicative preliminary initial public offering price range assumes a 100% probability that an initial public offering occurs. The July 30, 2019 valuation incorporates the probability of an initial public offering outcome based on the indicative pre-money value for the Company provided by certain underwriters and considers a "Later Liquidity" scenario determined based on an income approach, specifically the discounted cash flow method and an OPM, to allocate the enterprise value to each class of preferred and common stock based on their applicable rights and protections.
- Upon the closing of an initial public offering, all outstanding shares of the Company's preferred stock will convert into common stock, thus eliminating the superior rights and preferences of preferred stock as compared to the Company's common stock. In contrast, in the valuation yielded by the OPM analysis in the "Later Liquidity" scenario, certain classes of preferred stock would not convert into common stock in order to maintain their rights and protections that are superior to those of the common stock. In the IPO Outcome, any incremental value that would be retained by those classes of preferred stock that would not convert in the Later Liquidity scenario would instead be allocated on a pro rata basis to all holders of capital stock, increasing the value of the common stock.
- Upon completion of an initial public offering, the Company would receive substantial proceeds (including in respect of the senior secured financing transaction) that would significantly strengthen the Company's balance sheet, providing capital that would be used to fund the Company's growth. The Offering would also provide the Company with potential future access to the public markets that may lower the Company's cost of capital. Each of these considerations is reflected in the indicative preliminary initial public offering price range provided by the underwriters and would not be reflected in the assumptions underlying the July 30, 2019 valuation report.
- As is typical in an initial public offering, the indicative preliminary initial public offering price range was not derived using a formal determination of fair value, but was determined by negotiations between the Company and the underwriters. (b)(4)

(b)(4)

In light of the foregoing, the Company believes that the actions taken to estimate the fair value of the Company's common stock complied with the requirements of the ASC 718 and the practices outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*.

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Should any member of the Staff have any questions or comments in connection with this letter, please do not hesitate to contact the undersigned at (212) 735-3712.

Sincerely,
/s/ Ryan J. Dzierniejko

Ryan J. Dzierniejko

cc: Joseph Kempf, Securities and Exchange Commission
Robert S. Littlepage, Securities and Exchange Commission
Adam Neumann, Chief Executive Officer, The We Company
Jen Berrent, Co-President and Chief Legal Officer, The We Company
Jared DeMatteis, Deputy Chief Legal Officer, The We Company
Graham Robinson, Skadden, Arps, Slate, Meagher & Flom LLP
Roxane Reardon, Simpson Thacher & Bartlett LLP
John Ericson, Simpson Thacher & Bartlett LLP

CONFIDENTIAL TREATMENT REQUESTED BY THE WE COMPANY
WE-08



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

August 30, 2019

Adam Neumann
Chief Executive Officer
The We Company
115 West 18th Street
New York, NY 10011

Re: The We Company
Registration Statement on Form S-1
Filed August 14, 2019
File No. 333-233259

Dear Mr. Neumann:

We have reviewed your registration statement and have the following comments. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to this letter by amending your registration statement and providing the requested information. If you do not believe our comments apply to your facts and circumstances or do not believe an amendment is appropriate, please tell us why in your response.

After reviewing any amendment to your registration statement and the information you provide in response to these comments, we may have additional comments.

Registration Statement on Form S-1

Cover Page

1. Please highlight the lead or managing underwriter(s) as required by Item 501(b)(8)(i) of Regulation S-K.

Prospectus Summary, page 1

2. We note the chart on page 5 depicting a timeline for your locations. Your chart seems to indicate that your locations “breakeven” prior to the location opening for members. Please revise to make clear the number or percentage of your mature locations that are profitable and operate on a cash flow positive basis. When revising your disclosure, also clarify if profitability and cash flow for your mature locations are based on results under GAAP.

3. We note the emphasis on your total market opportunity of \$3 trillion. Please revise to balance this disclosure with accompanying disclosure that you expect average revenue per WeWork membership to decline as you expand internationally into markets with lower margins.
4. Balance your disclosure of committed revenue backlog on page 4 and elsewhere with equally prominent disclosure of your non-cancelable operating lease commitments of \$33.9 billion.
5. In light of your expansion into markets where tenant improvement allowances are less common and your plans to enhance your global real estate platform, qualify your expectations of focusing on more capital-efficient approaches to growth which include landlords currently providing tenant improvement allowances that help fund your build-outs.

Recent Developments, page 14

6. Revise to highlight that your ability to secure the credit facility is dependent upon this offering yielding gross proceeds of at least \$3.0 billion.

Risk Factors

Risks Relating to This Offering and Ownership of Our Class A Common Stock

Adam Neumann will control a majority of our voting stock upon completion of this offering, page 46

7. Disclose the specific provisions in your restated certificate of incorporation and other governance documents addressing corporate opportunities. Explain the scope of any such provisions and describe how the potential conflicts of interest could have a material adverse effect on your business, financial condition, results of operations, or prospects. To the extent material, include risk factor disclosure regarding any corporate opportunity waiver by the company with respect to the activities of Mr. Neumann, Ark, or other related parties.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Overview, page 65

10. We note your statement on page 65 that, “As of June 1, 2019, 40% of our memberships were with organizations with more than 500 employees (which we refer to as enterprise members)... We expect enterprise to continue to be our fastest growing membership type.” On page 68 you also state, “Memberships are the cumulative number of WeWork memberships and on-demand memberships.” In this regard, it appears you have several categories of membership types. In order to give investors more insight and understanding of your business, disclose your various membership types and the revenue associated with each membership type. For each membership type, disclose the average length of their contractual commitments.
11. We also note disclosure regarding revenue retention and your emphasis on a revenue run rate metric. In order to give investors further understanding of the continuity of your revenue stream, please disclose what percentage of your revenue run rate relates to on-demand memberships, month to month memberships, less than a year memberships, greater than a year memberships, etc. For on-demand memberships and month to month memberships, disclose the renewal rates. Please also disclose how you determined the renewal rates.

Committed Revenue Backlog, page 69

12. You state on page 69 that, “Committed revenue backlog as of a given date represents total *non-cancelable* contractual commitments, net of discounts, remaining under agreements entered into as of such date, which we expect will be recognized as revenue subsequent to such date.” However on page 38 you state that, “Revenue reflected in our committed revenue backlog may be affected by *unexpected cancellations or renegotiations*.” These two statements appear to contradict each other. Please clarify and disclose how “non-cancelable” contracts included in committed revenue backlog may be canceled or renegotiated. Also disclose the average term of contracts included in committed revenue backlog.

Contribution Margin, page 70

13. We note that you evaluate the performance of your business using the non-GAAP measure “Contribution Margin.” As currently calculated and presented, we believe that your measure could be misleading based on the following:
- The measure “Contribution Margin excluding non-cash GAAP straight-line lease cost” ignores the recognition principles prescribed by ASC 842, specifically paragraph 20-25-6, resulting in a performance measure that excludes a material aspect of your lease costs and primary cost of sales.
 - We understand from your disclosure on page 82 that there will be periods during which your non-GAAP measure will include revenues from leasing certain properties without the related lease costs. In this regard, we note that the average rent free period for your lease arrangements is nine months, with some leases containing provisions for significantly longer periods of free rent. We also note that the same property may start generating revenue as early as five months after your date of possession.
 - Your measure excludes the straight-line aspect of lease cost, while including the benefit related to lease incentives.
 - On page 72, you characterize Contribution Margin as a measure of unit economics or non-GAAP gross profit. Your current disclosure does not include a presentation of the most directly comparable financial measure, gross profit, calculated and presented in accordance with GAAP. Gross profit should contemplate all cost of sales per Rule 5-03 of Regulation S-X including, but not limited to pre-opening costs, depreciation or amortization expense associated with leasehold improvements, equipment and furniture, which are an integral part of your customer offerings. Refer to Item 10(e)(1)(i)(A) of Regulation S-K and footnote 27 of the Final Rule: Conditions for Use of Non-GAAP Financial Measures.

Please remove disclosure of this measure throughout your registration statement.

Illustrative Annual Economics, page 80

14. Please explain to readers and tell us how your assumed workstation utilization rate of 100% is realistic. Describe for us your actual workstation utilization rates for mature locations and explain to us your consideration of providing illustrative metrics prepared on a historical or a budgeted basis.
15. Similarly, tell us why you believe that your metrics for *Average Revenue per WeWork Membership* and *Implied Annual Revenue* are realistic and not misleading estimates in light of your ongoing expansion into international markets in which you are likely to earn lower membership fees per member than has been your historical experience.

16. Tell us why you believe it is appropriate to disclose that 39% of your total locations comprise 724,000 potential workstations for which you have not entered into a lease. Such a metric appears to be unduly aspirational.

Membership Retention, page 84

17. We note your membership retention rate in excess of 100%. Please revise the description of this measure to more accurately characterize the nature of the information being conveyed (i.e., removing the “retention” label). Because this measure is affected by organic growth, confirm for all periods presented that you have not had any material declines in the number of new distinct members that have been masked by dramatic increases from existing members. If significant, address any historic differences in the retention rates of your various membership categories.

Developed Markets Case Study, page 85

18. Explain why you exclude certain locations from your developed markets case study.

Key Factors Affecting the Comparability of Our Results

Global Expansion, page 85

19. Please discuss how you intend to structure the material terms of participating leases and management agreements where you "share some of [y]our contribution margin with landlords in exchange for those landlords funding [y]our capital expenditures." Additionally, to provide context, quantify the percentage of your total leases consisting of such alternative arrangements.
20. Disclose that free rent periods in leases are less customary in the regions into which you are expanding, thereby increasing the proportion of non-mature locations that have not yet achieved full occupancy but are paying full lease costs.

Recent Developments

Debt Financing Transactions, page 86

21. Disclose the specific provisions of the indenture governing your senior notes that would restrict your ability to draw the second and third tranches of the Delayed Draw Term Facility and clarify whether you expect those tranches to be available to you in the foreseeable future.

Interest and Other Income (Expense), Net, page 108

22. Please explain to readers, in plain English, why you had a gain on the change in fair value of related party financial instruments of \$486.2 million.

Quarterly Results of Operations, page 112

23. The measure “Adjusted EBITDA excluding non-cash GAAP straight-line lease cost” ignores the recognition principles prescribed by ASC 842, specifically paragraph 20-25-6, resulting in a performance measure that excludes a material aspect of your lease costs and primary cost of sales. Please revise this measure throughout your registration statement to exclude the adjustment that adds back the straight-line aspect of your lease cost.

Description of Capital Stock

Provisions in Our Restated Certificate of Incorporation and Amended and Restated Bylaws Exclusive Forum, page 193

24. Provide risk factor disclosure regarding the requirement that certain claims be brought in the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have subject matter jurisdiction, any state or federal court in the State of Delaware). Disclose whether this provision applies solely to state law claims. If it does not apply solely to state law claims, then please note that Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. If this provision is intended to apply solely to state law claims, please also ensure that the exclusive forum provision/s in the restated certificate of incorporation and amended and restated bylaws states this clearly.

Certain Relationships and Related Party Transactions

Relationships and Transactions with Adam Neumann, our Co-Founder and Chief Executive Officer, page 197

25. Please add a chart at the beginning of this section reflecting all disclosed transactions involving Mr. Neumann.
26. We note that the company issued approximately \$5.9 million of partnership interests in the We Company Partnership to WE Holdings LLC in connection with the rights related to the "we" trademark. Quantify the number of partnership units issued and disclose here that Mr. Neumann is the controller and managing member of WE Holdings LLC.
27. Qualify your disclosure that Mr. Neumann has not sold any shares of the company since October 2017 by addressing the fact that he has monetized his ownership of shares in ways other than direct sales (e.g., the receipt of loans collateralized by his shares).

Profits Interests, page 204

28. Please expand your disclosure of the profits interests to:
- quantify the amount of issued interests;
 - explain to readers in detail how the interests function;
 - clarify how the structure involving the profits interests will be more efficient for the We Company for U.S. federal income tax purposes than issuing stock options;
 - explain why holders of vested profits interests may be entitled to limited catch-up distributions; and
 - describe the vesting terms and conditions.

Financial Statements

Consolidated Statements of Operations, page F-5

29. Please revise the face of the Statements of Operations to identify those line items that represent costs and expenses applicable to sales and revenues pursuant to Rule 5-03(b)(2) of Regulation S-X.
30. Please specify the amounts of depreciation and amortization expense attributable to Location Operating Expenses and Other Operating Expenses within the parenthetical note to each line item.

Unaudited Pro Forma Balance Sheet Information, page F-76

31. Please give effect to the July 2019 reorganization in your pro forma balance sheet presentation. We note your disclosure on page 19, in the 4th footnote on page 186, page 190 and page 204 that holders of partnership interests may exchange their partnership interests, together with the corresponding shares of your Class C common stock, for, at your option, shares of your Class B common stock or cash. Please disclose the terms of these exchange features as well as terms related to partnership distributions. Please tell us whether you plan to classify the non-controlling interests of the We Company Partnership outside of or as a component of permanent equity; and explain how you considered the unit holder's ability to opt for cash redemption in applying the guidance in FASB ASC 480-10-S99-3A, including Example 2 in paragraph 7, in formulating your view on classification.

Also, please file the We Company Partnership agreement and the registration rights agreement as exhibits to your Form S-1.

Note 4. Leasing Arrangements, page F-88

32. We note your disclosure on page F-88 that the incremental borrowing rate represents the rate of interest the company would have to pay to borrow “the funds necessary to obtain an asset of similar value to the right-of-use asset.” Please tell us the consideration you gave to the definition of incremental borrowing rate in ASC 842 which indicates it is the rate of interest that a lessee would have to pay to borrow “an amount equal to the lease payments.”
33. We note on page F-89 that your lease incentive receivables are related to tenant improvement allowances and broker commissions and represent a fixed future receipt due from the landlord. Please provide to us additional details regarding your broker commissions including the nature of commissions, how you earn the commissions and when they are payable from the lessor. Additionally, describe to us the basis for your accounting treatment as it relates to the broker commissions.

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35. Regarding the \$362.1 million in-substance non-recourse note issued in connection with an early exercise of stock options, please disclose on page F-118 how the note was settled.

Adam Neumann
The We Company
August 30, 2019
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Exhibit Index, page II-5

36. We note the definitions of the Minimum Contribution Margin Covenant and the Minimum Liquidity Covenant in the Credit Facilities Commitment Letter, dated August 13, 2019 (Exhibit 10.18), do not include quantified minimum amounts. Please advise.

General

37. With respect to the various graphical depictions of member case studies and testimonials you include between pages 128 and 150, confirm that you have received consents for the individuals quoted. Also clarify the relevance of imagery that does not appear to have a clear disclosure or investor protection purpose, such as the snapshot of a participant in the NYC Pride Parade.

We remind you that the company and its management are responsible for the accuracy and adequacy of their disclosures, notwithstanding any review, comments, action or absence of action by the staff.

Refer to Rules 460 and 461 regarding requests for acceleration. Please allow adequate time for us to review any amendment prior to the requested effective date of the registration statement.

You may contact Joseph Kempf, Senior Staff Accountant, at (202) 551-3352 or Robert S. Littlepage, Accounting Branch Chief, at (202) 551-3361 if you have questions regarding comments on the financial statements and related matters. Please contact Joshua Shainess, Attorney-Adviser, at (202) 551-7951 or Celeste M. Murphy, Legal Branch Chief, at (202) 551-3257 with any other questions.

Sincerely,

Division of Corporation Finance
Office of Telecommunications

[Letterhead of Skadden, Arps, Slate, Meagher & Flom LLP]

September 3, 2019

BY HAND AND EDGAR

Division of Corporation Finance
Office of Telecommunications
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Attn: Joshua Shainess
Celeste M. Murphy

**Re: The We Company
Registration Statement on Form S-1
Filed August 14, 2019
File No. 333-233259**

Dear Mr. Shainess and Ms. Murphy:

On behalf of our client, The We Company, a Delaware corporation (the "Company"), we hereby provide responses to comments received from the staff (the "Staff") of the Securities and Exchange Commission (the "Commission") by letter dated August 30, 2019 (the "Comment Letter") with respect to the above-referenced Registration Statement on Form S-1 filed with the Commission on August 14, 2019 ("Prior Filing").

Concurrently with the submission of this letter, the Company is publicly submitting, through the Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system, an amendment to the Registration Statement on Form S-1 (the "Registration Statement") in response to the Staff's comments and to reflect certain other changes. For the Staff's convenience, we will also deliver two copies of the Registration Statement marked to show changes from the Prior Filing.

The headings and paragraph numbers in this letter correspond to those contained in the Comment Letter and, to facilitate the Staff's review, we have reproduced the text of the Staff's comments in italics below. Capitalized terms used but not defined herein have the meanings given to them in the Registration Statement. All references to page numbers and captions (other than those in the Staff's comments and unless otherwise stated) correspond to the page numbers and captions in the Registration Statement.

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Registration Statement on Form S-1
Cover Page

1. *Please highlight the lead or managing underwriter(s) as required by Item 501(b)(8)(i) of Regulation S-K.*

As discussed with the Staff on August 30, 2019, the Company respectfully advises the Staff that the underwriters highlighted on the cover page of the prospectus are the lead underwriters for the offering.

Prospectus Summary, page 1

2. *We note the chart on page 5 depicting a timeline for your locations. Your chart seems to indicate that your locations "breakeven" prior to the location opening for members. Please revise to make clear the number or percentage of your mature locations that are profitable and operate on a cash flow positive basis. When revising your disclosure, also clarify if profitability and cash flow for your mature locations are based on results under GAAP.*

The Company respectfully advises the Staff that it has revised the disclosure on pages 4, 81 and 134 to address the Staff's comment and has removed the chart to which the Staff's comment referred. The Company respectfully advises the Staff that the references to revenue and location operating expenses in such revised disclosures refer to GAAP revenue and GAAP location operating expenses, respectively.

3. *We note the emphasis on your total market opportunity of \$3 trillion. Please revise to balance this disclosure with accompanying disclosure that you expect average revenue per WeWork membership to decline as you expand internationally into markets with lower margins.*

The Company respectfully advises the Staff that it has revised the disclosure on pages 6 and 137 to address the Staff's comment.

4. *Balance your disclosure of committed revenue backlog on page 4 and elsewhere with equally prominent disclosure of your non-cancelable operating lease commitments of \$33.9 billion.*

The Company respectfully advises the Staff that it has revised the disclosure to remove the references to committed revenue backlog on pages 4, 134 and 164 to address the Staff's comment.

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5. *In light of your expansion into markets where tenant improvement allowances are less common and your plans to enhance your global real estate platform, qualify your expectations of focusing on more capital-efficient approaches to growth which include landlords currently providing tenant improvement allowances that help fund your build-outs.*

The Company respectfully advises the Staff that it has revised the disclosure on pages 11 and 154 to address the Staff's comment.

Recent Developments, page 14

6. *Revise to highlight that your ability to secure the credit facility is dependent upon this offering yielding gross proceeds of at least \$3.0 billion.*

The Company respectfully advises the Staff that it has removed the summary of the new credit facility from page 13, retaining only the more fulsome description of the new credit facility on page 87.

Risk Factors

Risks Relating to This Offering and Ownership of Our Class A Common Stock

Adam Neumann will control a majority of our voting stock upon completion of this offering.,
page 46

7. *Disclose the specific provisions in your restated certificate of incorporation and other governance documents addressing corporate opportunities. Explain the scope of any such provisions and describe how the potential conflicts of interest could have a material adverse effect on your business, financial condition, results of operations, or prospects. To the extent material, include risk factor disclosure regarding any corporate opportunity waiver by the company with respect to the activities of Mr. Neumann, Ark, or other related parties.*

The Company respectfully advises the Staff that it has updated the disclosure on page 195 to address the Staff's comment.

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Management's Discussion and Analysis of Financial Condition and Results of Operations Overview, page 65

10. *We note your statement on page 65 that, "As of June 1, 2019, 40% of our memberships were with organizations with more than 500 employees (which we refer to as enterprise members)... We expect enterprise to continue to be our fastest growing membership type." On page 68 you also state, "Memberships are the cumulative number of WeWork memberships and on-demand memberships." In this regard, it appears you have several categories of membership types. In order to give investors more insight and understanding of your business, disclose your various membership types and the revenue associated with each membership type. For each membership type, disclose the average length of their contractual commitments.*

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The Company respectfully advises the Staff that it has revised the disclosure on page 70 to address the Staff's comment. As disclosed on page 70, the Company has only two types of memberships: WeWork memberships and on-demand memberships. Either type of membership would be considered an enterprise membership if purchased by an enterprise member. The Company has revised the disclosure on page 71 to include disclosure of the initial commitment term of its WeWork memberships as of June 1, 2019, as well as the average commitment remaining under contracts included in committed revenue backlog. The Company respectfully advises the Staff that, because on-demand memberships provide access to shared workstations by the minute, by the hour or by the day, the average length of contractual commitment associated with its on-demand memberships is not material and as disclosed in the additions on page 70, on-demand memberships represented less than 1% of total membership and service revenue for the six months ended June 30, 2019.

11. *We also note disclosure regarding revenue retention and your emphasis on a revenue run rate metric. In order to give investors further understanding of the continuity of your revenue stream, please disclose what percentage of your revenue run rate relates to on-demand memberships, month to month memberships, less than a year memberships, greater than a year memberships, etc. For on-demand memberships and month to month memberships, disclose the renewal rates. Please also disclose how you determined the renewal rates.*

The Company respectfully advises the Staff that it has revised the disclosure on page 71 to address the Staff's comments. This disclosure has been revised to include a discussion of renewal rates on month-to-month commitments. The Company respectfully advises the Staff that more than 50% of its run-rate revenue as of June 30, 2019 consists of committed revenue backlog that is scheduled to be recognized in the next 12 months. The Company respectfully advises the Staff that on-demand memberships represented less than 1% of total membership and service revenue for the six months ended June 30, 2019 and therefore are immaterial as a percentage of run rate revenue.

Committed Revenue Backlog, page 69

12. *You state on page 69 that, "Committed revenue backlog as of a given date represents total non-cancelable contractual commitments, net of discounts, remaining under agreements entered into as of such date, which we expect will be recognized as revenue subsequent to such date." However on page 38 you state that, "Revenue reflected in our committed revenue backlog may be affected by unexpected cancellations or renegotiations." These two statements appear to contradict each other. Please clarify and disclose how "non-cancelable" contracts included in committed revenue backlog may be canceled or renegotiated. Also disclose the average term of contracts included in committed revenue backlog.*

The Company respectfully advises the Staff that it has revised the disclosure on pages 39 and 71 to address the Staff's comment.

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Contribution Margin, page 70

13. *We note that you evaluate the performance of your business using the non-GAAP measure "Contribution Margin." As currently calculated and presented, we believe that your measure could be misleading based on the following*
- *The measure "Contribution Margin excluding non-cash GAAP straight-line lease cost" ignores the recognition principles prescribed by ASC 842, specifically paragraph 2025-6, resulting in a performance measure that excludes a material aspect of your lease costs and primary cost of sales.*
 - *We understand from your disclosure on page 82 that there will be periods during which your non-GAAP measure will include revenues from leasing certain properties without the related lease costs. In this regard, we note that the average rent free period for your lease arrangements is nine months, with some leases containing provisions for significantly longer periods of free rent. We also note that the same property may start generating revenue as early as five months after your date of possession.*
 - *Your measure excludes the straight-line aspect of lease cost, while including the benefit related to lease incentives.*
 - *On page 72, you characterize Contribution Margin as a measure of unit economics or non-GAAP gross profit. Your current disclosure does not include a presentation of the most directly comparable financial measure, gross profit, calculated and presented in accordance with GAAP. Gross profit should contemplate all cost of sales per Rule 503 of Regulation S-X including, but not limited to pre-opening costs, depreciation or amortization expense associated with leasehold improvements, equipment and furniture, which are an integral part of your customer offerings. Refer to Item 10(e)(1)(i)(A) of Regulation S-K and footnote 27 of the Final Rule Conditions for Use of Non-GAAP Financial Measures.*

Please remove disclosure of this measure throughout your registration statement.

The Company respectfully advises the Staff that the Company is submitting a response to the Staff's comment under separate cover.

Illustrative Annual Economics, page 80

14. *Please explain to readers and tell us how your assumed workstation utilization rate of 100% is realistic. Describe for us your actual workstation utilization rates for mature locations and explain to us your consideration of providing illustrative metrics prepared on a historical or a budgeted basis.*

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The Company respectfully advises the Staff that it has revised the disclosure on page 81 to remove the illustrative annual economics presented in the Prior Filing.

15. *Similarly, tell us why you believe that your metrics for Average Revenue per We Work Membership and Implied Annual Revenue are realistic and not misleading estimates in light of your ongoing expansion into international markets in which you are likely to earn lower membership fees per member than has been your historical experience.*

The Company respectfully advises the Staff that it has revised the disclosure on page 81 to remove the illustrative annual economics presented in the Prior Filing.

16. *Tell us why you believe it is appropriate to disclose that 39% of your total locations comprise 724,000 potential workstations for which you have not entered into a lease. Such a metric appears to be unduly aspirational.*

The Company respectfully advises the Staff that it has revised the disclosure on page 81 and throughout the Registration Statement to include as part of the "Find" phase its expected workstation pipeline, which represents workstation capacity at locations that the Company expects to become open locations based on the Company's actual conversion rate of locations in the "Find" phase of its pipeline in the 12 months ended June 30, 2019.

Membership Retention, page 84

17. *We note your membership retention rate in excess of 100%. Please revise the description of this measure to more accurately characterize the nature of the information being conveyed (i.e., removing the "retention" label). Because this measure is affected by organic growth, confirm for all periods presented that you have not had any material declines in the number of new distinct members that have been masked by dramatic increases from existing members. If significant, address any historic differences in the retention rates of your various membership categories.*

The Company respectfully advises the Staff that its net membership retention rate is a member-based net retention rate, and excludes WeWork memberships from new distinct members added during the period. This metric is affected only by organic growth in the number of WeWork memberships from the particular cohort, net of contraction or attrition in WeWork memberships from that particular cohort, over the applicable period. The Company respectfully advises the Staff that there are not material differences in net membership retention rates among the various cohorts presented in the graphic on pages 85 and 133.

Developed Markets Case Study, page 85

18. *Explain why you exclude certain locations from your developed markets case study.*

The Company respectfully advises the Staff that it has revised the disclosure on page 86 to clarify that the locations excluded from the developed markets case study contain the

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Company's corporate offices in New York, San Francisco and London, as well as two WeLive locations, as the performance of these locations is not representative of the performance of open locations presented elsewhere in the Registration Statement.

Key Factors Affecting the Comparability of Our Results
Global Expansion, page 85

19. *Please discuss how you intend to structure the material terms of participating leases and management agreements where you "share some of [y]our contribution margin with landlords in exchange for those landlords funding [y]our capital expenditures." Additionally, to provide context, quantify the percentage of your total leases consisting of such alternative arrangements.*

The Company respectfully advises the Staff that it has revised the disclosure on page 87 to address the Staff's comment.

20. *Disclose that free rent periods in leases are less customary in the regions into which you are expanding, thereby increasing the proportion of non-mature locations that have not yet achieved full occupancy but are paying full lease costs.*

The Company respectfully advises the Staff that, while tenant improvement allowances are less common in the regions into which the Company has expanded, the Company has not seen a similar trend with respect to free rent periods.

Recent Developments
Debt Financing Transactions, page 86

21. *Disclose the specific provisions of the indenture governing your senior notes that would restrict your ability to draw the second and third tranches of the Delayed Draw Term Facility and clarify whether you expect those tranches to be available to you in the foreseeable future.*

The Company respectfully advises the Staff that it has revised the disclosure on pages 41 and 88 to address the Staff's comment.

Interest and Other Income (Expense), Net, page 108

22. *Please explain to readers, in plain English, why you had a gain on the change in fair value of related party financial instruments of \$486.2 million.*

The Company respectfully advises the Staff that it has revised the disclosure on page 110 to address the Staff's comment.

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Quarterly Results of Operations, page 112

23. *The measure "Adjusted EBITDA excluding non-cash GAAP straight-line lease cost" ignores the recognition principles prescribed by ASC 842, specifically paragraph 20-25-6, resulting in a performance measure that excludes a material aspect of your lease costs and primary cost of sales. Please revise this measure throughout your registration statement to exclude the adjustment that adds back the straight-line aspect of your lease cost.*

The Company respectfully advises the Staff that the Company is submitting a response to the Staff's comment under separate cover.

Description of Capital Stock
Provisions in Our Restated Certificate of Incorporation and Amended and Restated Bylaws
Exclusive Forum, page 193

24. *Provide risk factor disclosure regarding the requirement that certain claims be brought in the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have subject matter jurisdiction, any state or federal court in the State of Delaware). Disclose whether this provision applies solely to state law claims. If it does not apply solely to state law claims, then please note that Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. If this provision is intended to apply solely to state law claims, please also ensure that the exclusive forum provision/s in the restated certificate of incorporation and amended and restated bylaws states this clearly.*

The Company respectfully advises the Staff that it has revised the disclosure on pages 53 and 195 to address the Staff's comment.

Certain Relationships and Related Party Transactions
Relationships and Transactions with Adam Neumann, our Co-Founder and Chief Executive
Officer, page 197

25. *Please add a chart at the beginning of this section reflecting all disclosed transactions involving Mr. Neumann.*

The Company respectfully advises the Staff that it does not believe a chart reflecting all disclosed transactions involving Mr. Neumann would be informative or helpful to investors. The Company carefully prepared the disclosure regarding transactions with Mr. Neumann to provide a comprehensive presentation of those transactions in one location in the prospectus. Such disclosure is prominently featured at the beginning of this section and consolidates all relevant disclosure into a single subsection with a heading in which Mr. Neumann is conspicuously named. The Company adopted this approach to allow investors to review the detail provided for each disclosed transaction

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individually as well as together with the detail regarding the other transactions involving Mr. Neumann. Due to the complex nature of certain of the disclosed transactions, the Company believes that any summary presentation of such disclosure would not adequately present the context needed for an overall understanding of the transactions and may lead investors to fail to consider or appreciate important facts which would, by necessity, be omitted in any summary presentation, including a chart or other tabular format. In addition, the Company believes that the manner in which the transactions are currently disclosed encourages investors to review the disclosure in its entirety and is in compliance with Item 404 of Regulation S-K.

26. *We note that the company issued approximately \$5.9 million of partnership interests in the We Company Partnership to WE Holdings LLC in connection with the rights related to the "we" trademark. Quantify the number of partnership units issued and disclose here that Mr. Neumann is the controller and managing member of WE Holdings LLC.*

The Company respectfully advises the Staff that it has revised the disclosure on page 201 to disclose that Mr. Neumann is the controller and managing member of WE Holdings LLC and that the referenced transaction has been unwound.

27. *Qualify your disclosure that Mr. Neumann has not sold any shares of the company since October 2017 by addressing the fact that he has monetized his ownership of shares in ways other than direct sales (e.g., the receipt of loans collateralized by his shares).*

The Company respectfully advises the Staff that it has revised the disclosure on page 200 to address the Staff's comment.

Profits Interests, page 204

28. *Please expand your disclosure of the profits interests to*

- *quantify the amount of issued interests;*
- *explain to readers in detail how the interests function;*
- *clarify how the structure involving the profits interests will be more efficient for the We Company for U.S. federal income tax purposes than issuing stock options;*
- *explain why holders of vested profits interests may be entitled to limited catch-up distributions; and*
- *describe the vesting terms and conditions.*

The Company respectfully advises the Staff that it has updated the disclosure on pages 205 through 207 to address the Staff's comment.

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Financial Statements

Consolidated Statements of Operations, page F-5

29. *Please revise the face of the Statements of Operations to identify those line items that represent costs and expenses applicable to sales and revenues pursuant to Rule 5-03(b)(2) of Regulation S-X.*

The Company respectfully advises the Staff that it believes the categories of expenses and associated titles on its statements of operations, and the related disclosure surrounding what is included in those line items, appropriately identify the costs and expenses applicable to its revenues.

The Company is a service company and, as disclosed on page F-17 and F-86, its total revenues are predominantly service revenues related to providing space-as-a-service to its members. Membership and service revenue accounted for approximately 93% of the Company's total revenue for the year ended December 31, 2018 and approximately 87% of the Company's total revenue for the six months ended June 30, 2019.

The costs and expenses applicable to the membership and service revenue earned include "location operating expenses" as presented on the consolidated statement of operations, plus the portion of depreciation and amortization expense related to the associated leasehold improvements, equipment and furniture, which are an integral part of the Company's space-as-a-service offering. "Location operating expenses" is defined in detail as the cost of operating the locations in which the Company is providing its space-as-a-service offering from which the Company earns membership and service revenue. The majority of the Company's depreciation and amortization expense relates to the delivery of its space-as-a-service offering. In response to the Staff's comment, the Company has updated the line of the income statement to read "Location operating expenses – cost of revenue" and has added, in parenthetical disclosure, the portion of depreciation and amortization expense that is related to its location operating expenses.

The Company's "other revenue" is not a material component of total revenue and its components relate to a number of different immaterial revenue streams as described in more detail on page F-17. These revenues generally relate to revenue earned for providing various other "We Company offerings" not directly related to the Company's space-as-a-service offering.

For the six months ended June 30, 2019, approximately 30% of "other revenue" relates to services provided by what the Company refers to as "mature" We Company offerings, which included Meetup, Flatiron School, Conductor and Managed by Q, in the periods subsequent to their acquisition. The direct costs applicable to the other revenue earned by the mature We Company offerings include the "other operating expenses" presented on the Company's consolidated statements of operations, plus the portion of depreciation and amortization related to the associated equipment that is an integral part of services delivered for these mature We Company offerings. The components of other operating expenses, and the fact that they relate to the costs of operating and providing products

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and services by mature We Company offerings, are disclosed on page F-18. In response to the Staff's comment, the Company has updated the line on the income statement to read "Other operating expenses – cost of revenue" and also added, in parenthetical disclosure, the portion of depreciation and amortization expense that is related to its other operating expenses.

For the six months ended June 30, 2019, the remaining 70% of "other revenue" relates to other We Company offerings that are not yet mature, the significant majority of which relates to Powered by We. The Company considers these offerings to be incubating business development activities from which ancillary revenue is earned. As a result of the incubating nature of these offerings, the related costs of providing these incubating products and services is included as a component with all of the other new business development activities of the Company within "growth and new market development expenses" on the consolidated statements of operations. In response to the Staff's comment, the Company has quantified the cost of revenue associated with Powered by We on the face of its income statement. The definition of these costs is included on page F-19.

The Company does not consider pre-opening location expenses to be a cost of the services it provides. By definition, these expenses relate to locations that are not yet open and therefore are not yet generating any membership and service revenue. Rather, these are up-front investments in the Company's business and are not directly related to the delivery of the Company's space-as-a-service offering, which begins once a location opens and begins generating revenue. These expenses are labeled and clearly defined on page F-18. Given the changes in the current captions on the Company's statement of operations relating to the expenses associated with the Company's space-as-a-service service offering, the relative immateriality of "other revenue" and its related expenses and the current disclosures surrounding other revenue and its related expenses, the Company believes that its statement of operations is in compliance with Rule 5-03 of Regulation S-X.

30. *Please specify the amounts of depreciation and amortization expense attributable to Location Operating Expenses and Other Operating Expenses within the parenthetical note to each line item.*

The Company respectfully advises the Staff that it has revised the disclosure on page F-5 and page F-68 to address the Staff's comment.

Unaudited Pro Forma Balance Sheet Information, page F-76

31. *Please give effect to the July 2019 reorganization in your pro forma balance sheet presentation. We note your disclosure on page 19, in the 4th footnote on page 186, page 190 and page 204 that holders of partnership interests may exchange their partnership interests, together with the corresponding shares of your Class C common stock, for, at*

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your option, shares of your Class B common stock or cash. Please disclose the terms of these exchange features as well as terms related to partnership distributions. Please tell us whether you plan to classify the non-controlling interests of the We Company Partnership outside of or as a component of permanent equity; and explain how you considered the unit holder's ability to opt for cash redemption in applying the guidance in FASB ASC 480-10-S99-3A, including Example 2 in paragraph 7, in formulating your view on classification.

Also, please file the We Company Partnership agreement and the registration rights agreement as exhibits to your Form S-1.

The Company respectfully advises the Staff that the reorganization on July 15, 2019 did not itself have an effect on the Company's pro forma balance sheet. On July 15, 2019, the then-stockholders of WeWork Companies Inc. became the stockholders of The We Company, and all assets and liabilities previously held by WeWork Companies Inc. and its subsidiaries immediately prior to the reorganization became assets and liabilities of The We Company and its subsidiaries subsequent to the reorganization. As part of the reorganization, the Company authorized a new class of common stock ("Class C Common Stock"). However, no shares of Class C Common Stock were issued and outstanding as of July 15, 2019. The number of authorized shares of Class C Common Stock was amended subsequent to July 15, 2019, as disclosed on page F-129 as a subsequent event, and this number of shares authorized will be disclosed within the table under "Capitalization" on page 60 under the "pro forma" and "pro forma as adjusted" columns. While the reorganization created a legal structure that allowed for the issuance of profits interests, all issuances of profits interests and associated Class C Common Stock occurred subsequent to July 15, 2019. Subsequent to July 15, 2019, the Company also cancelled a similar number of other awards that were reflected in the June 30, 2019 financial statements. These transactions are accounted for as subsequent events for accounting purposes, and do not require additional pro forma disclosure. The Company has also added additional disclosure on page F-76 regarding the reorganization and the Company's pro forma balance sheet.

The Company respectfully advises the Staff that it has updated the disclosure on pages 205 through 207 to address the Staff's comment in respect of the profits interests.

The Company respectfully advises the Staff that the Company plans to classify the non-controlling interests of the We Company Partnership as a component of permanent equity. ASC 480-10-S99-3A "requires preferred securities that are redeemable for cash or other assets to be classified outside of permanent equity if they are redeemable (1) at a fixed or determinable price on a fixed or determinable date, (2) at the option of the holder, or (3) upon the occurrence of an event that is not solely within the control of the issuer."

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Although ASC 480-10-S99-3A “specifically describes and discusses preferred securities, the SEC staff believes that ASC 480-10-S99-3A also provides analogous guidance for other redeemable equity instruments including, for example, common stock, derivative instruments, non-controlling interests, securities held by an employee stock ownership plan, and share-based payment arrangements with employees.”

Example 2 in paragraph 7 of the guidance further clarifies that “a preferred security that is not required to be classified as a liability under other applicable GAAP may have a redemption provision that states it may be called by the issuer upon an affirmative vote by the majority of its board of directors. While some might view the decision to call the security as an event that is within the control of the company because the governance structure of the company is vested with the power to avoid redemption, if the preferred security holders control a majority of the votes of the board of directors through direct representation on the board of directors or through other rights, the preferred security is redeemable at the option of the holder and classification in temporary equity is required. In other words, any provision that requires approval by the board of directors cannot be assumed to be within the control of the issuer.”

Vested profits interests in the We Company Partnership are exchangeable for (at the Company’s election) shares of our Class B common stock or cash. However, cash redemptions are required to be approved by a majority of members of a committee of the Company’s board of directors that qualify as independent directors pursuant to the rules of the stock exchange on which the Class A common stock of the Company (the “Class A Common Stock”) is listed. As decisions require approval by these parties who do not have any separate economic incentive in the redemption of the profits interests, the Company considers the redemption feature to be in the control of the Company, rather than the underlying holders of the security. As a result, the Company is not required to classify non-controlling interests of the We Company Partnership outside of permanent equity.

The Company respectfully advises the Staff that the Company will file all remaining exhibits in a subsequent pre-effective amendment to the Registration Statement.

Note 4. Leasing Arrangements, page F-88.

32. *We note your disclosure on page F-88 that the incremental borrowing rate represents the rate of interest the company would have to pay to borrow “the funds necessary to obtain an asset of similar value to the right-of-use asset.” Please tell us the consideration you gave to the definition of incremental borrowing rate in ASC 842 which indicates it is the rate of interest that a lessee would have to pay to borrow “an amount equal to the lease payments.”*

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The Company respectfully advises the Staff that its incremental borrowing rate equals the rate of interest the Company would have paid to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment, in line with the definition of the incremental borrowing rate under ASC 842. The Company also notes that the future value of the right-of-use asset at lease commencement, prior to any measurement adjustments, is equal to the remaining lease payments. The Company acknowledges that its reference to the “value of the right-of-use asset” is not defined terminology in the standard. Therefore, the Company has revised the disclosure on page F-88 to clarify that the incremental borrowing rate used represents the rate of interest the Company would have to pay to borrow “an amount equal to the fixed lease payments.”

33. *We note on page F-89 that your lease incentive receivables are related to tenant improvement allowances and broker commissions and represent a fixed future receipt due from the landlord. Please provide to us additional details regarding your broker commissions including the nature of commissions, how you earn the commissions and when they are payable from the lessor. Additionally, describe to us the basis for your accounting treatment as it relates to the broker commissions.*

The Company respectfully advises the Staff that in certain countries in which the Company operates, it is customary when a lease is executed for landlords to pay a commercial real estate broker a commission, generally in an amount equal to a defined percentage of the total lease payments. In arrangements where the Company directly participates in brokering the lease, the Company earns a percentage of the commission payment from the lessor. The Company evaluated the guidance in ASC 842-10-55-30(a) and determined that the brokerage commissions paid by the lessor to the Company represent a lease incentive. Further, the Company respectfully advises the Staff that such payment is generally not required to be remitted to the Company until after lease commencement. In such cases, upon lease commencement, the Company recognizes any fixed brokerage commissions that are payable to the Company after lease commencement as a reduction of future lease payments. This reduces the Company’s initial measurement of the lease liability and right-of-use asset. The timing of the Company’s receipt of broker commissions ranges based on the contractual terms of each deal. Consistent with industry standards, broker commissions may be payable in installments, with a portion payable shortly after lease commencement (e.g., 30 days) and the remainder payable upon successful collection by the landlord of rent over a specified period of time (e.g., 12 months).

The Company respectfully advises the Staff that it has also clarified the language on page F-89 in response to the Staff’s comment. However we further note for the Staff’s reference that cash receipts for broker commissions have not historically been a material component of the Company’s total lease incentives. Cash received for broker commissions was approximately \$31.2 million and \$13.6 million for the six months

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ended June 30, 2019 and 2018, respectively (as presented on page F-73, representing only 6% and 5%, respectively, of the total lease incentive cash collections in each period). The Company's lease incentives relate primarily to tenant improvement allowances.

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35. *Regarding the \$362.1 million in-substance non-recourse note issued in connection with an early exercise of stock options, please disclose on page F-118 how the note was settled.*

The Company respectfully advises the Staff that it has revised the disclosure on page F-118 to address the Staff's comment.

Exhibit Index, page II-5

36. *We note the definitions of the Minimum Contribution Margin Covenant and the Minimum Liquidity Covenant in the Credit Facilities Commitment Letter, dated August 13, 2019 (Exhibit 10.18), do not include quantified minimum amounts. Please advise.*

The Company respectfully advises the Staff that the quantified minimum amounts under the definition of Minimum Liquidity Covenant are included in Section 6 of the term sheet included as an exhibit to the Credit Facility Commitment Letter filed as Exhibit 10.18 to the Prior Filing. The definition of Minimum Contribution Margin Covenant will be finalized as part of the definitive documentation for the 2019 Credit Facility.

General

37. *With respect to the various graphical depictions of member case studies and testimonials you include between pages 128 and 150, confirm that you have received consents for the individuals quoted. Also clarify the relevance of imagery that does not appear to have a clear disclosure or investor protection purpose, such as the snapshot of a participant in the NYC Pride Parade.*

The Company respectfully advises the Staff that it has received consents for all individuals quoted in member case studies and testimonials throughout the prospectus, and all individuals quoted are either members or employees of the Company. The Company has included images of its community-related activities in the Registration Statement, including its participation together with employees, members and others in the NYC Pride March, a yearly event supporting the LGBT community, in which the Company has participated since 2017.

Mr. Joshua Shainess
Securities and Exchange Commission
September 3, 2019
Page 21

Should any member of the Staff have any questions or comments concerning this filing or the materials submitted herewith, or desire any further information or clarification in respect of the Amendment, please do not hesitate to contact the undersigned at (212) 735-3712.

Sincerely,

/s/ Ryan J. Dzierniejko
Ryan J. Dzierniejko

cc: Joseph Kempf, Securities and Exchange Commission
Robert S. Littlepage, Securities and Exchange Commission
Adam Neumann, Chief Executive Officer, The We Company
Jen Berrent, Co-President and Chief Legal Officer, The We Company
Jared DeMatteis, Deputy Chief Legal Officer, The We Company
Graham Robinson, Skadden, Arps, Slate, Meagher & Flom LLP
Roxane Reardon, Simpson Thacher & Bartlett LLP
John Ericson, Simpson Thacher & Bartlett LLP



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

September 11, 2019

Adam Neumann
Chief Executive Officer
The We Company
115 West 18th Street
New York, NY 10011

**Re: The We Company
Amendment No. 1 to
Registration Statement on Form S-1
Filed September 4, 2019
File No. 333-233259**

Dear Mr. Neumann:

We have reviewed your amended registration statement and have the following comments. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to this letter by amending your registration statement and providing the requested information. If you do not believe our comments apply to your facts and circumstances or do not believe an amendment is appropriate, please tell us why in your response.

After reviewing any amendment to your registration statement and the information you provide in response to these comments, we may have additional comments. Unless we note otherwise, our references to prior comments are to comments in our August 30, 2019 letter.

Amendment No. 1 to Registration Statement on Form S-1

Prospectus Summary

Our Economics, page 10

1. We note your references to the "strong unit economics" of your mature locations and your disclosure that the profitability profile of your business is a managed outcome driven by the maturity of your locations. In light of these assertions, we continue to believe that you should revise to make clear the number or percentage of your mature locations that are profitable and operate on a cash flow positive basis.

2. We note your response to prior comment 4. Please revise to balance your disclosure in the summary of your strengths and attractive economics by highlighting your non-cancelable operating lease commitments.

Recent Developments, page 13

3. We note your response to prior comment 6. Given the importance of the 2019 Credit Facility to your growth, the interdependence between the credit facility and this offering, and the restrictions you will be subject to as a result of the credit facility, please revise to briefly summarize the material terms of the credit facility and highlight that your ability to secure the credit facility is dependent upon this offering yielding gross proceeds of at least \$3.0 billion.

Management's Discussion and Analysis of Financial Condition and Results of Operations
Contribution Margin, page 72

4. Please revise to clarify that Contribution Margin is only being presented in the aggregate, not on a location-by-location basis.
5. Please revise the name of your non-GAAP measure, Contribution Margin, to clarify that the measure is intended to reflect a measure of profitability at the location level.
6. Please revise the title "Contribution Margin including non-cash GAAP straight-line lease cost" to remove the qualifying language "including non-cash GAAP straight-line lease cost."

Contribution Margin and Contribution Margin Percentage, page 72

7. Please remove Contribution Margin Percentages, or disclose them along with a presentation, with equal or greater prominence, of the most directly comparable financial measures calculated and presented in accordance with GAAP.
8. Please revise the bar graph presentations to remove the impact of the straight-line lease cost on Contribution Margin.

Key Factors Affecting the Comparability of Our Results

Global Expansion, page 86

9. We note your response to prior comment 20 indicating that the Company is not aware of regional trends regarding free rent periods being less common in the regions into which the Company has expanded. This appears to contradict your disclosure on page 97, where you explain that lease costs increased in part due to your expansion into regions where a free rent period in leases is less customary. Please revise your disclosure to reflect any such trend or rectify the inconsistency.

Description of Capital Stock

Provisions in Our Restated Certificate of Incorporation and Amended and Restated Bylaws
Exclusive Forum, page 195

10. Revise to clearly state whether or not the provision applies to claims brought under the Securities Act. To the extent you believe it does, you should address whether there is any question as to whether a court would enforce the provision given that Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act. Refer to prior comment 24.

Financial Statements

Unaudited Pro Forma Balance Sheet Information, page F-76

11. We note your response to comment 31. In accordance with our telephone conversations between September 6 and September 11, 2019, please address each of the following:
- Provide us an illustrative example that depicts the calculation of a distribution, including but not limited to the calculation of the “per unit distribution threshold,” the “preference amount,” and the “catch up base amount.”
 - In order for us to better understand the cash exchange amount, please provide us an illustrative example that depicts the calculation of a cash exchange (redemption amount). As part of that illustration please clarify for us how the “preference amount” and “catch up base amount” are computed and impact the cash exchange value.
 - Please consider revising your caption “Redeemable partnership interests in We Company Partnership” to highlight that this represents a non-controlling interest in the We Company Partnership.
 - Please expand your disclosure to indicate the percentage ownership in the We Company Partnership held by the profits interest holders.
 - Disclose the number of partnership interests that are authorized to participate in the profits interest scheme.

Note 4. Leasing Arrangements, page F-88

12. We note your response to comment 33. Please tell us the amount of your lease incentive balance as of June 30, 2019 related to the broker commissions.

Note 20. Stock Based Compensation, page F-116

13. We note your response to comment 34. We await the additional information and revised disclosures to be provided in response to this comment.

Adam Neumann
The We Company
September 11, 2019
Page 4

You may contact Joseph Kempf, Senior Staff Accountant, at (202) 551-3352 or Robert S. Littlepage, Accounting Branch Chief, at (202) 551-3361 if you have questions regarding comments on the financial statements and related matters. Please contact Joshua Shainess, Attorney-Adviser, at (202) 551-7951 or Celeste M. Murphy, Legal Branch Chief, at (202) 551-3257 with any other questions.

Sincerely,

Division of Corporation Finance
Office of Telecommunications

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SPECIAL COUNSEL
SAMUEL C. BUTLER

OF COUNSEL
MICHAEL L. SCHLER
CHRISTOPHER J. KELLY

September 4, 2019

BY HAND AND EDGAR

Division of Corporation Finance
Office of Telecommunications
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Attn: Joshua Shainess
Celeste M. Murphy

Re: The We Company
Registration Statement on Form S-1
Filed August 14, 2019
File No. 333-233259

Dear Mr. Shainess and Ms. Murphy:

This letter is submitted on behalf of The We Company, a Delaware corporation (the "Company"), in response to certain of the comments received from the staff (the "Staff") of the Securities and Exchange Commission (the "Commission") in a letter to the Company dated August 30, 2019 (the "Comment Letter") with respect to the above-referenced Registration Statement on Form S-1 filed with the Commission on August 14, 2019 ("Prior Filing"). This letter reflects the views of the Company and the information provided in this letter is based on the information provided by the Company.

Concurrently with the submission of this letter, the Company is publicly submitting, through the Commission's Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system, a revised Registration Statement on Form S-1 (the "Registration Statement") in response to the Staff's comments and to reflect certain other changes. For the Staff's convenience, we will also deliver two copies of the Registration Statement marked to show changes from the Prior Filing.

In this letter, each of the Staff's comments discussed is indicated in italics, followed by the Company's responses thereto. Page number references in the responses below are to the page numbers in the Registration Statement. Capitalized terms used but not defined herein have the meanings given to them in the Registration Statement.

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 2

Comment 13: Contribution Margin, page 70

We note that you evaluate the performance of your business using the non-GAAP measure "Contribution Margin." As currently calculated and presented, we believe that your measure could be misleading based on the following:

- The measure "Contribution Margin excluding non-cash GAAP straight-line lease cost" ignores the recognition principles prescribed by ASC 842, specifically paragraph 20-25-6, resulting in a performance measure that excludes a material aspect of your lease costs and primary cost of sales.
- We understand from your disclosure on page 82 that there will be periods during which your non-GAAP measure will include revenues from leasing certain properties without the related lease costs. In this regard, we note that the average rent free period for your lease arrangements is nine months, with some leases containing provisions for significantly longer periods of free rent. We also note that the same property may start generating revenue as early as five months after your date of possession.
- Your measure excludes the straight-line aspect of lease cost, while including the benefit related to lease incentives.
- On page 72, you characterize Contribution Margin as a measure of unit economics or non-GAAP gross profit. Your current disclosure does not include a presentation of the most directly comparable financial measure, gross profit, calculated and presented in accordance with GAAP. Gross profit should contemplate all cost of sales per Rule 5-03 of Regulation S-X including, but not limited to pre-opening costs, depreciation or amortization expense associated with leasehold improvements, equipment and furniture, which are an integral part of your customer offerings. Refer to Item 10(e)(1)(i)(A) of Regulation S-K and footnote 27 of the Final Rule: Conditions for Use of Non-GAAP Financial Measures.

Please remove disclosure of this measure throughout your registration statement.

Response:

The Company respectfully acknowledges the Staff's comments and that the Company has had various communications and meetings with the Staff over the last several months. For the reasons discussed below, the Company believes that its presentation of Contribution Margin, as currently labeled and taken together with the information and related discussions in the Registration Statement accompanying such presentation, is appropriate, not misleading and provides meaningful and clear information for its investors about the economic performance of the Company's operating locations. The Company respectfully submits that its presentation of Contribution Margin complies with both the letter and spirit of the SEC's rules on the disclosure of non-GAAP financial matters and is not in violation of Regulation G or Item 10(e) of Regulation S-K.

However, in light of the Company's desire to find a course forward, the Company proposes for your consideration a revision to the Company's future disclosures of Contribution Margin to present only Contribution Margin including non-cash GAAP straight-line lease cost and then to provide the amount and description of non-cash GAAP straight-line lease cost impact immediately next to such measure, and to not present Contribution Margin excluding non-cash GAAP straight-line lease cost (as shown in the attached changed pages removing Contribution Margin excluding non-cash GAAP straight-line lease cost), while otherwise leaving the calculation and presentation of Contribution Margin as reflected in the Registration Statement being filed today. If such an approach would address your concerns and allow the Company to move forward, the Company will include a revised presentation reflecting such an approach in the next amendment to the Registration Statement.

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 3

The Commission's current rules pertaining to the disclosure of non-GAAP financial measures—found in Item 10(e) of Regulation S-K with regard to documents filed with the Commission and Regulation G with regard to all public statements in any forum made by a company registered with the Commission—were promulgated after the passage of the Sarbanes-Oxley Act of 2002 and are designed “to eliminate the manipulative or misleading use of non-GAAP financial measures and, at the same time, enhance the comparability associated with the use of that information.” The presentation of Contribution Margin provides an additional tool that the Company believes is useful to the investing public, including as a measure of unit economics for its operating locations and as used by the Company's debt investors to assess the Company's compliance with one of the financial covenants under its new \$6 billion 2019 Credit Facility. In addition to traditional GAAP metrics, Contribution Margin is one of the primary metrics used by management in evaluating the Company's performance. For example, the Company uses Contribution Margin to evaluate the operating performance of its operating locations and to forecast future results, make strategic decisions and allocate Company resources. At the same time, the Company's disclosure makes clear that Contribution Margin is neither superior to nor a replacement for loss from operations, the most directly comparable GAAP measure.

As set forth in Rule 100(b) of Regulation G, a non-GAAP financial measure, “taken together with the information accompanying that measure and any other accompanying discussion of that measure” cannot “contain[] an untrue statement of a material fact or omit[] to state a material fact necessary in order to make the presentation of the non-GAAP financial measure, in light of the circumstances under which it is presented, not misleading.” The Company embraces this fundamental principle and, as described below, in preparing the Registration Statement, the Company has taken particular note of the language underlined above which was included in Rule 100(b).

First Bullet (re: exclusion of GAAP straight-line lease cost)

The Company believes that the presentation of Contribution Margin, which includes presentation of Contribution Margin excluding non-cash GAAP straight-line lease cost, together with the accompanying disclosure, including the presentation, with equal or greater prominence, of Contribution Margin including non-cash GAAP straight-line lease cost, complies with the SEC's rules pertaining to non-GAAP financial measures in respect of the Registration Statement. The Company acknowledges the Staff's concern that this non-GAAP measure could be misleading in violation of Regulation G but respectfully disagrees. The Company's two non-GAAP measures of “Contribution margin including non-cash GAAP straight-line lease cost” and “Contribution margin excluding non-cash GAAP straight-line lease cost” are presented in a manner that is fully transparent. The Company has provided investors with relevant details for each component and adjustment to allow investors to assess the usefulness of the measure and evaluate the adjustment. This is particularly the case with respect to the most significant adjustment, the adjustment for the non-cash impact of “free rent” periods and lease cost escalation clauses required to be recognized on a straight-line basis under GAAP. In the case of this adjustment, the Company has, in each instance that Contribution Margin excluding non-cash GAAP straight-line lease cost is presented in the Registration Statement, also presented both the amount of this adjustment and, with equal or greater prominence, Contribution Margin including non-cash GAAP straight-line lease cost. In addition, in order to further comply with Regulation G, the Registration Statement also includes full reconciliations to loss from operations, which the Company believes is the most directly comparable financial measure calculated in accordance with GAAP, and as supplemental information the Company provides reconciliations to membership and service revenue (calculated in accordance with GAAP).

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 4

The Staff's comment states that "[t]he measure 'Contribution Margin excluding non-cash GAAP straight-line lease cost' ignores the recognition principles prescribed by ASC 842, specifically paragraph 20-25-6, resulting in a performance measure that excludes a material aspect of your lease costs and primary cost of sales," and the Company understands from conversations with the Staff that this could be considered misleading in violation of the principle enunciated in the Staff's Non-GAAP Compliance and Disclosure Interpretation 100.01. The Company respectfully disagrees, however, and would note, respectfully, that whether a non-GAAP financial measure is misleading is ultimately a legal determination which must be informed both by Supreme Court and other judicial precedent and by Commission rules and guidance relating to materiality. The Company has been attentive to the language of Regulation G to consider the "information accompanying that measure" and would point out that its disclosure now includes presentation of a second non-GAAP measure, "Contribution Margin including non-cash GAAP straight-line lease cost," which helps draw both a clearer picture of how the Company's Contribution Margin non-GAAP measures are derived from the most directly comparable GAAP measure and highlights the impact of the GAAP straight-line lease cost adjustment. The Company submits that the entirety of its disclosure around its Contribution Margin measures obviates the risk that such could be materially misleading.

Further, the Registration Statement, again attentive to the language of Regulation G, contains "other accompanying discussion" of Contribution Margin, including the Q&A discussion on pages 72-79, which explains in detail the usefulness of Contribution Margin with and without the inclusion of non-cash GAAP straight-line lease cost. In particular, the Company draws your attention to the answer, set forth here, to the question "How does contribution margin relate to the life-cycle of a lease?":

"As a result of the straight-lining of lease cost, the lease cost recognized for a location in accordance with GAAP will be the same for all periods of the lease. However, the vast majority of our leases are in the first half of their lease term and the membership and service revenue we recognize from a location will typically vary over the duration of a lease. We believe membership and service revenue typically corresponds more closely to lease cost absent the non-cash GAAP straight-line lease cost. For example, early in the life of a lease, membership and service revenue is generally lower (as we attempt to ramp up occupancy) while lease cost absent the non-cash GAAP straight-line lease cost is generally also lower (as cash rent is typically lower early in the life of the lease and our "free rent" period may also extend beyond the opening of the location). For new leases where we negotiated free rent during the year ended December 31, 2018, the average free rent period was approximately nine months. It has typically taken us approximately four to six months to build out a space and another three months to begin to fill the space with members to a level where we earn meaningful revenue at that location.

Over the remainder of the lease, membership and service revenue will typically continue to correspond more closely to lease cost absent the non-cash GAAP straight-line lease cost. While our lease arrangements are typically long-term in nature (with initial lease terms in the United States averaging approximately 15 years), with annual escalations later in the term of the lease, our membership agreements are typically shorter in duration (averaging less than two years), with annual price escalators triggered upon renewal. We therefore expect to recognize higher membership and service revenue as a result of price escalators and higher-priced membership agreements in the later stages of a lease, when we are also incurring additional cash lease cost due to the annual escalations in our lease agreements."

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 5

Given these relationships between lease cost and membership and service revenue, the Company believes that Contribution Margin excluding non-cash GAAP straight line lease cost, presented in appropriate context, provides meaningful additional information that can be useful to investors just as it is to management. The Company's disclosure now draws a clear roadmap for investors of the calculation and meaning of this significant adjustment. It is in this context that the presentation and discussion of Contribution Margin excluding non-cash GAAP straight-line lease cost must be viewed. It supplements, rather than replaces, information in the GAAP financial statements. The Company believes that the joint provision of both Contribution Margin including non-cash GAAP straight-line lease cost and Contribution Margin excluding non-cash GAAP straight-line lease cost, along with the accompanying presentation of the components of the adjustments to such measures and the explanation of the importance and usefulness of these measures, is clear, and the Company respectfully disagrees with the suggestion that the current calculation and presentation could be misleading.

Second bullet (re: free rent periods)

With regard to the Staff's note "that there will be periods during which [our non-GAAP measure will include revenues from leasing certain properties without the related lease costs," the Company wishes to respectfully point out that while some locations may earn revenue for a short period of time during which there are no related lease costs, the limited period of time in which this occurs is only a one-time period toward the beginning of the opening of a new location. The Company believes the impact is immaterial and does not materially distort the Company's Contribution Margin measures. The Company's locations do not typically open at full occupancy and it takes time before a meaningful amount of revenue is earned; the "free rent" periods received by the Company assist in limiting the Company's cash losses during this ramp up stage. The immaterial impact of "free rent" periods while a location is beginning to earn revenue is demonstrated by the fact that the Company's Contribution Margin excluding non-cash GAAP straight-line lease cost was 24% for the three months ended June 30, 2019 for both mature locations that are not benefiting from "free rent" periods and for non-mature locations that may be benefiting from "free rent" periods. For the six months ended June 30, 2019, non-mature locations experienced an average Contribution Margin excluding non-cash GAAP straight-line lease cost of 26% in comparison to 24% for mature locations and 25% for the Company as a whole. The nature of these comparisons further supports the Company's belief that Contribution Margin excluding non-cash GAAP straight-line lease cost corresponds more closely over time to the revenue being generated from a location—one of the primary reasons the Company believes Contribution Margin excluding non-cash GAAP straight-line lease cost is a useful supplemental measure and is not misleading.

Third bullet (re: lease incentives)

The Comment Letter further notes that Contribution Margin "excludes the straight-line aspect of lease cost, while including the benefit related to lease incentives." The Company respectfully submits that the Registration Statement is fully transparent about its treatment of lease incentives and contains robust disclosure regarding the treatment of the benefit related to lease incentives and why those amounts are not adjusted out of the Company's two Contribution Margin non-GAAP measures. Importantly, the Company views the decision to negotiate significant tenant improvement allowances as a financing decision and not an operating decision. The cash the Company receives for lease incentives is used to offset the significant capital expenditure investment the Company makes in scaling its location portfolio. Had it chosen to structure its lease agreements without these incentives and instead financed that portion of its capital expenditures through a traditional loan or through draws under the Company's credit facility, the Company believes that its overall lease cost payments would likely be reduced, and the incremental cash could have instead been used to reduce debt and pay interest, which payments would not have impacted its calculation of Contribution Margin. As a result, the Company believes that including the amortization of lease incentives in its calculations of Contribution Margin results in a useful supplemental measure of operating performance that is neutral regarding the financing decisions made with respect to its capital expenditures. The Company believes that including the impact of amortization of lease incentives also helps it compare the performance of locations across its portfolio, as in some cases— particularly in certain non-U.S. jurisdictions where the Company is opening new locations—the Company has not always been able to negotiate a tenant improvement allowance into the terms of its leases.

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 6

Unlike non-cash GAAP straight-line lease cost, whose amortization is a timing difference that will net to zero over the life of the lease on both a GAAP basis and non-GAAP basis, if the Company did not leave the benefit from the straight-line amortization of the lease incentives in its location operating expenses, such benefit would never be recognized on a non-GAAP basis. Because lease incentives represent significant one-time cash receipts that are typically received towards the beginning of a lease, the Company believes that to include such one-time amounts in our non-GAAP measures on a cash basis could result in a non-GAAP measure that is misleading. As an example, during the six months ended June 30, 2019 and 2018, the Company recognized as a component of its location operation expenses a benefit from the amortization of lease incentives in the amount of \$69.4 million and \$39.0 million, respectively, in comparison to lease incentive cash receipts over the same periods in the amount of \$486.0 million and \$265.6 million, respectively.

The benefit associated with the amortization of lease incentives is clearly and prominently disclosed in both the consolidated financial statements (Footnote 4 to the interim condensed consolidated financial statements and Footnote 17 to the annual consolidated financial statements) and in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 75-6 and 96-104 of the Registration Statement. Investors and other users of the Company's financial statements have sufficient information to understand the impact this amount has on the Company's Contribution Margin measures and to determine for themselves if they would prefer to analyze the Company excluding or including this benefit.

Fourth bullet (re: reconciliation to gross profit)

The Company respectfully advises the Staff that it has revised the disclosure on page 74 of the Registration Statement to remove reference to the term non-GAAP gross profit in response to the Staff's comment. Contribution Margin is a measure of non-GAAP unit economics (not of gross profit) and the Company does not present gross profit on its consolidated statement of operations.

As set forth in footnote 26 of the Final Rule: Conditions for Use of Non-GAAP Financial Measures, the Commission has stated a belief that "it is most appropriate to provide registrants with the flexibility to best make the determination as to which is the 'most directly comparable financial measure calculated and presented in accordance with GAAP'" and provided guidance therein that the Staff "has been, and continues to be, of the view that...non-GAAP financial measures that depict performance should be balanced with net income, or income from continuing operations, taken from the statement of operations." Accordingly, and because the Company believes its Contribution Margin non-GAAP measures are useful supplemental measures of operating performance—they provide the Company and investors another lens through which to analyze the core operating performance of its locations—the Company views loss from operations as the most directly comparable financial measure calculated in accordance with GAAP as presented on the Company's consolidated statement of operations. The Company thus provides reconciliations of its Contribution Margin non-GAAP measures to loss from operations as presented on its consolidated statement of operations. The Company also utilizes Contribution Margin as a growth measure and thus provides, as additional supplementary information, reconciliations of its two Contribution Margin non-GAAP measures to membership and service revenue.

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 7

Conclusion re: comment 13

For all of the reasons noted above, the Company believes that the presentation of both Contribution Margin including non-cash GAAP straight-line lease cost and Contribution Margin excluding non-cash GAAP straight-line lease cost, each as presently calculated and presented, provides investors with useful information that can provide meaningful insights into the operating performance of its locations in addition to greater transparency with respect to how the Company's management team evaluates its business and financial and operational decision making.

Accordingly, the Company believes that such measures are not misleading and Rule 100(b) of Regulation G should not be read to prohibit their disclosure. The Company recognizes that this belief is an important determination involving a legal judgment as to whether a presentation is misleading. The words of Regulation G provide guidance—they specifically provide that this judgment must be made while taking into account “the information accompanying that measure and any other accompanying discussion of that measure.” Given the quality, clarity and placement of accompanying information, and the accompanying discussion surrounding the Company's presentation of its two Contribution Margin non-GAAP measures in the Registration Statement, the Company believes that the disclosure in the Registration Statement of these measures is appropriate.

Comment 23: Quarterly Results of Operations, page 112

The measure “Adjusted EBITDA excluding non-cash GAAP straight-line lease cost” ignores the recognition principles prescribed by ASC 842, specifically paragraph 20-25-6, resulting in a performance measure that excludes a material aspect of your lease costs and primary cost of sales. Please revise this measure throughout your registration statement to exclude the adjustment that adds back the straight-line aspect of your lease cost.

Response:

The Company respectfully advises the Staff that, for reasons comparable to those given in response to comment 13 above, including the quality, clarity and placement of accompanying information and the accompanying discussion surrounding the Company's presentation of its two Adjusted EBITDA non-GAAP measures, it respectfully disagrees with the Staff's comment. Note that the Company now presents a second, clearly labeled and described measure titled “Adjusted EBITDA including non-cash GAAP straight-line lease cost”—which includes the impact of “free rent” periods and lease cost escalation clauses on a straight-line basis for the terms of the Company's leases—in order to draw a clearer roadmap for investors through the calculation, meaning and importance of the Company's Adjusted EBITDA non-GAAP measures.

However, in light of the Company's desire to find a course forward, similar to the proposal above, the Company proposes for your consideration a revision to the Company's future disclosures of Adjusted EBITDA to present only Adjusted EBITDA including non-cash GAAP straight-line lease cost and then provide the amount and description of non-cash GAAP straight-line lease cost impact immediately next to such measure, and to not present Adjusted EBITDA excluding non-cash GAAP straight-line lease cost (as shown in the attached changed pages removing Adjusted EBITDA excluding non-cash GAAP straight-line lease cost). Again, if such an approach would address your concerns and allow the Company to move forward, the Company will include a revised presentation reflecting such an approach in the next amendment to the Registration Statement.

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 8

The Company greatly appreciates the Staff's thoughtful review of its disclosures as we work together to provide investors with the information that will best enable them to assess the Company's performance in making their investment decisions. If you have questions or would like to further discuss the possible course forward, please do not hesitate to contact me at (212) 474-1732.

Very truly yours,
/s/ John W. White
John W. White

Mr. Joshua Shainess
Securities and Exchange Commission
September 4, 2019
Page 9

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Proposed changed pages referenced on pages 2 and 7 of this letter removing Contribution Margin excluding non-GAAP straight-line lease cost and Adjusted EBITDA excluding non-GAAP straight-line lease cost

under our debt instruments could terminate their commitments to issue letters of credit or fund amounts under the Delayed Draw Term Facility, our secured lenders could foreclose against the assets securing such borrowings and we could be forced into bankruptcy or liquidation.

In addition, as of June 30, 2019, we had future undiscounted minimum lease cost payment obligations under signed operating and finance leases of \$47.2 billion, and if we are unable to service our obligations under the lease agreements for particular properties, we may be forced to vacate those properties or pay compensatory or consequential damages to the landlord, which could adversely affect our business, reputation and prospects. See “—Risks Relating to Our Business—The long-term and fixed-cost nature of our leases may limit our operating flexibility and could adversely affect our liquidity and results of operations”.

In addition, our \$2.5 billion in cash and cash equivalents as of June 30, 2019 included cash and cash equivalents of \$535.8 million of our consolidated variable interest entities (“VIEs”), which will be used first to settle obligations of the VIE. Remaining assets may only be distributed to the VIEs’ owners, including us, subject to the liquidation preferences of certain noncontrolling interest holders and any other preferential distribution provisions contained within the operating agreements of the relevant VIEs. In addition to these amounts, we had restricted cash of \$575.6 million as of June 30, 2019, which primarily consist of amounts provided to the applicable lenders to secure letters of credit issued under our bank facilities to support leases entered into by certain of our subsidiaries. Under the 2019 Letter of Credit Facility that we expect to enter into concurrently with the closing of this offering, we will be required to deposit cash collateral in an amount equal to the face amount of letters of credit issued under the facility. Accordingly, we expect our restricted cash supporting letters of credit to increase following the closing of this offering.

We may require additional capital, which may not be available on terms acceptable to us or at all.

We incurred net losses in the years ended December 31, 2016, 2017 and 2018 and in the six months ended June 30, 2018 and 2019, and we do not intend to achieve positive GAAP net income for the foreseeable future. As a result, we may require additional financing. Our future financing requirements will depend on many factors, including the number of new locations to be opened, our net membership retention rate, the timing and extent of spending to support the development of our platform, our ability to reduce capital expenditures, the expansion of our sales and marketing activities and potential investments in, or acquisitions of, businesses or technologies. Our ability to obtain financing will depend on, among other things, our development efforts, business plans, operating performance, investor demand and the condition of the capital markets at the time we seek financing. To the extent we use available funds or are unable to draw under our Delayed Draw Term Facility, we may need to raise additional funds, which may not be available to us on favorable terms when required, or at all. In the event that we are unable to obtain additional financing on favorable terms, our interest expense and principal repayment requirements could increase significantly, which could harm our business, revenue and financial results.

The terms of our indebtedness restrict our current and future operations, particularly our ability to respond to changes or take certain actions.

The credit agreement governing the 2019 Credit Facility will contain, and the indenture that governs the senior notes contains, a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability to incur indebtedness (including guarantee obligations), incur liens, enter into mergers or consolidations, dispose of assets, pay dividends, make acquisitions and make investments, loans and advances.

The 2019 Credit Facility will also require us to comply with certain minimum contribution margin excluding non-cash GAAP straight-line lease cost, liquidity and net cash flow financial covenants and will require us to deposit cash collateral in an amount equal to the face amount of letters of credit issued under the facility. Although the 2019 Credit Facility will permit us to incur additional indebtedness, the 2019 Credit Facility will limit the amount of indebtedness that we can incur. In particular, the 2019 Credit Facility will require that the net cash proceeds of indebtedness under a specified asset-securitization facility basket be deposited into escrow for the benefit of the lenders under the 2019 Credit Facility or that undrawn commitments under the Delayed Draw Term Facility be cancelled in an equivalent amount, and the 2019 Credit Facility will otherwise limit additional secured indebtedness to specified fixed baskets.

These restrictions may affect our ability to grow in accordance with our strategy, limit our ability to raise additional debt or equity financing to operate our business, including during economic or business downturns, and limit our ability to compete effectively or take advantage of new business opportunities.

Contribution Margin including straight-line lease cost

In evaluating the performance of our business, we supplement our GAAP results by evaluating our contribution margin including non-cash GAAP straight-line lease cost both in the aggregate and on a location-by-location basis. We also review contribution margin as a percentage of membership and service revenue and separately present the impact of non-cash GAAP straight-line lease cost on our contribution margin, as discussed below.

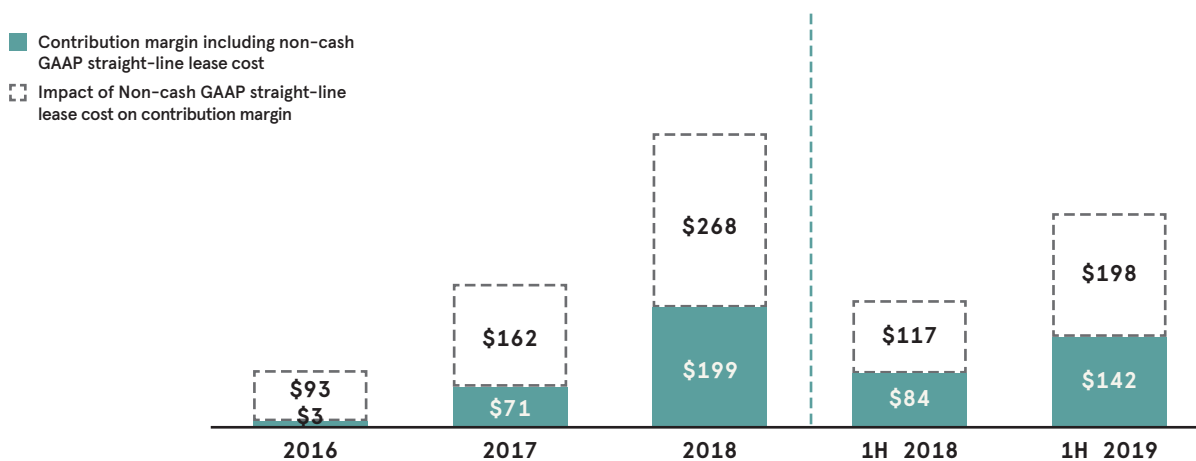
What is contribution margin including straight-line lease cost?

We define “contribution margin including non-cash GAAP straight-line lease cost” as membership and service revenue less location operating expenses (both as determined and reported in accordance with GAAP), adjusted to exclude non-cash stock-based compensation expense included in location operating expenses.

“Location operating expenses” are our largest category of expenses and represent the costs associated with servicing members at our locations. These expenses consist primarily of lease costs (including non-cash GAAP straight-line lease cost), core operating expenses (such as utilities and internet), expenses associated with ongoing repairs and maintenance and the costs of supporting a dynamic community in our locations. Our community team salaries are included in location operating expenses and specifically include a dedicated member of the community team who is responsible for filling spaces after a location reaches maturity. Lastly, location operating expenses include the impact of support functions that are directly attributable to the operation of these locations, such as costs associated with billings, collections, purchasing, accounts payable functions and member technology.

Contribution Margin and Contribution Margin Percentage

(in millions)



As a % of membership and service revenue:

Contribution margin including non-cash GAAP straight-line lease cost	1%	8%	12%	12%	10%
Impact of Non-cash GAAP straight-line lease cost on contribution margin	21%	19%	16%	16%	15%

The following table reconciles our loss from operations (the most directly comparable financial measure calculated in accordance with GAAP) to our contribution margin including non-cash GAAP straight-line lease cost and presents the impact of non-cash GAAP straight-line cost on our contribution margin for the periods presented:

(Amounts in thousands)	Year Ended December 31,			Six Months Ended June 30,	
	2016	2017	2018	2018	2019
Loss from operations	\$(396,274)	\$(931,834)	\$(1,690,999)	\$(677,859)	\$(1,369,450)
Less: Other revenue ^(a)	(1,744)	(19,106)	(124,415)	(49,815)	(186,648)
Add:					
Other operating expenses ^(b)	—	1,677	106,788	42,024	81,189
Pre-opening location expenses ^(b)	115,749	131,324	357,831	156,983	255,133
Sales and marketing expenses ^(b)	43,428	143,424	378,729	139,889	320,046
Growth and new market development expenses ^(b)	35,731	109,719	477,273	174,091	369,727
General and administrative expenses ^(b)	115,346	454,020	357,486	155,257	389,910
Depreciation and amortization ^(b)	88,952	162,892	313,514	137,418	255,924
Stock-based compensation expense (as included in location operating expenses) ^(c)	2,032	18,718	22,793	6,420	25,953
Contribution margin including non-cash GAAP straight-line lease cost	<u>\$ 3,220</u>	<u>\$ 70,834</u>	<u>\$ 199,000</u>	<u>\$ 84,408</u>	<u>\$ 141,784</u>
Impact of non-cash GAAP straight-line lease cost (as included in location operating expenses) on contribution margin ^(d)	<u>\$ 92,723</u>	<u>\$ 162,313</u>	<u>\$ 268,125</u>	<u>\$ 117,178</u>	<u>\$ 198,124</u>

As additional supplemental information, the following table also reconciles our membership and service revenue (calculated in accordance with GAAP) to our contribution margin including non-cash GAAP straight-line lease cost and presents impact of non-cash GAAP straight-line lease cost on our contribution margin for the periods presented:

(Amounts in thousands)	Year Ended December 31,			Six Months Ended June 30,	
	2016	2017	2018	2018	2019
Membership and service revenue ^(e)	\$ 434,355	\$ 866,898	\$ 1,697,336	\$ 713,956	\$ 1,348,772
Less: Location operating expenses ^(b)	(433,167)	(814,782)	(1,521,129)	(635,968)	(1,232,941)
Add: Stock-based compensation expense (as included in location operating expenses) ^(c)	2,032	18,718	22,793	6,420	25,953
Contribution margin including non-cash GAAP straight-line lease cost	<u>\$ 3,220</u>	<u>\$ 70,834</u>	<u>\$ 199,000</u>	<u>\$ 84,408</u>	<u>\$ 141,784</u>
Impact of non-cash GAAP straight-line lease cost (as included in location operating expenses) on contribution margin ^(d)	<u>\$ 92,723</u>	<u>\$ 162,313</u>	<u>\$ 268,125</u>	<u>\$ 117,178</u>	<u>\$ 198,124</u>

(a) Relates to other revenue not related to membership and service revenue.

(b) As presented on our consolidated statements of operations.

(c) Represents the non-cash expense of our equity compensation arrangements for employees whose payroll is included in location operating expenses.

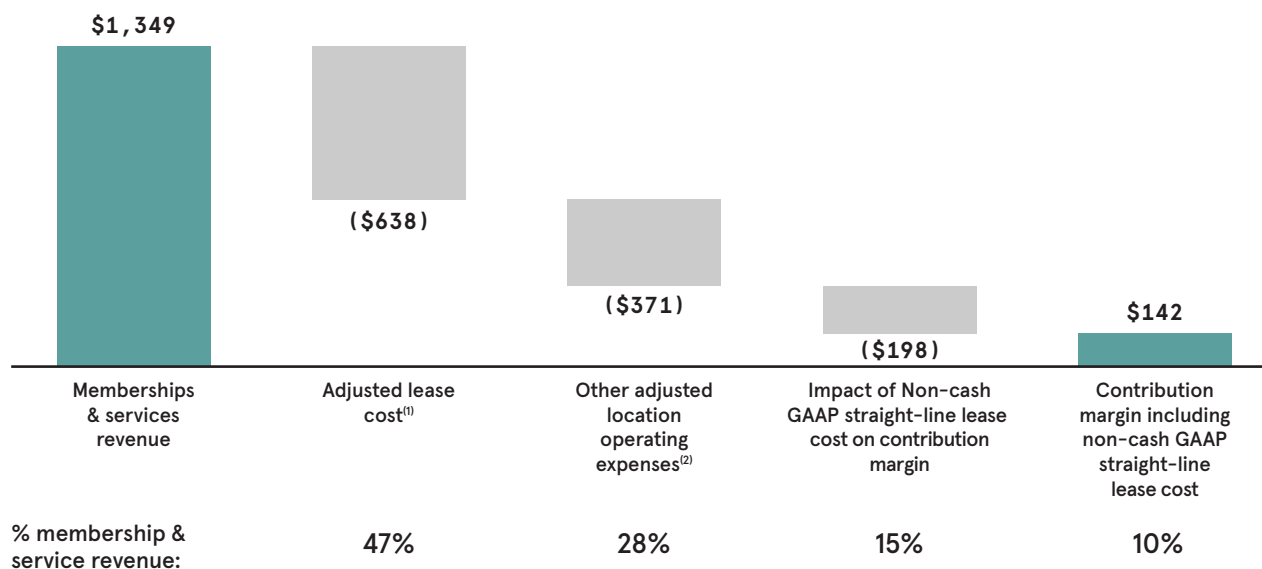
(d) See "Why do we separately evaluate the impact of non-cash straight-line lease cost on contribution margin?" below for additional detail about non-cash GAAP straight-line lease cost. In connection with the preparation of interim condensed consolidated financial statements as of and for the six months ended June 30, 2019, we adopted ASC 842, Leases, using the modified retrospective approach, as if such adoption had occurred on January 1, 2019. The results for reporting periods beginning after January 1, 2019 are presented in accordance with ASC 842, while prior period amounts were not adjusted and continue to be reported in accordance with ASC 840. Under ASC 840, we previously reported rent expense and tenancy costs including common area maintenance charges and real estate taxes. Tenancy costs are a non-lease component as defined in ASC 842, and in connection with the adoption of ASC 842, we have elected to not separate non-lease components in the determination of our lease obligation. Therefore the costs associated with common area maintenance charges and real estate taxes billed in addition to our base rent, where applicable, have been included as a component of our total operating lease costs in 2019. For comparability purposes, we have presented our base rent, incremental common area maintenance charges and real estate taxes as components of the total operating lease cost for the six months ended June 30, 2018 so they are comparable to the six months ended June 30, 2019. Our discussion and analysis of our consolidated

results of operations for the years ended December 31, 2016, 2017 and 2018 have not been revised, and still refer to "rent expense". In any chart where the years ended December 31, 2016, 2017, and 2018 are presented with the six months ended June 30, 2018 and 2019, we refer to any rent expense recognized in accordance with ASC 840 as "lease cost", so that the terminology across periods presented is consistent. See Note 4 to the unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for additional details surrounding the adoption of ASC 842.

(e) Excludes other revenue not related to membership and service revenue.

Contribution Margin for the Six Months Ended June 30, 2019

(in millions)



(1) Adjusted lease cost represents lease costs (including base rent, common area maintenance charges and real estate taxes) for open locations, adjusted to exclude \$198 million of non-cash GAAP straight-line lease cost relating to free rent periods and lease cost escalations included in location operating expenses.

(2) Other adjusted location operating expenses represents location operating expenses other than lease costs, adjusted to exclude \$26.0 million of stock-based compensation expense.

Why do we believe contribution margin is useful?

When used in conjunction with GAAP financial measures, we believe that our contribution margin measure is a useful supplemental measure of operating performance because it allows us to analyze the core operating performance of our locations. Contribution margin is a measure of non-GAAP unit economics that can be determined on a location by location basis.

We also separately evaluate the impact of non-cash GAAP straight-line lease cost on contribution margin as this allows management and our board of directors to also understand the performance of our locations based on our cash lease cost obligations. We believe this corresponds more closely over time to the revenue being generated from a location. Management and our board of directors also evaluate real estate lease transactions and develop internal budgets based upon this measure excluding the impact of non-cash straight-line lease cost.

Contribution margin accounts for the impact of support functions that are directly attributable to the operation of our locations, such as costs associated with billings, collections, purchasing and accounts payable functions. Our contribution margin measure excludes items that are not directly attributable to the membership and service revenue we realize from a given location in a relevant period, such as general and administrative expenses, pre-opening location expenses, sales and marketing expenses, growth and new market development expenses, other operating expenses, depreciation and amortization and other revenue.

- General and administrative expenses are not incurred at the location level and are therefore not directly attributable to the operation of our locations.
- Pre-opening location expenses consist of expenses (including all lease costs, which also include non-cash GAAP straight-line lease cost) incurred before a location opens for member operations, and are therefore not attributable to the operations of our existing open locations.

- Our sales and marketing efforts are primarily focused on the initial sales efforts when we open a location, as once a location reaches maturity, occupancy at that location has historically tended to be self-sustaining, and we do not incur significant sales and marketing expenses related to those locations.
- Growth and new market development expenses, other operating expenses and other revenue are not directly attributable to the daily operation of our locations.
- Depreciation and amortization relate primarily to the depreciation of our leasehold improvements, equipment and furniture. These capital expenditures are incurred and capitalized subsequent to the commencement of our leases and are depreciated over the lesser of the useful life of the asset or the term of the lease. The initial capital expenditures are assessed by management as an investing activity, and the related depreciation and amortization are non-cash charges that are not considered in management's assessment of the daily operating performance of our locations. As a result, the impact of depreciation and amortization is excluded from our calculations of contribution margin.

We believe the use of contribution margin enables greater comparability of the operating performance of each of our locations from period to period. However, these measures are not an indicator of our performance as a whole and do not include all expenses necessary to operate our business. Contribution margin is not a measure of, nor does it imply, profitability under GAAP.

Why do we separately evaluate the impact of non-cash straight-line lease cost on contribution margin?

Our most significant location operating expense is lease cost. Under GAAP, lease cost is recognized on a straight-line basis over the life of the lease term. We evaluate our lease cost based on three key components:

- “Lease cost contractually paid or payable” represents cash payments for base and contingent rent and common area maintenance and real estate taxes payable under our lease agreements, recorded on an accrual basis of accounting, regardless of the timing of when such amounts are actually paid.
- “Amortization of lease incentives” represents the amortization of cash received for tenant improvement allowances and broker commissions (collectively, “lease incentives”), amortized on a straight-line basis over the terms of our leases.
- “Non-cash GAAP straight-line lease cost” represents the adjustment, required under GAAP, to recognize the impact of “free rent” periods and lease cost escalation clauses on a straight-line basis over the terms of our leases. Non-cash GAAP straight-line lease cost, as required under GAAP, is separately evaluated as to the impact on our non-GAAP measures given the non-cash nature of the adjustment and the size of the currently negative impact it has on our non-GAAP measures.

We enter into leases with landlords that have an average initial term of approximately 15 years. These leases typically provide for a specified annual base rent, with annual escalations later in the term of the lease, as well as a reimbursement by us for costs such as common area maintenance charges and real estate taxes (collectively “lease costs”). We also typically negotiate a “free rent” period early in the term of the lease, in which we have possession of the lease space but are not required to pay any cash lease costs, and we use that free rent period to build out the space. This is a common arrangement in the real estate industry—the goal for the tenant is usually not to pay cash lease costs while the location is not yet generating revenue.

Under GAAP, we are required to record “free rent” periods and lease cost escalations on a straight-line basis over the term of the lease. In other words, we are required to record the total of all payments due under the lease evenly over the period of the lease, regardless of what our cash lease cost obligations may be in a particular period. This is referred to as “straight-lining of lease cost”. Given the magnitude of non-cash GAAP straight-line lease cost on the periods presented, and in order to facilitate a reader's ability to assess the impact of this adjustment, we separately present the impact of non-cash GAAP straight-line lease cost on contribution margin so that a reader has full transparency relating to this significant adjustment. In opening new locations and in striving to maximize operating performance, we strive for a target contribution margin percentage of 30% over the lifetime of a location. The non-cash GAAP straight-line lease cost nets to zero over the life of a lease.

Why do we not separately present the amortization of lease incentives?

While we separately present the non-cash GAAP straight-line lease cost impact on contribution margin, we do not separately present the benefit related to the amortization of lease incentives included in location operating expenses in our calculation of contribution margin. The cash we receive for lease incentives is used to offset the significant capital expenditure investment we make in scaling our location portfolio. Had we chosen to structure our lease agreements without these incentives and made the decision to instead finance that portion of our capital expenditures through a traditional loan or through draws under our credit facility, we believe that our overall lease cost payments would likely be reduced, and the incremental cash could have instead been used to pay down principal and interest, which payments would not have impacted our calculation of contribution margin. As a result, we believe that including the amortization of lease incentives in our calculations of contribution margin results in a useful supplemental measure of operating performance that is neutral regarding the financing decisions made with respect to our capital expenditures. We believe that including the impact of amortization of lease incentives also helps us compare the performance of locations across our portfolio, as in some cases, particularly in certain non-U.S. jurisdictions where we are opening new locations, we have not always been able to negotiate a tenant improvement allowance into the terms of our leases. The impact of the amortization of lease incentives can be found in Note 4 to our interim unaudited condensed consolidated financial statements and Note 17 to our annual audited consolidated financial statements.

How are sales and marketing expenses treated in the calculation of contribution margin?

Amounts included in “sales and marketing expenses” as presented on our consolidated statements of operations are primarily focused on the initial sales effort when we open a location, overall global brand awareness and general marketing efforts. Once a location reaches maturity, occupancy at that location has historically tended to be self-sustaining, as demonstrated by our strong organic growth. As a result, we do not incur significant sales and marketing expenses related to mature locations. While our sales and marketing expenses do include some costs associated with driving increases in occupancy at non-mature locations, management considers these expenses to be up-front investments in the start-up of our locations. Embedded within the community team that runs our locations on a daily basis are dedicated sales leads, who take over primary responsibility for sales and occupancy maintenance once a new location has reached an occupancy of approximately 80%. The compensation, sales incentives and related benefits expense for the dedicated sales leads are included in location operating expenses and are therefore reflected in our contribution margin measure.

How does contribution margin relate to the lifecycle of a lease?

As a result of the straight-lining of lease cost, the lease cost recognized for a location in accordance with GAAP will be the same for all periods of the lease. However, the vast majority of our leases are in the first half of their lease term and the membership and service revenue we recognize from a location will typically vary over the duration of a lease. We believe membership and service revenue typically corresponds more closely to lease cost absent the non-cash GAAP straight-line lease cost. For example, early in the life of a lease, membership and service revenue is generally lower (as we attempt to ramp up occupancy) while lease cost absent the non-cash GAAP straight-line lease cost is generally also lower (as cash rent is typically lower early in the life of the lease and our “free rent” period may also extend beyond the opening of the location). For new leases where we negotiated free rent during the year ended December 31, 2018, the average free rent period was approximately nine months. It has typically taken us approximately four to six months to build out a space and another three months to begin to fill the space with members to a level where we earn meaningful revenue at that location.

Over the remainder of the lease, membership and service revenue will typically continue to correspond more closely to lease cost absent the non-cash GAAP straight-line lease cost. While our lease arrangements are typically long-term in nature (with initial lease terms in the United States averaging approximately 15 years), with annual escalations later in the term of the lease, our membership agreements are typically shorter in duration (averaging less than two years), with annual price escalators triggered upon renewal. We therefore expect to recognize higher membership and service revenue as a result of price escalators and higher-priced membership agreements in the later stages of a lease, when we are also incurring additional cash lease cost due to the annual escalations in our lease agreements.

As a result of our significant growth in recent periods, which is marked by our entry into new leases with free rent periods at the outset of the lease term, the non-cash GAAP straight-line lease cost has generally decreased our

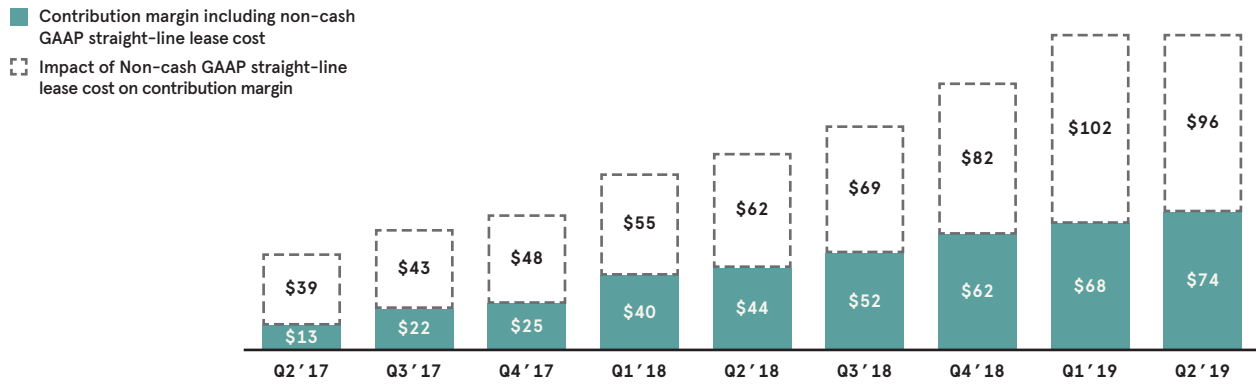
contribution margin. Non-cash GAAP straight-line lease cost included in location operating expenses increased from \$117.2 million for the six months ended June 30, 2018 to \$198.1 million for the six months ended June 30, 2019. Over the same period, our consolidated locations grew from 279 as of June 30, 2018 to 507 as of June 30, 2019.

For our mature locations, the impact of straight-lining of lease cost is typically not as significant. However, 70% of our locations as of June 30, 2019 were not mature, and many of the leases for these locations are in a “free rent” period. Once the maturity of our leases outpaces the growth of our portfolio of leases, we expect that the impact of straight-lining of lease cost will have the effect of increasing (rather than significantly decreasing, as it has in the past) contribution margin.

How has contribution margin trended over time?

Contribution Margin and Contribution Margin Percentage

(in millions)



As a % of membership and service revenue:

	Q2 '17	Q3 '17	Q4 '17	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19
Contribution margin including non-cash GAAP straight-line lease cost	6%	10%	9%	11%	12%	12%	11%	10%	10%
Impact of Non-cash GAAP straight-line lease cost on contribution margin	20%	18%	18%	16%	15%	15%	16%	14%	14%

The following table reconciles our loss from operations (the most directly comparable financial measure calculated in accordance with GAAP) to our contribution margin and presents the impact of GAAP non-cash straight-line lease cost on contribution margin for the periods presented:

(Amounts in thousands)	Three Months Ended									
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Loss from operations	\$(139,230)	\$(163,729)	\$(507,459)	\$(296,109)	\$(381,750)	\$(448,330)	\$(564,810)	\$(639,720)	\$(729,730)	
Less: Other revenue (a)	(444)	(6,789)	(11,503)	(16,708)	(33,107)	(28,302)	(46,298)	(100,202)	(86,446)	
Add:										
Other operating expenses (b)	—	—	1,677	15,161	26,863	31,631	33,133	36,163	45,026	
Pre-opening location expenses (b)	25,034	29,525	49,102	73,232	83,751	97,530	103,318	112,798	142,335	
Sales and marketing expenses (b)	23,740	41,150	59,816	62,811	77,078	109,559	129,281	150,999	169,047	
Growth and new market development expenses (b)	19,518	26,853	46,128	58,679	115,412	118,510	184,672	141,844	227,883	
General and administrative expenses (b)	45,979	52,665	318,773	78,194	77,063	90,696	111,533	218,537	171,373	
Depreciation and amortization (b)	38,005	42,166	51,494	62,043	75,375	77,590	98,506	124,855	131,069	
Stock-based compensation expense (as included in location operating expenses) (c)	675	810	16,570	2,833	3,587	3,071	13,302	22,657	3,296	
Contribution margin including non-cash GAAP straight-line lease cost	\$ 13,277	\$ 22,651	\$ 24,598	\$ 40,136	\$ 44,272	\$ 51,955	\$ 62,637	\$ 67,931	\$ 73,853	
Impact of non-cash GAAP straight-line lease cost (as included in location operating expenses) on contribution margin (d)	\$ 39,049	\$ 42,524	\$ 47,997	\$ 54,992	\$ 62,186	\$ 69,403	\$ 81,544	\$ 102,153	\$ 95,971	

As additional supplemental information, the following table also reconciles our membership and service revenue (calculated in accordance with GAAP) to our contribution margin and presents the impact of GAAP non-cash straight-line lease cost on contribution margin for the periods presented:

(Amounts in thousands)	Three Months Ended									
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Membership and Service Revenue (e)	\$ 197,897	\$ 234,337	\$ 271,813	\$ 325,455	\$ 388,501	\$ 453,984	\$ 529,396	\$ 628,134	\$ 720,638	
Less: Location operating expenses (b)	(185,295)	(212,496)	(263,785)	(288,152)	(347,816)	(405,100)	(480,061)	(582,860)	(650,081)	
Add: Stock-based compensation expense (as included in location operating expenses) (c)	675	810	16,570	2,833	3,587	3,071	13,302	22,657	3,296	
Contribution margin including non-cash GAAP straight-line lease cost	\$ 13,277	\$ 22,651	\$ 24,598	\$ 40,136	\$ 44,272	\$ 51,955	\$ 62,637	\$ 67,931	\$ 73,853	
Impact of non-cash GAAP straight-line lease cost (as included in location operating expenses) (d)	\$ 39,049	\$ 42,524	\$ 47,997	\$ 54,992	\$ 62,186	\$ 69,403	\$ 81,544	\$ 102,153	\$ 95,971	

(a) Relates to other revenue not related to membership and service revenue.

(b) As presented on our consolidated statements of operations.

(c) Represents the non-cash expense of our equity compensation arrangements for employees whose payroll is included in location operating expense.

(d) See "Why do we separately evaluate the impact of non-cash straight-line lease cost on contribution margin?" above for additional detail about non-cash GAAP straight-line lease cost.

(e) Excludes other revenue not related to membership and service revenue.

What is our target contribution margin percentage?

Over the lifetime of a location, our target contribution margin percentage is 30%. Since the straight-lining of lease cost nets to zero over the lifetime of a lease, our target contribution margin percentage reflects zero impact from straight-lining of lease cost.

What are the limitations of using our non-GAAP measures as supplemental measures?

Our non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analyzing our results as reported under GAAP. Some of these limitations are:

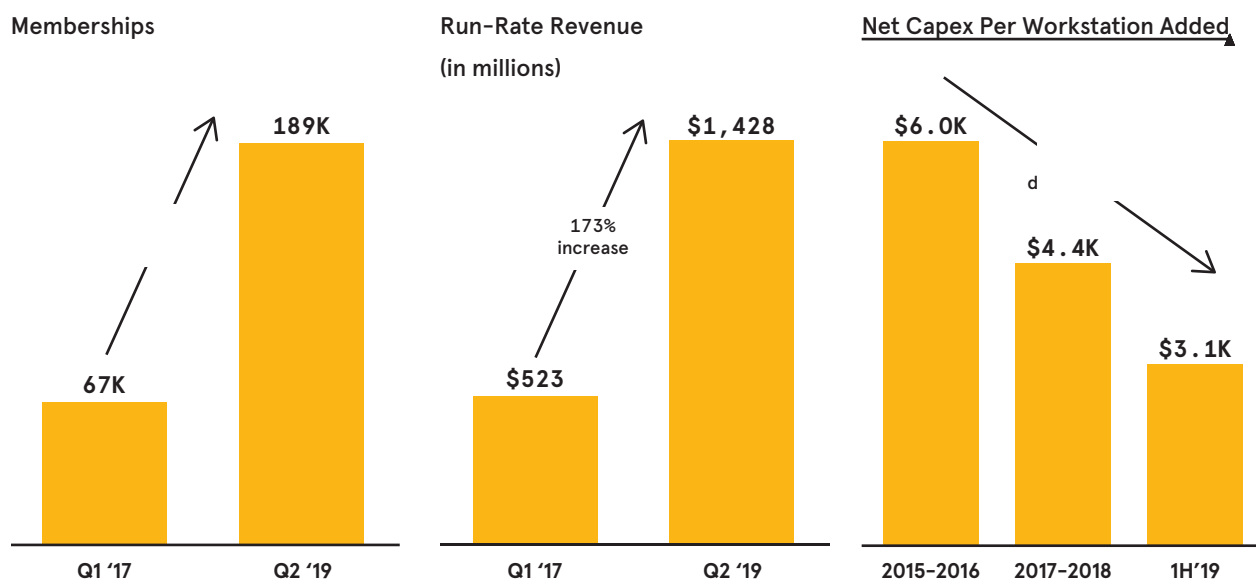
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect our interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect our tax expense or the cash requirements to pay our taxes;
- they do not reflect historical capital expenditures or future requirements for capital expenditures or contractual commitments;
- although non-cash GAAP straight-line lease costs are non-cash adjustments, these charges generally reflect amounts we will be required to pay our landlords in cash over the lifetime of our leases;
- although stock-based compensation expenses are non-cash charges, we rely on equity compensation to compensate and incentivize employees, directors and certain consultants, and we may continue to do so in the future; and
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and these non-GAAP measures do not reflect any cash requirements for such replacements.

How do we intend to enhance the reliability and relevance of our non-GAAP measures?

Management and our board of directors are committed to making our non-GAAP measures reliable, transparent and useful to investors and management. Upon completion of this offering, our audit committee, which has the authority pursuant to its charter to use outside advisors as appropriate, will assume responsibility for overseeing the presentation and disclosure of our non-GAAP measures. Such oversight responsibilities will include understanding how management utilizes non-GAAP measures to evaluate performance and whether our non-GAAP measures are consistently prepared and presented from period to period. Upon completion of this offering, presentation and disclosure of our non-GAAP measures will be further subject to documented disclosure controls and procedures, and we intend to have in place a written non-GAAP policy that our audit committee will oversee which, among other things, we expect to address the determination of which charges and credits should be excluded from our non-GAAP measures.

Developed Markets Case Study⁽¹⁾

The financial performance of our locations generally improves as they progress through the phases of the lifecycle of a location outlined above, ultimately culminating with our mature locations generating a recurring stream of revenues and contribution margin. The more locations we strategically cluster in a given city, the larger and more dynamic our community becomes. This clustering effect leads to greater brand awareness for our offerings and allows us to realize economies of scale, which together with increases in tenant improvement allowances, lowers our net capex per workstation added and drives stronger monetization of our global platform. Our growth in recent years in the markets where we had the highest number of memberships has been accompanied by a corresponding increase in run-rate revenue and contribution margin percentage, as well as a decrease in net capex per workstation added.



(1) "Developed markets" includes our seven largest markets by memberships as of June 1, 2017, which represents 29 cities with open locations as of June 1, 2019, including Boston, Los Angeles, Santa Monica, Pasadena, Irvine, Manhattan Beach, Long Beach, Burbank, West Hollywood, Costa Mesa, Culver City, El Segundo, Playa Vista, London, New York, Astoria, Brooklyn, Long Island City, San Francisco, Oakland, Mountain View, San Mateo, Mill Valley, Berkeley, Emeryville, Chicago, Washington, D.C., McLean and College Park. Excludes our corporate headquarters in New York, San Francisco and London, as well as two WeLive locations, as performance of these locations is not representative of our open locations.

Our contribution margin including non-cash GAAP straight-line lease cost in these developed markets has continued to grow as a percentage of membership and service revenue over this time period and was approximately eight percentage points higher than for our open locations on a consolidated basis for the three months ended June 30, 2019. Overall, membership and service revenue from these developed markets accounted for approximately half of our total membership and service revenue for the six months ended June 30, 2019.

Future Growth

The strong unit economics demonstrated at our mature locations, together with our reduced net capex per workstation added, increasing committed revenue backlog driven by our growing enterprise membership percentage and low market penetration give us the conviction to continue to invest in finding, building and filling buildings in order to drive long-term value creation.

We expect to continue to fund these growth investments from cash on hand and by raising additional capital. The timing at which we may achieve profitability depends on a variety of factors, including economic and competitive conditions in the markets where we operate and seek to expand, the pace at which we choose to grow and our ability to add new products and services to our platform.

Key Factors Affecting the Comparability of Our Results

Global Expansion

We have embarked on a strategic worldwide expansion program to grow our platform by opening locations in new markets as well as opening new locations in markets where we currently operate.

- upon receipt of financial statements for the fiscal quarter ending June 30, 2020, an additional \$1.5 billion of the Delayed Draw Term Facility will become available; and
- upon receipt of financial statements for the fiscal year ending December 31, 2020, the remaining \$1.5 billion of the Delayed Draw Term Facility will become available.

Currently, the debt and lien covenants under the indenture governing the senior notes would restrict our ability to draw the second and third tranches of the Delayed Draw Term Facility described above. We expect to have some time to determine how and when we will address the restrictions in these covenants under the indenture. We may, in our discretion, explore a variety of new financing and/or refinancing transactions, including with respect to the senior notes and/or any term loans funded under the Delayed Draw Term Facility. As of the date of this prospectus, no decisions in that respect have been made.

In addition, the 2019 Letter of Credit Facility would also permit us to seek an increase in the commitments under the Letter of Credit Facility of up to \$500 million at any time after December 31, 2020, subject to the receipt of commitments from existing or additional financial institutions and other conditions.

The initial availability of the 2019 Letter of Credit Facility and the funding of the first tranche of the Delayed Draw Term Facility on the closing date of the 2019 Credit Facility will be subject to the negotiation and execution of definitive documentation and the satisfaction of certain conditions, including (1) the completion of this offering and (2) the termination and prepayment of all commitments outstanding under our existing bank facilities, other than the rollover of certain letters of credit to the 2019 Credit Facility. The 2019 Credit Facility will also require WeWork Companies LLC and its restricted subsidiaries to comply with certain minimum contribution margin excluding non-cash GAAP straight-line lease cost, liquidity and net cash flow financial covenants. Under the minimum liquidity covenant, WeWork Companies LLC will be required to maintain a minimum amount of unrestricted cash (including cash collateral supporting the 2019 Letter of Credit Facility) of \$2.5 billion through the fiscal quarter ending June 30, 2021, \$3.0 billion for the fiscal quarter ending September 30, 2021 and \$3.5 billion for the fiscal quarter ending December 31, 2021 and any fiscal quarter thereafter.

The Delayed Draw Term Facility will mature on the later of the third anniversary of the completion of this offering and December 31, 2022 and will amortize in an amount per quarter equal to 0.25% of the original principal amount of all funded delayed draw term loans (the “Delayed Draw Term Loans”), beginning on the last day of the first fiscal quarter ending after the first anniversary of the initial delayed draw funding date.

WeWork Companies LLC is the borrower under the 2019 Credit Facility, which will be guaranteed by the domestic wholly-owned subsidiaries of WeWork Companies LLC, subject to certain exceptions. Subject to compliance with the covenants in the indenture governing the senior notes, WeWork Companies LLC may designate one or more of its foreign subsidiaries as borrowers under the 2019 Credit Facility, and borrowings by any such foreign subsidiary borrowers will be guaranteed by the domestic subsidiary guarantors and certain material foreign subsidiaries in jurisdictions to be agreed. The 2019 Credit Facility will be secured by substantially all the assets of WeWork Companies LLC and the domestic subsidiary guarantors (and, in the case of borrowings by any foreign subsidiary guarantor, by substantially all the assets of the foreign subsidiary borrowers and guarantors), subject to customary exceptions. In addition, WeWork Companies LLC will be required to deposit cash collateral as security for the Letter of Credit Facility in an amount equal to the face amount of letters of credit issued under the facility.

Borrowings under the Delayed Draw Term Loans are expected to bear interest at a rate per annum equal to, at our option, (i) a base rate that will be no less than 3.0% (the “adjusted base rate”) plus an applicable margin of 3.75% or (ii) a Eurodollar rate that will be no less than 2.0% plus an applicable margin of 4.75%. Interest on any drawn letter of credit will be payable at a rate per annum equal to the adjusted base rate plus an applicable margin of 1.0% to 1.5%, depending on average utilization. WeWork Companies LLC will pay letter of credit fees on the face amount of each letter of credit equal to 1.0%, as well as customary fronting fees. WeWork Companies LLC will also pay customary commitment fees on the average undrawn daily amount of the commitments under the Delayed Draw Term Facility and the Letter of Credit Facility. With respect to the \$1.0 billion of Delayed Draw Term Loan commitments that are available on the closing date, we will be subject to a ticking fee for the period from the date that is 90 days after the closing date until the earlier to occur of (x) the date on which all applicable Delayed Draw Term Loan commitments are funded and (y) the commitment termination date, equal to the adjusted Eurodollar rate plus 4.75% on the average undrawn daily amount of the applicable Delayed Draw Term Loan commitments.

Quarterly Results of Operations

The following table sets forth certain unaudited financial and operating information for the quarterly periods presented. The quarterly information includes all adjustments (consisting of normal recurring adjustments) that, in the opinion of management, are necessary for a fair presentation of the information presented. This information should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

(Amounts in thousands, except percentages and where noted)	Three Months Ended									
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Revenue:										
Membership and service revenue	\$ 197,897	\$ 234,337	\$ 271,813	\$ 325,455	\$ 388,501	\$ 453,984	\$ 529,396	\$ 628,134	\$ 720,638	
Other revenue	444	6,789	11,503	16,708	33,107	28,302	46,298	100,202	86,446	
Total revenue	198,341	241,126	283,316	342,163	421,608	482,286	575,694	728,336	807,084	
Expenses⁽¹⁾:										
Location operating expenses—cost of revenue ⁽²⁾	185,295	212,496	263,785	288,152	347,816	405,100	480,061	582,860	650,081	
Other operating expenses—cost of revenue ⁽²⁾	—	—	1,677	15,161	26,863	31,631	33,133	36,163	45,026	
Pre-opening location expenses ⁽³⁾	25,034	29,525	49,102	73,232	83,751	97,530	103,318	112,798	142,335	
Sales and marketing expenses ⁽⁴⁾	23,740	41,150	59,816	62,811	77,078	109,559	129,281	150,999	169,047	
Growth and new market development expenses ⁽⁵⁾	19,518	26,853	46,128	58,679	115,412	118,510	184,672	141,844	227,883	
General and administrative expenses	45,979	52,665	318,773	78,194	77,063	90,696	111,533	218,537	171,373	
Depreciation and amortization	38,005	42,166	51,494	62,043	75,375	77,590	98,506	124,855	131,069	
Total expenses	337,571	404,855	790,775	638,272	803,358	930,616	1,140,504	1,368,056	1,536,814	
Loss from operations	(139,230)	(163,729)	(507,459)	(296,109)	(381,750)	(448,330)	(564,810)	(639,720)	(729,730)	
Interest and other income (expense), net	105,563	(3,949)	(109,635)	19,433	(65,839)	(48,888)	(141,976)	378,152	91,763	
Pre-tax loss	(33,667)	(167,678)	(617,094)	(276,676)	(447,589)	(497,218)	(706,786)	(261,568)	(637,967)	
Income taxes benefit (provision)	—	—	5,721	2,192	(819)	(97)	(426)	(5,030)	(87)	
Net loss	(33,667)	(167,678)	(611,373)	(274,484)	(448,408)	(497,315)	(707,212)	(266,598)	(638,054)	
Net loss attributable to noncontrolling interests	8,608	7,840	33,052	43,022	51,740	104,346	117,519	86,447	128,529	
Net loss attributable to WeWork Companies Inc.	\$ (25,059)	\$ (159,838)	\$ (578,321)	\$ (231,462)	\$ (396,668)	\$ (392,969)	\$ (589,693)	\$ (180,151)	\$ (509,525)	
Key performance indicators:										
Workstation capacity (in ones) ⁽⁶⁾	154,000	178,000	214,000	251,000	301,000	354,000	466,000	548,000	604,000	
Memberships (in ones) ⁽⁷⁾	128,000	154,000	186,000	219,000	268,000	319,000	401,000	466,000	527,000	
Enterprise membership percentage ⁽⁸⁾	22%	25%	28%	28%	30%	34%	38%	41%	40%	
Committed revenue backlog (in billions) ⁽⁹⁾	N/R	N/R	\$ 0.5	N/R	N/R	N/R	\$ 2.6	\$ 3.5	\$ 4.0	
Run-rate revenue (in billions) ⁽¹⁰⁾	\$ 0.8	\$ 1.1	\$ 1.1	\$ 1.5	\$ 1.8	\$ 2.0	\$ 2.4	\$ 3.0	\$ 3.3	
Other financial information:										
Adjusted EBITDA including non-cash GAAP straight-line lease cost ⁽¹¹⁾	\$ (93,077)	\$ (109,989)	\$ (174,442)	\$ (209,936)	\$ (257,351)	\$ (306,345)	\$ (397,965)	\$ (410,636)	\$ (524,051)	
Impact of non-cash GAAP straight-line lease cost on Adjusted EBITDA	\$ 59,093	\$ 68,002	\$ 90,604	\$ 112,601	\$ 125,361	\$ 145,546	\$ 159,334	\$ 197,112	\$ 226,826	

N/R = Not reported

Results of operations for the three months ended March 31, 2019 have been recast to reflect the impact of the adoption of ASC 842.

- (1) The following table sets forth stock-based compensation expense and expense related to stock-based payments for services rendered by consultants included in the below line items:

(Amounts in thousands)	Three Months Ended									
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Stock-based compensation expense:										
Location operating expenses	\$ 675	\$ 810	\$ 16,570	\$ 2,833	\$ 3,587	\$ 3,071	\$ 13,302	\$ 22,657	\$ 3,296	
Other operating expenses	—	—	355	814	1,385	1,188	1,135	3,490	946	
Sales and marketing expenses	378	454	3,040	1,670	1,756	1,542	1,375	9,821	3,111	

(Amounts in thousands)	Three Months Ended									
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Growth and new market development expenses . . .	642	772	9,339	1,649	3,605	8,302	4,167	29,814	4,039	
General and administrative expenses	4,465	4,165	248,128	5,002	5,544	3,909	3,564	79,407	31,754	
Total	\$ 6,160	\$ 6,201	\$ 277,432	\$ 11,968	\$ 15,877	\$ 18,012	\$ 23,543	\$ 145,189	\$ 43,146	
Stock-based payments for services rendered by consultants:										
General and administrative expenses	\$ 1,870	\$ 2,309	\$ 2,563	\$ 2,971	\$ 4,235	\$ 4,710	\$ 5,175	\$ 4,769	\$ 4,761	
Growth and new market development expenses . . .	—	—	—	—	1,233	274	359	433	514	
Total	\$ 1,870	\$ 2,309	\$ 2,563	\$ 2,971	\$ 5,468	\$ 4,984	\$ 5,534	\$ 5,202	\$ 5,275	

(2) Exclusive of depreciation and amortization shown separately on the depreciation and amortization line.

(3) Pre-opening location expenses includes non-cash GAAP straight-line lease cost as follows:

(Amounts in thousands)	Three Months Ended									
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Non-cash GAAP straight-line lease cost	\$19,668	\$ 24,503	\$ 41,713	\$ 56,881	\$62,818	\$ 74,242	\$ 74,652	\$ 91,070	\$127,689	

(4) Sales and marketing expenses includes total costs associated with other We Company offerings, Creator Awards and other strategic events of \$4.8 million, \$14.4 million, \$6.7 million, \$12.9 million, \$22.1 million, \$29.6 million, \$19.9 million, \$21.3 million and \$23.5 million during the three months ended June 30, September 30 and December 31, 2017, the three months ended March 31, June 30, September 30 and December 31, 2018 and the three months ended March 31 and June 30, 2019, respectively.

(5) Growth and new market development expenses includes total costs associated with growth related professional fees, travel costs, employee relocation costs, cost of goods sold in connection with delivery of Powered by We services, impairments and dead deal write-offs and non-cash GAAP straight-line lease costs of \$4.7 million, \$7.6 million, \$18.0 million, \$22.8 million, \$45.2 million, \$27.1 million, \$81.3 million, \$75.1 million and \$96.2 million during the three months ended June 30, September 30 and December 31, 2017, the three months ended March 31, June 30, September 30 and December 31, 2018 and the three months ended March 31 and June 30, 2019, respectively.

(6) "Workstation capacity" represents the estimated number of workstations available at open WeWork locations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators—Workstation Capacity" for additional information about this metric.

(7) "Memberships" represents the cumulative number of WeWork memberships and on-demand memberships. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators—Memberships" for additional information about this metric.

(8) "Enterprise membership percentage" represents the percentage of our memberships attributable to organizations with 500 or more full-time employees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators—Enterprise Membership Percentage" for additional information about this metric.

(9) "Committed revenue backlog" as of a given date represents total non-cancelable contractual commitments, net of discounts, remaining under agreements entered into as of such date, which we expect will be recognized as revenue subsequent to such date. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators—Committed Revenue Backlog" for additional information about this metric. We started reporting committed revenue backlog on a quarterly basis on March 31, 2019.

(10) "Run-rate revenue" for a given period represents our revenue recognized in accordance with GAAP for the last month of such period multiplied by 12. See "—Key Performance Indicators—Run-Rate Revenue" for additional information about this metric. The calculation of run-rate revenue for March 31, 2019 excludes \$39.5 million of revenue recognized during the month ended March 31, 2019 relating to reimbursement for services performed in connection with Creator Award events, as the events primarily occurred in prior periods and the revenue is considered non-recurring.

(11) While not a key financial measure, we supplement our GAAP results by evaluating adjusted EBITDA including non-cash GAAP straight-line lease cost. We define "adjusted EBITDA including non-cash GAAP straight-line lease cost" as net loss before income tax (benefit) provision, interest and other (income) expense, depreciation and amortization expense, stock-based compensation expense, expense related to stock-based payments for services rendered by consultants, income or expense relating to the changes in fair value of assets and liabilities remeasured to fair value on a recurring basis, expense related to costs associated with mergers, acquisitions, divestitures and capital raising activities, legal, tax and regulatory reserves or settlements, significant non-ordinary course asset impairment charges and, to the extent applicable, any impact of discontinued operations, restructuring charges, and other gains and losses on operating assets. We also separately present the impact of non-cash GAAP straight-line lease cost on an adjusted EBITDA.

When used in conjunction with GAAP financial measures, we believe that adjusted EBITDA including non-cash GAAP straight-line lease cost is a useful supplemental measure of operating performance because it facilitates comparisons of historical performance by excluding non-cash items such as stock-based payments, fair market value adjustments, and impairment charges and other amounts not directly attributable to our primary operations, such as the impact of acquisitions, disposals and settlements. Similar to our discussion related to contribution margin, adjusted EBITDA is also significantly impacted by straight-lining of lease cost, and therefore we also separately present the impact on adjusted EBITDA of the non-cash GAAP straight-line lease cost.

Adjusted EBITDA has limitations as an analytical tool, including those set forth with respect to contribution margin in "Management's Discussion and Analysis of Financial Condition and Result of Operations—Contribution Margin—What are the limitations of using our non-GAAP measures as supplemental measures?" Additionally, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and adjusted EBITDA does not reflect any cash requirements for such replacements.

A reconciliation of net loss to adjusted EBITDA is set forth below:

(Amounts in thousands)	Three Months Ended									
	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	
Net loss	\$ (33,667)	\$ (167,678)	\$ (611,373)	\$ (274,484)	\$ (448,408)	\$ (497,315)	\$ (707,212)	\$ (266,598)	\$ (638,054)	
Income tax (benefit) provision	—	—	(5,721)	(2,192)	819	97	426	5,030	87	
Interest and other (income) expense	(105,563)	3,949	109,635	(19,433)	65,839	48,888	141,976	(378,152)	(91,763)	
Depreciation and amortization	38,005	42,166	51,494	62,043	75,375	77,590	98,506	124,855	131,069	
Stock-based compensation expense	6,160	6,201	277,432	11,968	15,877	18,012	23,543	145,189	43,146	
Stock-based payments for services rendered by consultants	1,870	2,309	2,563	2,971	5,468	4,984	5,534	5,202	5,275	
Change in fair value of contingent consideration liabilities	—	—	—	—	18,856	34,006	23,577	(52,327)	9,249	
Legal, tax and regulatory reserves and settlements	—	2,851	540	2,548	253	814	—	—	1,534	
Expense related to mergers, acquisitions and divestitures	118	213	988	6,643	8,570	6,579	15,685	6,165	15,406	
Adjusted EBITDA including non-cash GAAP straight-line lease cost	\$ (93,077)	\$ (109,989)	\$ (174,442)	\$ (209,936)	\$ (257,351)	\$ (306,345)	\$ (397,965)	\$ (410,636)	\$ (524,051)	
Impact of non-cash GAAP straight-line lease cost on Adjusted EBITDA	59,093	68,002	90,604	112,601	125,361	145,546	159,334	197,112	226,826	

Liquidity and Capital Resources

Our primary sources of liquidity are our cash and cash equivalents on hand and amounts available under the bank facilities. As of June 30, 2019, we maintained a cash and cash equivalents balance of \$2.5 billion, which includes \$535.8 million held by our consolidated variable interest entities (“VIEs”) that will be used first to settle obligations of the VIE and are also subject to the restrictions discussed below. In addition, as of June 30, 2019, our consolidated VIEs have \$400 million in unfunded commitments from investors, and we are scheduled to receive \$200 million during each of 2019 and 2020, which will provide additional liquidity for our consolidated VIEs. For the six months ended June 30, 2019, our primary source of cash was the draw downs in January 2019 and April 2019 under the 2018 warrant. Proceeds have been used to fund our growth, operations and capital expenditures for design and build-out of our spaces. In addition, the \$1.5 billion available to draw in April 2020 under the 2019 warrant (as defined under “—Convertible Note and Warrant Agreements”) is expected to provide additional future liquidity.

Our primary uses of cash relate to capital expenditures associated with the design and build-out of our spaces as well as lease costs, common area maintenance costs and real estate taxes, other location operating costs and general and administrative expenses. While also uses of cash, we view pre-opening location expenses, sales and marketing expenses, growth and new market development expenses and cash payments made for acquisitions as discretionary investments that will fuel our ability to continue to grow in the future. Although these amounts are important to our growth, we believe that they can be scaled back to the extent needed based on our future cash needs.