

GNC HOLDINGS, INC.
Form S-1/A
March 13, 2012

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As filed with the Securities and Exchange Commission on March 13, 2012.

Registration Statement No. 333-179838

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

**Amendment No. 2
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

GNC Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

5400
(Primary Standard Industrial
Classification Code Number)

20-8536244
(I.R.S. Employer
Identification Number)

**300 Sixth Avenue
Pittsburgh, Pennsylvania 15222
(412) 288-4600**

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

**Gerald J. Stubenhofer, Jr.
Senior Vice President, Chief Legal Officer and Secretary
GNC Holdings, Inc.
300 Sixth Avenue
Pittsburgh, Pennsylvania 15222
(412) 288-4600**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

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

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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The information contained in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated March 13, 2012

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 9, 2012, the last sale price of our Class A common stock on the NYSE was \$31.54 per share.

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

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

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 _____, 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 _____, 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 an assumed offering price of \$31.54 per share, the last sale price of our Class A common stock on the NYSE on March 9, 2012, 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 the sale of up to

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

	Proceeds from the sale of Class A common stock (in thousands)
Directors and Executive Officers:	
Norman Axelrod(1)	\$ 2,547.0
Jeffrey P. Berger	
Andrew Claerhout	
Thomas Dowd	
Joseph Fortunato	1,517.9
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	
Sponsors:	
Ares	223,771.5
OTPP	285,219.1

(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.

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.

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, 83,644 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.

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
(Dollars in millions, except per share data and as noted)			
Statement of Income Data:			
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
Earnings per share(1):			
Basic	\$ 1.27	\$ 0.87	\$ 0.58
Diluted	\$ 1.24	\$ 0.85	\$ 0.58
Other Data:			
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
Number of Stores (at end of period):			
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
Same Store Sales Growth:(4)			
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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	520
Surplus (exclude all surplus related to preferred stock)	
	29,112
Retained earnings	
	17,471
Accumulated other comprehensive income	
	(2,007
)	
Other equity capital components	
	0
Total equity capital	
	45,096
Noncontrolling (minority) interests in consolidated subsidiaries	

Total equity capital

45,268

Total liabilities, minority interest, and equity capital

\$

552,170

I, Howard I. Atkins, EVP & CFO of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

Howard I. Atkins

EVP & CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Dave Hoyt

John Stumpf

Directors

Carrie Tolsted
