

GNC HOLDINGS, INC.  
Form 424B1  
March 14, 2012

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Filed pursuant to Rule 424(b)(1)  
Registration No. 333-179838

**PROSPECTUS**

17,000,000 Shares

**GNC Holdings, Inc.**

**Class A Common Stock**

This is a public offering of the shares of Class A common stock of GNC Holdings, Inc. The shares of Class A common stock are being sold by the selling stockholders named in this prospectus, some of whom are our affiliates. We will not receive any proceeds from the sale of the shares of Class A common stock sold in this offering.

Our Class A common stock is listed on the New York Stock Exchange (the "NYSE") under the symbol "GNC". On March 13, 2012, the last sale price of our Class A common stock on the NYSE was \$33.95 per share.

*Investing in our Class A common stock involves risk. See "Risk Factors" beginning on page 14 of this prospectus.*

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$ 33.50000	\$ 569,500,000
Underwriting discounts and commissions	\$ 1.25625	\$ 21,356,250
Proceeds, before expenses, to the selling stockholders	\$ 32.24375	\$ 548,143,750

The selling stockholders have granted the underwriters a 30-day option to purchase up to 2,550,000 additional shares of Class A common stock at the offering price, less the underwriting discount. We will not receive any proceeds from the exercise of the underwriters' option to purchase additional shares.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

Delivery of the shares of Class A common stock will be made on or about March 19, 2012.

**J.P. Morgan**  
**Deutsche Bank Securities**

**Goldman, Sachs & Co.**  
**Morgan Stanley**

**Barclays Capital**  
**William Blair & Company**

**Credit Suisse**  
**BMO Capital Markets**

The date of this prospectus is March 13, 2012.

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**PROSPECTUS SUMMARY**

*This summary highlights the information contained in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of the information that you may consider important in making your investment decision, we encourage you to read this entire prospectus. Before making an investment decision, you should carefully consider the information under the heading "Risk Factors" and our consolidated financial statements and their notes in this prospectus. Unless the context requires otherwise, "we", "us", "our" and "GNC" refer to GNC Holdings, Inc. ("Holdings") and its subsidiaries and, for periods prior to March 16, 2007, our predecessor. See "Business Corporate History". References to "our stores" refer to our company-owned stores and our franchise stores. References to our "locations" refer to our stores and our "store-within-a-store" locations at Rite Aid.*

**Our Company**

Based on our worldwide network of more than 7,600 locations and our online channels, we believe we are the leading global specialty retailer of health and wellness products, including vitamins, minerals and herbal supplements ("VMHS") products, sports nutrition products and diet products. Our diversified, multi-channel business model derives revenue from product sales through company-owned domestic retail stores, domestic and international franchise activities, third-party contract manufacturing, e-commerce and corporate partnerships. We believe that the strength of our GNC brand, which is distinctively associated with health and wellness, combined with our stores and online channels, give us broad access to consumers and uniquely position us to benefit from the favorable trends driving growth in the nutritional supplements industry and the broader health and wellness sector. Our broad and deep product mix, which is focused on high-margin, premium, value-added nutritional products, is sold under our GNC proprietary brands, including Mega Men®, Ultra Mega®, GNC Total Lean, Pro Performance® and Pro Performance® AMP, and under nationally recognized third-party brands.

Based on the information we compiled from the public securities filings of our primary competitors, our network of domestic retail locations is approximately eleven times larger than the next largest U.S. specialty retailer of nutritional supplements and provides a leading platform for our vendors to distribute their products to their target consumers. Our close relationships with our vendor partners have enabled us to negotiate first-to-market opportunities. In addition, our in-house product development capabilities enable us to offer our customers proprietary merchandise that can only be purchased through our locations or through GNC.com. Since the nutritional supplement consumer often requires knowledgeable customer service, we also differentiate ourselves from mass and drug retailers with our well-trained sales associates who are aided by in-store technology. We believe that our expansive retail network, differentiated merchandise offering and quality customer service result in a unique shopping experience that is distinct from that of our competitors.

**Recent Transformation of GNC**

Beginning in 2006, we executed a series of strategic initiatives to enhance our existing business and growth profile. Specifically, we:

*Assembled a world-class management team.* We made key senior management upgrades to complement the existing leadership of GNC and to establish a foundation for growth and innovation.

*Adopted a comprehensive approach to brand building and the retail experience.* We modernized GNC's brand image, product packaging and media campaigns, and enhanced the in-store shopping experience for our customers.

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*Increased focus on proprietary product development and innovation to drive growth in retail sales.* We increased revenue contribution from proprietary product lines through a series of successful GNC-branded product launches (Vitapak®, Pro Performance® AMP and GNC Total Lean), as well as recent launches of preferred third-party product offerings.

*Restaged and expanded e-commerce business.* We executed an overall website redesign in September 2009 in an effort to increase traffic and conversion rates, while enhancing overall functionality of the site. We believe this redesign has positioned GNC.com to continue capturing market share within one of the fastest growing channels of distribution in the U.S. nutritional supplements industry.

*Invested capital to support future growth.* During 2008 and 2009, we upgraded our point-of-sale systems to improve retail business processes, customer data collection and associate training, and to enhance the customer experience. In 2008, we also invested in our Greenville, South Carolina manufacturing facility to add capacity with respect to our soft gelatin capsule production and vitamin production and enhanced our packaging capabilities.

*Launched partnership programs designed to leverage GNC's brand strength.* In 2010, we partnered with PetSmart to launch an exclusive line of GNC-branded pet supplements. During the first quarter of 2011, we began making wholesale sales of our proprietary products to Sam's Club, which increases the visibility of our branded product lines.

**Industry Overview**

We operate within the large and growing U.S. nutritional supplements industry. According to Nutrition Business Journal's Supplement Business Report 2011, our industry generated \$26.9 billion in sales in 2009 and \$28.1 billion in 2010, and is projected to grow at an average annual rate of approximately 3.7% through 2017. Our industry is highly fragmented, and we believe this fragmentation provides large operators, like us, the ability to compete more effectively due to scale advantages.

We expect several key demographic, healthcare and lifestyle trends to drive the continued growth of our industry. These trends include:

increasing awareness of nutritional supplements across major age and lifestyle segments of the U.S. population; and

increased focus on fitness and healthy living.

**Competitive Strengths**

We believe we are well-positioned to capitalize on favorable industry trends as a result of the following competitive strengths:

*Highly-valued and iconic brand.* According to a Beanstalk Marketing and LJS & Associates research study commissioned by us, we hold an 87% brand awareness rate with consumers, which we believe is significantly higher than our direct competitors. We believe our recently modernized brand image, communicated through enhanced advertising campaigns, in-store signage and product packaging, reinforces GNC's credibility as a leader in the industry.

*Attractive, loyal customer base.* Our large customer base includes approximately 4.9 million active Gold Card members in the United States and Canada who account for over 50% of company-owned retail sales.



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*Commanding market position in an attractive and growing industry.* Based on our broad global footprint of more than 7,600 locations in the United States and 53 international countries (including distribution centers where retail sales are made), and on GNC.com, we believe we are the leading global specialty retailer of health and wellness products within a fragmented industry.

*Unique product offerings and robust innovation capabilities.* Product innovation is critical to our growth, brand image superiority and competitive advantage. We have internal product development teams located in our corporate headquarters in Pittsburgh, Pennsylvania and our manufacturing facility in Greenville, South Carolina, which collaborate on the development and formulation of proprietary nutritional supplements with a focus on high growth categories. In 2011, we believe GNC branded products generated more than \$975 million of retail sales across company owned and domestic franchise stores, GNC.com and Rite-Aid store-within-a-store locations. In addition, our strong vendor relationships and large retail footprint ensure our retail stores frequently benefit from preferred distribution rights on certain new third-party products.

*Diversified business model.* Our multi-channel approach is unlike many other specialty retailers as we derive revenues across a number of distribution channels in multiple geographies, including retail sales from company-owned retail stores, retail sales from GNC.com, royalties, wholesale sales and fees from both domestic and international franchisees, revenue from third-party contract manufacturing and wholesale revenue and fees from our Rite Aid store-within-a-store locations, and wholesale revenues from Sam's Club and PetSmart. Our business is further diversified by our broad merchandise assortment.

*Vertically integrated operations that underpin our business strategy.* To support our company-owned and franchise store bases, we have developed sophisticated manufacturing, warehousing and distribution facilities. Our vertically integrated business model allows us to control the production and timing of new product introductions, control costs, maintain high standards of product quality, monitor delivery times, manage inventory levels and enhance profitability. Combined with our broad retail footprint, this model enables us to respond quickly to changes in consumer preferences and maintain a high pace of product innovation.

*Differentiated service model that fosters a "selling" culture and an exceptional customer experience.* We believe we distinguish ourselves from mass and drug retailers with our well-trained sales associates, who offer educated service and trusted advice. We believe that our expansive retail network, differentiated merchandise offering and high-quality customer service result in a unique shopping experience.

*World-class management team with a proven track record.* Our highly experienced and talented management team has a unique combination of leadership and experience across the retail industry.

As a result of our competitive strengths, we have maintained consistent revenue growth through the recent economic cycle. The fourth quarter of 2011 marked our 26th consecutive quarter of positive company-owned domestic same store sales growth. This consistent growth in company-owned retail sales, the positive operating leverage generated by our retail operations, cost containment initiatives, as well as growth in our other channels of distribution, have allowed us to expand our EBITDA margin by 730 basis points from 2005 to 2011.

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**Our Growth Strategy**

We plan to execute several strategies in the future to promote growth in revenue and operating income, and capture market share, including:

*Growing company-owned domestic retail earnings.* We believe growth in our domestic retail business will be supported by continued same store sales growth and positive operating leverage. The fourth quarter of 2011 marked our 26th consecutive quarter of positive company-owned domestic same store sales growth. We believe our continued positive same store sales growth will be supported by the forecasted industry growth, our marketing and brand building initiatives and future proprietary product introductions. Our existing store base and the supporting infrastructure enable us to convert a high percentage of our incremental sales volume into operating income, providing the opportunity to further expand our company-owned retail operating income margin.

*Growing company-owned domestic retail square footage.* For 2012, we expect to grow company-owned domestic retail square footage by approximately 3% to 4%. We believe that (i) the expansion of our store base will allow us to increase our market share and our appeal to a wider range of consumers as we enter new markets and grow within existing markets, and (ii) the U.S. market can support a significant number of additional GNC stores, including at least 4,500 total potential company-owned domestic and franchise stores (excluding Rite Aid store-within-a-store locations).

*Growing our international footprint.* Our international business has been a key driver of growth in recent years. We expect to continue capitalizing on international revenue growth opportunities through additions of franchise stores in existing markets, expansion into new high growth markets and the growth of product distribution in both existing and new markets. In 2011, we commenced wholesale operations in China through one of our subsidiaries and believe this market represents a significant growth opportunity.

*Expanding our e-commerce business.* We believe GNC.com is well-positioned to continue capturing market share online, which represents one of the fastest growing channels of distribution in the U.S. nutritional supplements industry. Additionally, in August 2011, we acquired S&G Properties, LLC d/b/a LuckyVitamin.com and What's the Big Deal?, Inc. d/b/a Gary's "World of Wellness" (collectively referred to as "LuckyVitamin.com"), a leading online retailer of health and wellness products, including a wide range of nationally branded nutritional supplements. We intend to continue to capitalize on the growth of GNC.com and our acquisition of LuckyVitamin.com, and we may explore opportunities to acquire additional web banners to expand our online market share.

*Further leveraging of the GNC brand.* As with our Rite Aid, Sam's Club and PetSmart partnerships, we believe we have the opportunity to create additional streams of revenue and grow our customer base by leveraging the GNC brand through corporate partnerships outside of our existing distribution channels.

**Recent Developments**

Domestic company-owned same store sales (including GNC.com internet sales, "Same Store Sales") is one of the primary drivers of our business and is thus indicative of our overall performance. Through January and February, 2012, preliminary results reflect that Same Store Sales increased by approximately 16% compared to the same period in the prior year due to continued strength in major product categories. This compares to an increase of approximately 6% in Same Store Sales for the first two months of fiscal 2011, and a 7.5% increase that we reported for the first quarter of fiscal 2011, compared to the same periods in the prior year. The first quarter of 2011 included a monthly Same Store Sales increase of 10.4% in March 2011 compared to March

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2010, which is notable because March 2011 marked the beginning of relatively higher Same Store Sales performance in 2011, which has continued in 2012.

The above information and expectations are based on preliminary data for only a portion of the first quarter, which has not been subjected to our normal quarter-end closing and review procedures. Because the preliminary information for this period is not for an entire fiscal period and will be subject to quarter-end closing procedures and/or adjustments, it should not be viewed as a substitute for full interim financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and reviewed by our auditors. This preliminary information could change materially and is not necessarily indicative of the results to be achieved for the quarter ending March 31, 2012, the remainder of fiscal year 2012 or any future period.

**The Sponsors**

As of February 28, 2012, Ares Corporate Opportunities Fund II, L.P. ("Ares") and Ontario Teachers' Pension Plan Board ("OTPP") collectively hold approximately 44.1% of our outstanding common stock. Ares and OTPP are collectively referred to in this prospectus as the "Sponsors". After giving effect to this offering and OTPP's conversion of 2,060,178 shares of Class B common stock into an equal number of shares of Class A common stock as described below, the Sponsors will collectively hold 30,247,482 shares of our Class A common stock, representing approximately 28.3% of our outstanding Class A common stock, and the Sponsors will have significant power to control our affairs and policies, including with respect to the election of directors (and through the election of directors the appointment of management), the entering into of mergers, sales of substantially all of our assets and other significant transactions. The Class A common stock and Class B common stock vote together as a single class on all matters and are substantially identical in all respects, including with respect to voting, dividends and conversion, except that the Class B common stock does not entitle its holder to vote for the election or removal of directors. In addition, a holder of Class B common stock may, at any time, elect to convert shares of Class B common stock into an equal number of shares of Class A common stock or, under certain circumstances, convert shares of Class A common stock into an equal number of shares of Class B common stock. After giving effect to this offering, there will be no shares of Class B common stock outstanding.

Immediately following the consummation of this offering, OTPP will convert 2,060,178 shares of Class B common stock into an equal number of shares of Class A common stock. As a result of such conversion and after giving effect to this offering, OTPP will hold 16,949,548 shares of our Class A common stock, representing approximately 15.9% of our outstanding Class A common stock. As a result of OTPP's conversion of Class B common stock into Class A common stock, there will be no shares of Class B common stock outstanding.

**Proceeds in Connection with this Offering**

The table below sets forth the proceeds that the Sponsors and our directors and executive officers expect to receive from the sale of our Class A common stock in connection with this offering, based on the offering price of \$33.50 per share, less the underwriting discount. The amounts below do not take into account amounts paid by the selling stockholders in connection with the exercise of stock options for shares of Class A common stock to be sold in this offering, or

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the sale of up to 2,550,000 additional shares of our Class A common stock that the underwriters have the option to purchase from the selling stockholders.

	<b>Proceeds from the sale of Class A common stock (in thousands)</b>
<b>Directors and Executive Officers:</b>	
Norman Axelrod(1)	\$ 2,705.3
Jeffrey P. Berger	
Andrew Claerhout	
Thomas Dowd	
Joseph Fortunato	1,612.2
Jeffrey Hennion	
Michael Hines	
David B. Kaplan	
Brian Klos	
Johann O. Koss	
Amy B. Lane	
Romeo Leemrijse	
Michael Locke	
Michael M. Nuzzo	
Guru Ramanathan	
Gerald J. Stubenhofer	
Richard J. Wallace	
<b>Sponsors:</b>	
Ares	237,677.4
OTPP	302,943.6

(1) Includes amounts that will be paid to AS Skip, LLC ("AS Skip"), of which Mr. Axelrod is the managing member.

**Risks Related to Our Business and Strategy**

Despite the competitive strengths described above, our ability to successfully operate our business is subject to numerous risks, including those that are generally associated with operating in the nutritional supplements industry. Any of the factors set forth under "Risk Factors" may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus and, in particular, you should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in our Class A common stock. Risks relating to our business and our ability to execute our business strategy include:

we may not effectively manage our growth;

we operate in a highly competitive industry and our failure to compete effectively could adversely affect our market share, revenues and growth prospects;

unfavorable publicity or consumer perception of our products could adversely affect our reputation and the demand for our products;

if the products we sell do not comply with new and existing regulatory and legislative requirements, we may be required to recall or remove these products from the market;



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if we do not introduce new products or make enhancements to meet the changing needs of our customers in a timely manner, some of our products could become obsolete;

our substantial debt could place us at a competitive disadvantage compared to our competitors that have less debt or that have greater capacity to service or refinance their debt;

we may not anticipate all of the challenges imposed by the expansion of our operations and, as a result, may not meet our targets for opening new stores, remodeling or relocating stores or expanding profitably; and

changes in our management team could adversely affect our business strategy and adversely impact our performance.

**Corporate Information**

We are a Delaware corporation. Our principal executive office is located at 300 Sixth Avenue, Pittsburgh, Pennsylvania 15222, and our telephone number is (412) 288-4600. We also maintain a website at GNC.com. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated into, this prospectus. We own or have rights to trademarks or trade names that we use in conjunction with the operation of our business. Our service marks and trademarks include the GNC® name. Each trademark, trade name or service mark of any other company appearing in this prospectus belongs to its holder. Use or display by us of other parties' trademarks, trade names or service marks is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of, the trademark, trade name or service mark owner.

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We have not authorized anyone to provide any information or make any representations other than the information and representations in this prospectus or any free writing prospectus that we have authorized to be delivered to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is not an offer to sell or a solicitation of an offer to buy shares in any jurisdiction where an offer or sale of shares would be unlawful. The information in this prospectus is complete and accurate only as of the date on the front cover regardless of the time of delivery of this prospectus or of any sale of shares of our Class A common stock.

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**Market & Industry Information**

Throughout this prospectus, we use market data and industry forecasts and projections that were obtained from surveys and studies conducted by third parties, including the Nutrition Business Journal and Beanstalk Marketing and LJS & Associates, and from publicly available industry and general publications. Although we believe that the sources are reliable, and that the information contained in such surveys and studies conducted by third parties is accurate and reliable, we have not independently verified the information contained therein. We note that estimates, in particular as they relate to general expectations concerning our industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus.

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**The Offering**

Class A common stock offered by the selling stockholders, some of whom are our affiliates 17,000,000 shares

Underwriters' option to purchase additional shares of Class A common stock from the selling stockholders in this offering 2,550,000 shares

Class A common stock outstanding after this offering 106,748,281 shares

Class B common stock outstanding after this offering 0 shares

Voting rights Each share of our Class A common stock entitles its holder to one vote per share on all matters to be voted upon by our stockholders. Each share of our Class B common stock entitles its holder to one vote per share on all matters to be voted upon by our stockholders, except with respect to the election or removal of directors, on which the holders of shares of our Class B common stock are not entitled to vote. Shortly after the consummation of this offering there will be no shares of Class B common stock outstanding. Under a stockholders agreement among the Sponsors and us (the "New Stockholders Agreement"), the Sponsors have the ability to nominate that number of directors (rounded up to the nearest whole number or, if such rounding would cause the Sponsors to have the right to elect a majority of our board of directors, rounded to the nearest whole number) that is the same percentage of the total number of directors comprising our board as the collective percentage of common stock owned by the Sponsors.

Conversion rights The shares of Class A common stock are convertible into shares of Class B common stock, in whole or in part, at any time and from time to time at the option of the holder so long as such holder holds Class B common stock, on the basis of one share of Class B common stock for each share of Class A common stock that it wishes to convert. The shares of Class B common stock are convertible into shares of Class A common stock, in whole or in part, at any time and from time to time at the option of the holder, on the basis of one share of Class A common stock for each share of Class B common stock that it wishes to convert.

Use of proceeds We will not receive any proceeds from this offering. See "Use of Proceeds" and "Principal and Selling Stockholders".

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Dividend policy	We currently intend to pay regular quarterly dividends; however, the declaration of such future dividends and the establishment of the per share amount, record dates and payment dates for such future dividends are subject to the final determination and approval of our board of directors and will depend on many factors, including our financial condition, future earnings and cash flows, legal requirements, taxes and any other factors that our board of directors deems relevant. See "Dividend Policy".
NYSE trading symbol	"GNC"
Risk factors	For a discussion of risks relating to our business and an investment in our Class A common stock, see "Risk Factors" beginning on page 14.

Except where we state otherwise, the outstanding Class A common stock information we present in this prospectus:

assumes that, immediately following the consummation of this offering, 2,060,178 shares of Class B common stock are converted into an equal number of shares of Class A common stock;

assumes that, immediately prior to the consummation of this offering, 50,000 shares of Class A common stock are issued upon the exercise of stock options by certain selling stockholders for shares of Class A common stock to be sold in this offering;

excludes 4,989,183 shares of Class A common stock subject to outstanding stock options immediately following the consummation of this offering with a weighted average exercise price of \$13.55 per share; and

excludes 6,224,733 shares of Class A common stock available for future grant or issuance under our stock plans.

Unless we specifically state otherwise, the information in this prospectus does not take into account the sale of up to 2,550,000 shares of our Class A common stock that the underwriters have the option to purchase from the selling stockholders.



Table of Contents**Summary Consolidated Financial Data**

The summary consolidated financial data presented below as of December 31, 2011 and for the years ended December 31, 2011, 2010 and 2009 are derived from our audited consolidated financial statements and footnotes included elsewhere in this prospectus.

The following summary consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and footnotes included elsewhere in this prospectus.

	<b>Year Ended December 31, 2011</b>	<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>
<b>(Dollars in millions, except per share data and as noted)</b>			
<b>Statement of Income Data:</b>			
Total revenues	\$ 2,072.2	\$ 1,822.2	\$ 1,707.0
Gross profit	753.8	642.3	590.6
Operating income	282.5	212.4	181.0
Interest expense, net	74.9	65.4	69.9
Net income	132.3	96.6	69.5
<b>Earnings per share(1):</b>			
Basic	\$ 1.27	\$ 0.87	\$ 0.58
Diluted	\$ 1.24	\$ 0.85	\$ 0.58
<b>Other Data:</b>			
Net cash provided by operating activities	174.7	141.5	114.0
Net cash used in investing activities	(65.5)	(36.1)	(42.2)
Net cash used in financing activities	(173.6)	(1.5)	(26.4)
EBITDA(2)	329.3	259.4	227.7
Capital expenditures	43.8	32.5	28.7
<b>Number of Stores (at end of period):</b>			
Company-owned stores(3)	3,046	2,917	2,832
Franchise stores(3)	2,514	2,340	2,216
Store-within-a-store franchise locations(3)	2,125	2,003	1,869
<b>Same Store Sales Growth:(4)</b>			
Domestic company-owned, including web	10.1%	5.6%	2.8%
Domestic franchise	7.0%	2.9%	0.9%
Average revenue per company-owned domestic store (dollars in thousands)	\$ 469.7	\$ 438.2	\$ 422.4

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	<b>Year ended December 31, 2011</b>	
	<b>(Amounts in millions, except per share data)</b>	
<b>Income (Loss) Per Share Basic &amp; Diluted:</b>		
Net income	\$	132.3
Preferred stock dividends		(4.7)
Net income available to common stockholders	\$	127.6
<b>Earnings per share:</b>		
Basic	\$	1.27
Diluted	\$	1.24
<b>Weighted average common shares outstanding (in thousands):</b>		
Basic		100.3
Diluted		103.0

	<b>As of December 31, 2011</b>	
	<b>(Dollars in millions)</b>	
<b>Balance Sheet Data:</b>		
Cash and cash equivalents	\$	128.4
Working capital(5)		474.5
Total assets		2,429.6
Total current and non-current long-term debt		901.5
Total stockholders' equity		978.5

- (1) For the years ended December 31, 2011, 2010 and 2009, includes impact of dividends on shares of our Series A preferred stock, all of which were redeemed in connection with the initial public offering of our Class A common stock (the "IPO"), which was consummated on April 6, 2011.
- (2) We define EBITDA as net income before interest expense (net), income tax expense, depreciation and amortization. Management uses EBITDA as a tool to measure operating performance of the business. EBITDA is not a measurement of our financial performance in accordance with U.S. GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with U.S. GAAP, or as an alternative to U.S. GAAP cash flow from operating activities, as a measure of our profitability or liquidity.

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The following table reconciles EBITDA to net income as determined in accordance with U.S. GAAP for the periods indicated:

	<b>Year Ended December 31, 2011</b>	<b>Year Ended December 31, 2010</b>	<b>Year Ended December 31, 2009</b>
	(dollars in millions)		
Net income	\$ 132.3	\$ 96.6	\$ 69.5
Interest expense, net	74.9	65.4	69.9
Income tax expense	75.3	50.4	41.6
Depreciation and amortization	46.8	47.0	46.7
<b>EBITDA</b>	<b>\$ 329.3(a)</b>	<b>\$ 259.4(b)</b>	<b>\$ 227.7(c)</b>

- 
- (a) For the year ended December 31, 2011, EBITDA includes \$17.4 million of expenses, including \$13.5 million of expenses related to the IPO and the Fall Offering (as defined below), \$3.5 million of expenses related to executive severance and \$0.4 million of expenses related to payments to the Sponsors under the ACOF Management Services Agreement and Class B common stock, which payments ceased following the IPO.
- (b) For the year ended December 31, 2010, EBITDA includes the following expenses: \$4.0 million of expenses principally related to the exploration of strategic alternatives, and \$1.5 million of payments to the Sponsors under the ACOF Management Services Agreement and Class B common stock, which payments ceased following the IPO.
- (c) For the year ended December 31, 2009, EBITDA includes \$1.5 million related to payments to the Sponsors under the ACOF Management Services Agreement and Class B common stock, which payments ceased following the IPO.

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(3)

The following table summarizes our locations for the periods indicated:

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>Company-Owned Stores</b>			
Beginning of period	2,917	2,832	2,774
Store openings	145	101	45
Franchise conversions(a)	30	24	53
Store closings(b)	(46)	(40)	(40)
End of period balance	3,046	2,917	2,832
<b>Franchise Stores</b>			
<b>Domestic</b>			
Beginning of period	903	909	954
Store openings(b)	63	42	31
Store closings(c)	(42)	(48)	(76)
End of period balance	924	903	909
<b>International</b>			
Beginning of period	1,437	1,307	1,190
Store openings	195	232	187
Store closings	(42)	(102)	(70)
End of period balance	1,590	1,437	1,307
<b>Store-within-a-Store (Rite Aid)</b>			
Beginning of period	2,003	1,869	1,712
Store openings	127	150	177
Store closings	(5)	(16)	(20)
End of period balance	2,125	2,003	1,869
<b>Total stores</b>	<b>7,685</b>	<b>7,260</b>	<b>6,917</b>

(a) Stores that were acquired from franchisees and subsequently converted into company-owned stores.

(b) Includes corporate store locations acquired by franchisees.

(c) Includes franchise stores closed and acquired by us.

(4) Same store sales growth reflects the percentage change in same store sales in the period presented compared to the prior year period. Same store sales are calculated on a daily basis for each store and exclude the net sales of a store for any period if the store was not open during the same period of the prior year. Beginning in the first quarter of 2006, we also included our internet sales, as generated through GNC.com and www.drugstore.com, in our company-owned domestic same store sales calculation. When a store's square footage has been changed as a result of reconfiguration or relocation in the same mall or shopping center, the store continues to be treated as a same store. If, during the period presented, a store was closed, relocated to a different mall or shopping center, or converted to a franchise store or a company-owned store, sales from that store up to and including the closing day or the day

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immediately preceding the relocation or conversion are included as same store sales as long as the store was open during the same period of the prior year. We exclude from the calculation sales during the period presented that occurred on or after the date of relocation to a different mall or shopping center or the date of a conversion.

(5)

Working capital represents current assets less current liabilities.

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**RISK FACTORS**

*You should carefully consider the risks described below and all other information contained in this prospectus before making an investment decision. If any of the following risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our Class A common stock could decline, and you may lose part or all of your investment.*

**Risks Relating to Our Business and Industry**

*We may not effectively manage our growth, which could materially harm our business.*

We expect that our business will continue to grow, which may place a significant strain on our management, personnel, systems and resources. We must continue to improve our operational and financial systems and managerial controls and procedures, and we will need to continue to expand, train and manage our technology and workforce. We must also maintain close coordination among our technology, compliance, accounting, finance, marketing and sales organizations. We cannot assure you that we will manage our growth effectively. If we fail to do so, our business could be materially harmed.

Our continued growth will require an increased investment by us in technology, facilities, personnel and financial and management systems and controls. It also will require expansion of our procedures for monitoring and assuring our compliance with applicable regulations, and we will need to integrate, train and manage a growing employee base. The expansion of our existing businesses, any expansion into new businesses and the resulting growth of our employee base will increase our need for internal audit and monitoring processes that are more extensive and broader in scope than those we have historically required. We may not be successful in identifying or implementing all of the processes that are necessary. Further, unless our growth results in an increase in our revenues that is proportionate to the increase in our costs associated with this growth, our operating margins and profitability will be adversely affected.

*We operate in a highly competitive industry. Our failure to compete effectively could adversely affect our market share, revenues and growth prospects.*

The U.S. nutritional supplements retail industry is large and highly fragmented. Participants include specialty retailers, supermarkets, drugstores, mass merchants, multi-level marketing organizations, on-line merchants, mail-order companies and a variety of other smaller participants. We believe that the market is also highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market. In the United States, we also compete for sales with heavily advertised national brands manufactured by large pharmaceutical and food companies, as well as other retailers. In addition, as some products become more mainstream, we experience increased price competition for those products as more participants enter the market. Our international competitors include large international pharmacy chains, major international supermarket chains and other large U.S.-based companies with international operations. Our wholesale and manufacturing operations compete with other wholesalers and manufacturers of third-party nutritional supplements. We may not be able to compete effectively and our attempts to do so may require us to reduce our prices, which may result in lower margins. Failure to effectively compete could adversely affect our market share, revenues and growth prospects.

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***Unfavorable publicity or consumer perception of our products, the ingredients they contain and any similar products distributed by other companies could cause fluctuations in our operating results and could have a material adverse effect on our reputation, the demand for our products and our ability to generate revenues and the market price of our Class A common stock.***

We are highly dependent upon consumer perception of the safety and quality of our products and the ingredients they contain, as well as similar products distributed by other companies. Consumer perception of products and the ingredients they contain can be significantly influenced by scientific research or findings, national media attention and other publicity about product use. A product may be received favorably, resulting in high sales associated with that product that may not be sustainable as consumer preferences change. Future scientific research or publicity could be unfavorable to our industry or any of our particular products or the ingredients they contain and may not be consistent with earlier favorable research or publicity. A future research report or publicity that is perceived by our consumers as less favorable or that questions earlier research or publicity could have a material adverse effect on our ability to generate revenues. For example, sales of our products containing ephedra were initially strong, but subsequently decreased as a result of negative publicity and an ultimate ban of such products by the Food and Drug Administration (the "FDA"). As such, period-to-period comparisons of our results should not be relied upon as a measure of our future performance. Adverse publicity in the form of published scientific research or otherwise, whether or not accurate, that associates consumption of our products or the ingredients they contain or any other similar products distributed by other companies with illness or other adverse effects, that questions the benefits of our or similar products, or that claims that such products are ineffective could have a material adverse effect on our reputation, the demand for our products, our ability to generate revenues and the market price of our Class A common stock.

***Our failure to appropriately respond to changing consumer preferences and demand for new products could significantly harm our customer relationships and product sales.***

Our business is particularly subject to changing consumer trends and preferences. Our continued success depends in part on our ability to anticipate and respond to these changes, and we may not be able to respond in a timely or commercially appropriate manner to these changes. If we are unable to do so, our customer relationships and product sales could be harmed significantly.

Furthermore, the nutritional supplements industry is characterized by rapid and frequent changes in demand for products and new product introductions. Our failure to accurately predict these trends could negatively impact consumer opinion of our stores as a source for the latest products. This could harm our customer relationships and cause losses to our market share. The success of our new product offerings depends upon a number of factors, including our ability to: accurately anticipate customer needs; innovate and develop new products; successfully commercialize new products in a timely manner; price our products competitively; manufacture and deliver our products in sufficient volumes and in a timely manner; and differentiate our product offerings from those of our competitors.

If we do not introduce new products or make enhancements to meet the changing needs of our customers in a timely manner, some of our products could become obsolete, which could have a material adverse effect on our revenues and operating results.

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***Our substantial debt could adversely affect our results of operations and financial condition and otherwise adversely impact our operating income and growth prospects.***

As of December 31, 2011, our total consolidated long-term debt (including current portion) was approximately \$901.5 million, and we had an additional \$72.0 million available under the Revolving Credit Facility (as defined in this prospectus) after giving effect to \$8.0 million utilized to secure letters of credit.

All of the debt under the Senior Credit Facility (as defined in this prospectus) bears interest at variable rates. Our unhedged debt is subject to additional interest expense if these rates increase significantly, which could also reduce our ability to borrow additional funds.

Our substantial debt could have material consequences on our financial condition. For example, it could:

increase our vulnerability to general adverse economic and industry conditions;

require us to use all or a large portion of our cash flow from operations to pay principal and interest on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other business activities;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

restrict us from making strategic acquisitions or exploiting business opportunities;

place us at a competitive disadvantage compared to our competitors that have less debt; and

limit our ability to borrow additional funds or pay cash dividends.

For additional information regarding the interest rates and maturity dates of our existing debt, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources".

We may be able to incur additional debt in the future, including collateralized debt. Although the Senior Credit Facility contains restrictions on the incurrence of additional debt, these restrictions are subject to a number of qualifications and exceptions. If additional debt is added to our current level of debt, the risks described above would increase.

***Our ability to continue to access credit on the terms previously obtained for the funding of our operations and capital projects may be limited due to changes in credit markets.***

In recent periods, the credit markets and the financial services industry have experienced disruption characterized by the bankruptcy, failure, collapse or sale of various financial institutions, increased volatility in securities prices, diminished liquidity and credit availability and intervention from the United States and other governments. Continued concerns about the systemic impact of potential long-term or widespread downturn, energy costs, geopolitical issues, the availability and cost of credit, the global commercial and residential real estate markets and related mortgage markets and reduced consumer confidence have contributed to increased market volatility. The cost and availability of credit has been and may continue to be adversely affected by these conditions. We cannot be certain that funding for our capital needs will be available from our existing financial institutions and the credit markets if needed, and if available, to the extent required and on acceptable terms. The Revolving Credit Facility matures in March 2016. If we cannot renew or refinance this facility upon its maturity or, more generally, obtain funding when needed, in each case on acceptable terms, we may be unable to continue our current rate of growth and store expansion, which may have an adverse effect on our revenues and results of operations.



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***We require a significant amount of cash to service our debt. Our ability to generate cash depends on many factors beyond our control and, as a result, we may not be able to make payments on our debt obligations.***

We may be unable to generate sufficient cash flow from operations or to obtain future borrowings under our credit facilities or otherwise in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. In addition, because we conduct our operations through our operating subsidiaries, we depend on those entities for dividends and other payments to generate the funds necessary to meet our financial obligations, including payments on our debt. Under certain circumstances, legal and contractual restrictions, as well as the financial condition and operating requirements of our subsidiaries, may limit our ability to obtain cash from our subsidiaries. If we do not have sufficient liquidity, we may need to refinance or restructure all or a portion of our debt on or before maturity, sell assets or borrow more money, which we may not be able to do on terms satisfactory to us or at all. In addition, any refinancing could be at higher interest rates and may require us to comply with more onerous covenants which could further restrict our business operations.

If we are unable to meet our obligations with respect to our debt, we could be forced to restructure or refinance our debt, seek equity financing or sell assets. A default on any of our debt obligations could trigger certain acceleration clauses and cause those and our other obligations to become immediately due and payable. Upon an acceleration of any of our debt, we may not be able to make payments under our other outstanding debt.

***Restrictions in the agreements governing our existing and future indebtedness may prevent us from taking actions that we believe would be in the best interest of our business.***

The agreements governing our existing indebtedness contain and the agreements governing our future indebtedness will likely contain customary restrictions on us or our subsidiaries, including covenants that restrict us or our subsidiaries, as the case may be, from:

- incurring additional indebtedness and issuing preferred stock;
- granting liens on our assets;
- making investments;
- consolidating or merging with, or acquiring, another business;
- selling or otherwise disposing of our assets;
- paying dividends and making other distributions to our stockholders;
- entering into transactions with our affiliates; and
- incurring capital expenditures in excess of limitations set within the agreement.

The Revolving Credit Facility also requires that, to the extent borrowings thereunder (including outstanding letters of credit) exceed \$25 million, we meet a senior secured debt ratio of consolidated senior secured debt to consolidated earnings before interest, taxes, depreciation and amortization, or EBITDA. See "Description of Certain Debt – Senior Credit Facility" for additional information. If we fail to satisfy such ratio, then we will be restricted from drawing the remaining \$55 million of available borrowings under the Revolving Credit Facility, which may impair our liquidity.

Our ability to comply with these covenants and other provisions of the Senior Credit Facility may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events beyond our



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control. The breach of any of these covenants could result in a default under our debt, which could cause those and other obligations to become immediately due and payable. In addition, these restrictions may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted.

***We depend on the services of key executives and changes in our management team could affect our business strategy and adversely impact our performance and results of operations.***

Our senior executives are important to our success because they have been instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, identifying opportunities and arranging necessary financing. Losing the services of any of these individuals could adversely affect our business until a suitable replacement is hired. We believe that our senior executives could not be replaced quickly with executives of equal experience and capabilities. We do not maintain key person life insurance policies on any of our executives.

***If our risk management methods are not effective, our business, reputation and financial results may be adversely affected.***

We have methods to identify, monitor and manage our risks; however, these methods may not be fully effective. Some of our risk management methods may depend upon evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible by us. That information may not in all cases be accurate, complete, up-to-date or properly evaluated. If our methods are not fully effective or we are not successful in monitoring or evaluating the risks to which we are or may be exposed, our business, reputation, financial condition and operating results could be materially and adversely affected. In addition, our insurance policies may not provide adequate coverage.

***Compliance with new and existing governmental regulations could increase our costs significantly and adversely affect our results of operations.***

The processing, formulation, safety, manufacturing, packaging, labeling, advertising and distribution of our products are subject to federal laws and regulation by one or more federal agencies, including the FDA, the Federal Trade Commission (the "FTC"), the Consumer Product Safety Commission (the "CPSC"), the United States Department of Agriculture (the "USDA") and the Environmental Protection Agency (the "EPA"). These activities are also regulated by various state, local and international laws and agencies of the states and localities in which our products are sold. Government regulations may prevent or delay the introduction, or require the reformulation, of our products, which could result in lost revenues and increased costs to us. For instance, the FDA regulates, among other things, the composition, safety, manufacture, labeling and marketing of dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use). The FDA may not accept the evidence of safety for any new dietary ingredient that we may wish to market, may determine that a particular dietary supplement or ingredient presents an unacceptable health risk based on the required submission of serious adverse events or other information, and may determine that a particular claim or statement of nutritional value that we use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a "health claim". See "Business Government Regulation Product Regulation" for additional information. Any of these actions could prevent us from marketing particular dietary supplement products or making certain claims or statements with respect to those products. The FDA could also require us to remove a particular product from the market. Any future recall or removal would result in additional costs to us, including lost revenues from any products that we are required to remove from the market, any of which could be material.

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Any product recalls or removals could also lead to an increased risk of litigation and liability, substantial costs, and reduced growth prospects.

Additional or more stringent laws and regulations of dietary supplements and other products have been considered from time to time. These developments could require reformulation of some products to meet new standards, recalls or discontinuance of some products not able to be reformulated, additional record-keeping requirements, increased documentation of the properties of some products, additional or different labeling, additional scientific substantiation, or other new requirements. Any of these developments could increase our costs significantly.

For example, the Dietary Supplement Labeling Act of 2011, which was introduced in July 2011 (S1310), would amend the Federal Food, Drug, and Cosmetic Act (the "FDC Act") to, among other things, (i) require dietary supplement manufacturers to register the dietary supplements that they manufacture with the FDA (and provide a list of the ingredients in and copies of the labels and labeling of the supplements), (ii) mandate the FDA and the Institute of Medicine to identify dietary ingredients that cause potentially serious adverse effects, (iii) require warning statements for dietary supplements containing potentially unsafe ingredients and (iv) require that FDA define the term "conventional food". If the bill is reintroduced and enacted, it could restrict the number of dietary supplements available for sale, increase our costs, liabilities and potential penalties associated with manufacturing and selling dietary supplements, and reduce our growth prospects.

In addition, regulators' evolving interpretation of existing laws could have similar effects. For example, in July 2011, the FDA issued draft guidance explaining its interpretation of the requirement for the notification of certain new dietary ingredients. Although FDA guidance is not mandatory, and companies are free to use an alternative approach if the approach satisfies the requirements of applicable laws and regulations, FDA guidance is a strong indication of the FDA's "current thinking" on the topic discussed in the guidance, including its position on enforcement. At this time, it is difficult to determine whether the draft guidance, if finalized, would have a material impact on our operations. However, if the FDA were to enforce the applicable statutes and regulations in accordance with the draft guidance as written, such enforcement could require us to incur additional expenses, which could be significant and have a material adverse effect on our business in several ways, including, but not limited to, enjoining the manufacturing of our products until the FDA determines that we are in compliance and can resume manufacturing, increasing our liability and reducing our growth prospects.

***Our failure to comply with FTC regulations and existing consent decrees imposed on us by the FTC could result in substantial monetary penalties and could adversely affect our operating results.***

The FTC exercises jurisdiction over the advertising of dietary supplements and has instituted numerous enforcement actions against dietary supplement companies, including us, for failure to have adequate substantiation for claims made in advertising or for the use of false or misleading advertising claims. As a result of these enforcement actions, we are currently subject to three consent decrees that limit our ability to make certain claims with respect to our products and required us in the past to pay civil penalties and other amounts in the aggregate amount of \$3.0 million. See "Business Government Regulation Product Regulation" for more information. Failure by us or our franchisees to comply with the consent decrees and applicable regulations could occur from time to time. Violations of these orders could result in substantial monetary penalties, which could have a material adverse effect on our financial condition or results of operations.

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***We may incur material product liability claims, which could increase our costs and adversely affect our reputation, revenues, and operating income.***

As a retailer, distributor and manufacturer of products designed for human consumption, we are subject to product liability claims if the use of our products is alleged to have resulted in injury. Our products consist of vitamins, minerals, herbs and other ingredients that are classified as foods or dietary supplements and are not subject to pre-market regulatory approval in the United States. Our products could contain contaminated substances, and some of our products contain ingredients that do not have long histories of human consumption. Previously unknown adverse reactions resulting from human consumption of these ingredients could occur.

In addition, third-party manufacturers produce many of the products we sell. As a distributor of products manufactured by third parties, we may also be liable for various product liability claims for products we do not manufacture. Although our purchase agreements with our third-party vendors typically require the vendor to indemnify us to the extent of any such claims, any such indemnification is limited by its terms. Moreover, as a practical matter, any such indemnification is dependent on the creditworthiness of the indemnifying party and its insurer, and the absence of significant defenses by the insurers. We may be unable to obtain full recovery from the insurer or any indemnifying third party in respect of any claims against us in connection with products manufactured by such third party.

We have been and may be subject to various product liability claims, including, among others, that our products include inadequate instructions for use or inadequate warnings concerning possible side effects and interactions with other substances. For example, as of December 31, 2011, there were 75 pending lawsuits related to Hydroxycut in which GNC had been named, including 69 individual, largely personal injury claims and six putative class action cases. See "Business Legal Proceedings".

Even with adequate insurance and indemnification, product liability claims could significantly damage our reputation and consumer confidence in our products. Our litigation expenses could increase as well, which also could have a material adverse effect on our results of operations even if a product liability claim is unsuccessful or is not fully pursued.

***We may experience product recalls, which could reduce our sales and margin and adversely affect our results of operations.***

We may be subject to product recalls, withdrawals or seizures if any of the products we formulate, manufacture or sell are believed to cause injury or illness or if we are alleged to have violated governmental regulations in the manufacturing, labeling, promotion, sale or distribution of such products. For example, in May 2009, the FDA warned consumers to stop using Hydroxycut diet products, which are produced by Iovate Health Sciences, Inc. ("Iovate") and were sold in our stores. Iovate issued a voluntary recall, with which we fully complied. Sales of the recalled Hydroxycut products amounted to approximately \$57.8 million, or 4.7% of our retail sales in 2008, and \$18.8 million, or 4.2% of our retail sales in the first four months of 2009. We provided refunds or gift cards to consumers who returned these products to our stores. In the second quarter of 2009, we experienced a reduction in sales and margin due to this recall as a result of accepting returns of products from customers and a loss of sales as a replacement product was not available. Through December 31, 2011, we estimate that we have refunded approximately \$3.5 million to our retail customers and approximately \$1.6 million to our wholesale customers for Hydroxycut product returns. Our results of operations may continue to be affected by the Hydroxycut recall. Any additional recall, withdrawal or seizure of any of the products we formulate, manufacture or sell would require significant management attention, would likely result in substantial and unexpected expenditures and could materially and adversely affect our business, financial condition or results of

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operations. Furthermore, a recall, withdrawal or seizure of any of our products could materially and adversely affect consumer confidence in our brands and decrease demand for our products and the market price of the Class A common stock.

As is common in our industry, we rely on our third-party vendors to ensure that the products they manufacture and sell to us comply with all applicable regulatory and legislative requirements. In general, we seek representations and warranties, indemnification and/or insurance from our vendors. However, even with adequate insurance and indemnification, any claims of non-compliance could significantly damage our reputation and consumer confidence in our products, and materially and adversely affect the market price of the Class A common stock. In addition, the failure of such products to comply with applicable regulatory and legislative requirements could prevent us from marketing the products or require us to recall or remove such products from the market, which in certain cases could materially and adversely affect our business, financial condition and results of operation. For example, we sell products manufactured by third parties that contain derivatives from geranium, known as 1,3-dimethylpentylamine/dimethylamylamine/1,3-dimethylamylamine ("DMAA"). Although we have received representations from our third-party vendors that these products comply with applicable regulatory and legislative requirements, recent media articles have suggested that DMAA may not comply with the Dietary Supplement Health and Education Act of 1994 ("DSHEA"). In December 2011, the U.S. military asked us to temporarily remove products containing DMAA from our stores on its bases pending the outcome of a precautionary review. That review is still pending. If it is determined that DMAA does not comply with applicable regulatory and legislative requirements, we could be required to recall or remove from the market all products containing DMAA and we could become subject to lawsuits related to any alleged non-compliance, any of which could materially and adversely affect our business, financial condition and results of operations. In the past, we have attempted to offset any losses related to recalls and removals with reformulated or alternative products; however, there can be no assurance that we would be able to offset all or any portion of such losses related to any future removal or recall.

***Our operations are subject to environmental and health and safety laws and regulations that may increase our cost of operations or expose us to environmental liabilities.***

Our operations are subject to environmental and health and safety laws and regulations, and some of our operations require environmental permits and controls to prevent and limit pollution of the environment. We could incur significant costs as a result of violations of, or liabilities under, environmental laws and regulations, or to maintain compliance with such environmental laws, regulations or permit requirements. For example, in March 2008, the South Carolina Department of Health and Environmental Control ("DHEC") requested that we investigate contamination associated with historical activities at one of our South Carolina facilities. These investigations have identified chlorinated solvent impacts in soils and groundwater that extend offsite from our facility. We are continuing these investigations in order to understand the extent of these impacts and develop appropriate remedial measures for DHEC approval. At this stage of the investigation, however, it is not possible to accurately estimate the timing and extent of any remedial action that may be required, the ultimate cost of remediation or the amount of our potential liability.

In addition to the foregoing, we are subject to numerous federal, state, local and foreign environmental and health and safety laws and regulations governing our operations, including the handling, transportation and disposal of our non-hazardous and hazardous substances and wastes, as well as emissions and discharges from its operations into the environment, including discharges to air, surface water and groundwater. Failure to comply with such laws and regulations could result in costs for remedial actions, penalties or the imposition of other liabilities. New laws, changes in existing laws or the interpretation thereof, or the development of new facts or changes in their

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processes could also cause us to incur additional capital and operating expenditures to maintain compliance with environmental laws and regulations and environmental permits. We also are subject to laws and regulations that impose liability and cleanup responsibility for releases of hazardous substances into the environment without regard to fault or knowledge about the condition or action causing the liability. Under certain of these laws and regulations, such liabilities can be imposed for cleanup of previously owned or operated properties, or for properties to which substances or wastes that were sent in connection with current or former operations at its facilities. The presence of contamination from such substances or wastes could also adversely affect our ability to sell or lease our properties, or to use them as collateral for financing.

***We are not insured for a significant portion of our claims exposure, which could materially and adversely affect our operating income and profitability.***

We have procured insurance independently for the following areas: (1) general liability; (2) product liability; (3) directors and officers liability; (4) property insurance; (5) workers' compensation insurance; and (6) various other areas. In addition, although we believe that we will continue to be able to obtain insurance in these areas in the future, because of increased selectivity by insurance providers, we may only be able to obtain such insurance at increased rates and/or with reduced coverage levels. Furthermore, we are self-insured for other areas, including: (1) medical benefits; (2) physical damage to our tractors, trailers and fleet vehicles for field personnel use; and (3) physical damages that may occur at company-owned stores. We are not insured for some property and casualty risks due to the frequency and severity of a loss, the cost of insurance and the overall risk analysis. In addition, we carry product liability insurance coverage that requires us to pay deductibles/retentions with primary and excess liability coverage above the deductible/retention amount. Because of our deductibles and self-insured retention amounts, we have significant exposure to fluctuations in the number and severity of claims. We currently maintain product liability insurance with a retention of \$3.0 million per claim with an aggregate cap on retained loss of \$10.0 million. We could raise our deductibles/retentions, which would increase our already significant exposure to expense from claims. If any claim exceeds our coverage, we would bear the excess expense, in addition to our other self-insured amounts. If the frequency or severity of claims or our expenses increase, our operating income and profitability could be materially and adversely affected. See "Business Legal Proceedings".

***Because we rely on our manufacturing operations to produce a significant amount of the products we sell, disruptions in our manufacturing system or losses of manufacturing certifications could adversely affect our sales and customer relationships.***

Our manufacturing operations produced approximately 33% and 35% of the products we sold for the years ended December 31, 2011 and 2010, respectively. Other than powders and liquids, nearly all of our proprietary products are produced in our manufacturing facility located in Greenville, South Carolina. In 2011, no one vendor supplied more than 10% of our raw materials. In the event any of our third-party suppliers or vendors becomes unable or unwilling to continue to provide raw materials in the required volumes and quality levels or in a timely manner, we would be required to identify and obtain acceptable replacement supply sources. If we are unable to identify and obtain alternative supply sources, our business could be adversely affected. Any significant disruption in our operations at our Greenville, South Carolina facility for any reason, including regulatory requirements, an FDA determination that the facility is not in compliance with the current Good Manufacturing Practice ("cGMP") regulations, the loss of certifications, power interruptions, fires, hurricanes, war or other force of nature, could disrupt our supply of products, adversely affecting our sales and customer relationships.

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***An increase in the price and shortage of supply of key raw materials could adversely affect our business.***

Our products are composed of certain key raw materials. If the prices of these raw materials were to increase significantly, it could result in a significant increase to us in the prices our contract manufacturers and third-party manufacturers charge us for our GNC-branded products and third-party products. Raw material prices may increase in the future and we may not be able to pass on such increases to our customers. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on our results of operations and financial condition. In addition, if we no longer are able to obtain products from one or more of our suppliers on terms reasonable to us or at all, our revenues could suffer. Events such as the threat of political or social unrest, or the perceived threat thereof, may also have a significant impact on raw material prices and transportation costs for our products. In addition, the interruption in supply of certain key raw materials essential to the manufacturing of our products may have an adverse impact on our suppliers' ability to provide us with the necessary products needed to maintain our customer relationships and an adequate level of sales.

***A significant disruption to our distribution network or to the timely receipt of inventory could adversely impact sales or increase our transportation costs, which would decrease our profits.***

We rely on our ability to replenish depleted inventory in our stores through deliveries to our distribution centers from vendors and then from the distribution centers or direct ship vendors to our stores by various means of transportation, including shipments by sea and truck. Unexpected delays in those deliveries or increases in transportation costs (including through increased fuel costs) could significantly decrease our ability to make sales and earn profits. In addition, labor shortages in the transportation industry or long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of deliveries could negatively affect our business.

***If we fail to protect our brand name, competitors may adopt trade names that dilute the value of our brand name, and prosecuting or defending infringement claims could cause us to incur significant expenses or prevent us from manufacturing, selling or using some aspect of our products, which could adversely affect our revenues and market share.***

We have invested significant resources to promote our GNC brand name in order to obtain the public recognition that we have today. Because of the differences in foreign trademark laws concerning proprietary rights, our trademarks may not receive the same degree of protection in foreign countries as they do in the United States. Also, we may not always be able to successfully enforce our trademarks against competitors or against challenges by others. For example, third parties are challenging our "GNC Live Well" trademark in foreign jurisdictions. Our failure to successfully protect our trademarks could diminish the value and effectiveness of our past and future marketing efforts and could cause customer confusion. This could in turn adversely affect our revenues, profitability and the market price of our Class A common stock.

We are currently and may in the future be subject to intellectual property litigation and infringement claims, which could cause us to incur significant expenses or prevent us from manufacturing, selling or using some aspect of our products. Claims of intellectual property infringement also may require us to enter into costly royalty or license agreements. However, we may be unable to obtain royalty or license agreements on terms acceptable to us or at all. Claims that our technology or products infringe on intellectual property rights could be costly and would divert the attention of management and key personnel, which in turn could adversely affect our revenues and profitability.



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***A substantial amount of our revenue is generated from our franchisees, and our revenues could decrease significantly if our franchisees do not conduct their operations profitably or if we fail to attract new franchisees.***

As of December 31, 2011 and 2010, approximately 33% and 32%, respectively, of our retail locations were operated by franchisees. Our franchise operations generated approximately 16.1% of our revenues for each of the years ended December 31, 2011 and 2010. Our revenues from franchise stores depend on the franchisees' ability to operate their stores profitably and adhere to our franchise standards. In the twelve months ended December 31, 2011, 63 domestic franchise stores were opened and 42 were closed. The closing of franchise stores or the failure of franchisees to comply with our policies could adversely affect our reputation and could reduce the amount of our franchise revenues. These factors could have a material adverse effect on our revenues and operating income.

If we are unable to attract new franchisees or to convince existing franchisees to open additional stores, any growth in royalties from franchise stores will depend solely upon increases in revenues at existing franchise stores. In addition, our ability to open additional franchise locations is limited by the territorial restrictions in our existing franchise agreements as well as our ability to identify additional markets in the United States and other countries. If we are unable to open additional franchise locations, we will have to sustain additional growth internally by attracting new and repeat customers to our existing locations.

***Franchisee support of our marketing and advertising programs is critical to our success.***

The support of our franchisees is critical for the success of our marketing programs and other strategic initiatives we seek to undertake, and the successful execution of these initiatives will depend on our ability to maintain alignment with our franchisees. While we can mandate certain strategic initiatives through enforcement of our franchise agreements, we need the active support of our franchisees if the implementation of these initiatives is to be successful. In addition, our efforts to build alignment with franchisees may result in a delay in the implementation of our marketing and advertising programs and other key initiatives. Although we believe that our current relationships with our franchisees are generally good, there can be no assurance that our franchisees will continue to support our marketing programs and strategic initiatives. The failure of our franchisees to support our marketing programs and strategic initiatives could adversely affect our ability to implement our business strategy and could materially harm our business, results of operations and financial condition.

***Our franchisees are independent operators and we have limited influence over their operations.***

Our revenues substantially depend upon our franchisees' sales volumes, profitability and financial viability. However, our franchisees are independent operators and we cannot control many factors that impact the profitability of their stores. Pursuant to the franchise agreements, we can, among other things, mandate signage, equipment and hours of operation, establish operating procedures and approve suppliers, distributors and products. However, the quality of franchise store operations may be diminished by any number of factors beyond our control. Consequently, franchisees may not successfully operate stores in a manner consistent with our standards and requirements or standards set by federal, state and local governmental laws and regulations. In addition, franchisees may not hire and train qualified managers and other personnel. While we ultimately can take action to terminate franchisees that do not comply with the standards contained in our franchise agreements, any delay in identifying and addressing problems could harm our image and reputation, and our franchise revenues and results of operations could decline.

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***Franchise regulations could limit our ability to terminate or replace underperforming franchises, which could adversely impact franchise revenues.***

Our franchise activities are subject to federal, state and international laws regulating the offer and sale of franchises and the governance of our franchise relationships. These laws impose registration, extensive disclosure requirements and bonding requirements on the offer and sale of franchises. In some jurisdictions, the laws relating to the governance of our franchise relationship impose fair dealing standards during the term of the franchise relationship and limitations on our ability to terminate or refuse to renew a franchise. We may, therefore, be required to retain an under-performing franchise and may be unable to replace the franchisee, which could adversely impact franchise revenues. In addition, we cannot predict the nature and effect of any future legislation or regulation on our franchise operations.

***We have limited influence over the decision of franchisees to invest in other businesses or incur excessive indebtedness.***

Our franchisees are independent operators and, therefore, we have limited influence over their ability to invest in other businesses or incur excessive indebtedness. In some cases, these franchisees have used the cash generated by their stores to expand their other businesses or to subsidize losses incurred by such businesses. Additionally, as independent operators, franchisees do not require our consent to incur indebtedness. Consequently, our franchisees have in the past, and may in the future, experience financial distress as a result of over leveraging. To the extent that our franchisees use the cash from their stores to subsidize their other businesses or experience financial distress, due to over-leverage or otherwise, it could negatively affect (1) our operating results as a result of delayed or reduced payments of royalties, advertising fund contributions and rents for properties we lease to them, (2) our future revenue, earnings and cash flow growth and (3) our financial condition. In addition, lenders that are adversely affected by franchisees who default on their indebtedness may be less likely to provide current or prospective franchisees necessary financing on favorable terms or at all.

***If we cannot open new company-owned stores on schedule and profitably, our planned future growth will be impeded, which would adversely affect sales and profitability.***

Our growth is dependent on both increases in sales in existing stores and the ability to open profitable new stores. Increases in sales in existing stores are dependent on factors such as competition, store operations and other factors discussed in these Risk Factors. Our ability to timely open new stores and to expand into additional market areas depends in part on the following factors: the availability of attractive store locations; the absence of occupancy delays; the ability to negotiate acceptable lease terms; the ability to identify customer demand in different geographic areas; the hiring, training and retention of competent sales personnel; the effective management of inventory to meet the needs of new and existing stores on a timely basis; general economic conditions; and the availability of sufficient funds for expansion. Many of these factors are beyond our control. Delays or failures in opening new stores, achieving lower than expected sales in new stores or drawing a greater than expected proportion of sales in new stores from our existing stores, could materially adversely affect our growth and profitability. In addition, we may not anticipate all of the challenges imposed by the expansion of our operations and, as a result, may not meet our targets for opening new stores, remodeling or relocating stores or expanding profitably.

Some of our new stores may be located in areas where we have little or no meaningful experience or brand recognition. Those markets may have different competitive conditions, market conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new stores to be less successful than stores in our existing markets. Alternatively,

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many of our new stores will be located in areas where we have existing stores. Although we have experience in these markets, increasing the number of locations in these markets may result in inadvertent over-saturation of markets and temporarily or permanently divert customers and sales from our existing stores, thereby adversely affecting our overall financial performance.

***Our operating results and financial condition could be adversely affected by the financial and operational performance of Rite Aid.***

As of December 31, 2011, Rite Aid operated 2,125 GNC franchise store-within-a-store locations and has committed to open additional franchise store-within-a-store locations. Revenue from sales to Rite Aid (including license fee revenue for new store openings) represented approximately 2.9% of total revenue for the year ended December 31, 2011. Any liquidity and operational issues that Rite Aid may experience could impair its ability to fulfill its obligations and commitments to us, which would adversely affect our operating results and financial condition.

***Economic, political and other risks associated with our international operations could adversely affect our revenues and international growth prospects.***

As of December 31, 2011, we had 167 company-owned Canadian stores and 1,590 international franchise stores in 53 international countries (including distribution centers where retail sales are made). We derived 10.9% and 11.1% of our revenues for the years ended December 31, 2011 and 2010, respectively, from our international operations. As part of our business strategy, we intend to expand our international franchise presence. Our international operations are subject to a number of risks inherent to operating in foreign countries, and any expansion of our international operations will increase the effects of these risks. These risks include, among others:

political and economic instability of foreign markets;

foreign governments' restrictive trade policies;

inconsistent product regulation or sudden policy changes by foreign agencies or governments;

the imposition of, or increase in, duties, taxes, government royalties or non-tariff trade barriers;

difficulty in collecting international accounts receivable and potentially longer payment cycles;

difficulty of enforcing contractual obligations of foreign franchisees;

increased costs in maintaining international franchise and marketing efforts;

problems entering international markets with different cultural bases and consumer preferences;

compliance with laws and regulations applicable to international operations, such as the Foreign Corrupt Practices Act and regulations promulgated by the Office of Foreign Asset Control;

fluctuations in foreign currency exchange rates; and

operating in new, developing or other markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations relating to contract and intellectual property rights.

Any of these risks could have a material adverse effect on our international operations and our growth strategy.

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***We may be unable to successfully expand our operations into new international markets.***

If the opportunity arises, we may expand our operations into new and high-growth international markets. However, there is no assurance that we will expand our operations in such markets in our desired time frame. To expand our operations into new international markets, we may enter into business combination transactions, make acquisitions or enter into strategic partnerships, joint ventures or alliances, any of which may be material. We may enter into these transactions to acquire other businesses or products to expand our products or take advantage of new developments and potential changes in the industry. Our lack of experience operating in new international markets and our lack of familiarity with local economic, political and regulatory systems could prevent us from achieving the results that we expect on our anticipated timeframe or at all. If we are unsuccessful in expanding into new or high-growth international markets, it could adversely affect our operating results and financial condition.

***Our network and communications systems are dependent on third-party providers and are vulnerable to system interruption and damage, which could limit our ability to operate our business and could have a material adverse effect on our business, financial condition or results of operations.***

Our systems and operations and those of our third-party Internet service providers are vulnerable to damage or interruption from fire, flood, earthquakes, power loss, server failure, telecommunications and Internet service failure, acts of war or terrorism, computer viruses and denial-of-service attacks, physical or electronic breaches, sabotage, human error and similar events. Any of these events could lead to system interruptions, processing and order fulfillment delays and loss of critical data for us, our suppliers or our Internet service providers, and could prevent us from processing customer purchases. Any significant interruption in the availability or functionality of our website or our customer processing, distribution or communications systems, for any reason, could seriously harm our business, financial condition and operating results. The occurrence of any of these factors could have a material adverse effect on our business, financial condition or results of operations.

Because we are dependent on third-party service providers for the implementation and maintenance of certain aspects of our systems and operations and because some of the causes of system interruptions may be outside of our control, we may not be able to remedy such interruptions in a timely manner, if at all. As we rely on our third-party service providers, computer and communications systems and the Internet to conduct our business, any system disruptions could have a material adverse effect on our business, financial condition or results of operations.

***We must successfully maintain and/or upgrade our information technology systems, and our failure to do so could have a material adverse effect on our business, financial condition or results of operations.***

We rely on various information technology systems to manage our operations. Over the last several years we have implemented, and we continue to implement, modifications and upgrades to such systems, including changes to legacy systems, replacing legacy systems with successor systems with new functionality, and acquiring new systems with new functionality. These types of activities subject us to inherent costs and risks associated with replacing and changing these systems, including impairment of our ability to fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of

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implementation, or at all. In addition, the difficulties with implementing new technology systems may cause disruptions in our business operations and have a material adverse effect on our business, financial condition or results of operations.

***Privacy protection is increasingly demanding, and the introduction of electronic payment exposes us to increased risk of privacy and/or security breaches as well as other risks.***

The protection of customer, employee, vendor, franchisee and other business data is critical to us. Federal, state, provincial and international laws and regulations govern the collection, retention, sharing and security of data that we receive from and about our employees, customers, vendors and franchisees. The regulatory environment surrounding information security and privacy has been increasingly demanding in recent years, and may see the imposition of new and additional requirements. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new processes to meet these requirements by us and our franchisees. In addition, customers and franchisees have a high expectation that we will adequately protect their personal information. If we or our service provider fail to comply with these laws and regulations or experience a significant breach of customer, employee, vendor, franchisee or other company data, our reputation could be damaged and result in an increase in service charges, suspension of service, lost sales, fines or lawsuits.

The use of credit payment systems makes us more susceptible to a risk of loss in connection with these issues, particularly with respect to an external security breach of customer information that we or third parties (including those with whom we have strategic alliances) under arrangements with us control. In the event of a security breach, theft, leakage, accidental release or other illegal activity with respect to employee, customer, vendor, franchisee third party, with whom we have strategic alliances or other company data, we could become subject to various claims, including those arising out of thefts and fraudulent transactions, and may also result in the suspension of credit card services. This could harm our reputation as well as divert management attention and expose us to potentially unreserved claims and litigation. Any loss in connection with these types of claims could be substantial. In addition, if our electronic payment systems are damaged or cease to function properly, we may have to make significant investments to fix or replace them, and we may suffer interruptions in our operations in the interim. In addition, we are reliant on these systems, not only to protect the security of the information stored, but also to appropriately track and record data. Any failures or inadequacies in these systems could expose us to significant unreserved losses, which could materially and adversely affect our earnings and the market price of our Class A common stock. Our brand reputation would likely be damaged as well.

***Complying with recently enacted healthcare reform legislation could increase our costs and have a material adverse effect on our business, financial condition or results of operations.***

Recently enacted healthcare reform legislation could significantly increase our costs and have a material adverse effect on our business, financial condition and results of operations by requiring us either to provide health insurance coverage to our employees or to pay certain penalties for electing not to provide such coverage. Because these new requirements are broad, complex, subject to certain phase-in rules and may be challenged by legal actions in the coming months and years, it is difficult to predict the ultimate impact that this legislation will have on our business and operating costs. We cannot assure you that this legislation or any alternative version that may ultimately be implemented will not materially increase our operating costs. This legislation could also adversely affect our employee relations and ability to compete for new employees if our response to this legislation is considered less favorable than the responses or health benefits offered by employers with whom we compete for talent.

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***General economic conditions, including a prolonged weakness in the economy, may affect consumer purchases, which could adversely affect our sales and the sales of our business partners.***

Our results, and those of our business partners to whom we sell, are dependent on a number of factors impacting consumer spending, including general economic and business conditions; consumer confidence; wages and employment levels; the housing market; consumer debt levels; availability of consumer credit; credit and interest rates; fuel and energy costs; energy shortages; taxes; general political conditions, both domestic and abroad; and the level of customer traffic within department stores, malls and other shopping and selling environments. Consumer product purchases, including purchases of our products, may decline during recessionary periods. A prolonged downturn or an uncertain outlook in the economy may materially adversely affect our business, revenues and profits and the market price of our Class A common stock.

***Natural disasters (whether or not caused by climate change), unusually adverse weather conditions, pandemic outbreaks, terrorist acts and global political events could cause permanent or temporary distribution center or store closures, impair our ability to purchase, receive or replenish inventory, or cause customer traffic to decline, all of which could result in lost sales and otherwise ad***