GNC HOLDINGS, INC.
Form 10-Q
October 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark one)

[X]	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the quarterly period ended September 30, 2014
[ ]	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the transition period from to .

Commission File Number: 001-35113

GNC Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of Incorporation or organization)	20-8536244 (I.R.S. Employer Identification No.)
300 Sixth Avenue Pittsburgh, Pennsylvania (Address of principal executive offices)	15222 (Zip Code)

Registrant's telephone number, including area code: (412) 288-4600

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
[X] Yes [ ] No

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ] Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
[ ] Yes
[X] No

As of October 24, 2014, there were 88,862,489 outstanding shares of Class A common stock, par value $0.001 per share (the “common stock”), of GNC Holdings, Inc.

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

GNC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, including share data)

	September 30, 2014 (unaudited)	December 31, 2013
Current assets:		
Cash and cash equivalents	$148,243	$226,217
Receivables, net	139,719	144,833
Inventories (Note 3)	592,793	547,916
Prepaids and other current assets	37,909	47,081
Total current assets	918,664	966,047
Long-term assets:		
Goodwill (Note 4)	673,583	666,346
Brands (Note 4)	720,000	720,000
Other intangible assets, net (Note 4)	135,904	142,774
Property, plant and equipment, net	230,817	206,754
Other long-term assets	42,015	38,426
Total long-term assets	1,802,319	1,774,300
Total assets	$2,720,983	$2,740,347
Current liabilities:		
Accounts payable	$147,805	$135,164
Current portion, long-term debt (Note 5)	4,793	5,443
Deferred revenue and other current liabilities	113,078	106,459
Total current liabilities	265,676	247,066
Long-term liabilities:		
Long-term debt (Note 5)	1,338,605	1,341,656
Deferred tax liabilities, net	285,447	282,377
Other long-term liabilities	60,510	53,669
Total long-term liabilities	1,684,562	1,677,702
Total liabilities	1,950,238	1,924,768
Commitments and Contingencies (Note 7)		
Stockholders' equity:		
Common stock, $0.001 par value, 300,000 shares authorized:		
Class A, 113,912 shares issued and 89,587 shares outstanding and 24,325 shares held in treasury at September 30, 2014 and 112,961 shares issued and 93,989 shares outstanding and 18,972 shares held in treasury at December 31, 2013	113	112
Paid-in-capital	875,721	847,886
Retained earnings	860,818	700,108
Treasury stock, at cost	(964,827)	(734,482)
Accumulated other comprehensive income	(1,080)	1,955
Total stockholders' equity	770,745	815,579

Total liabilities and stockholders’ equity	$2,720,983	$2,740,347

The accompanying notes are an integral part of the consolidated financial statements.

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GNC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(unaudited)
(in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenue	$656,326	$674,501	$2,005,999	$2,015,226
Cost of sales, including cost of warehousing, distribution and occupancy	408,578	421,311	1,245,953	1,250,191
Gross profit	247,748	253,190	760,046	765,035
Compensation and related benefits	82,331	79,283	245,896	239,932
Advertising and promotion	20,319	16,751	59,408	53,473
Other selling, general and administrative	32,814	31,798	105,615	98,182
Management realignment (Note 2)	7,473	—	7,473	—
International franchise receivable reserve (Note 2)	4,446	163	4,446	363
Reversal of contingent purchase price (Note 2)	(4,313)	—	(4,313)	—
Other (income) expense, net (Note 2)	(4,047)	(779)	(9,510)	(1,080)
Operating income	108,725	125,974	351,031	374,165
Interest expense, net (Note 5)	11,781	11,237	34,987	33,353
Income before income taxes	96,944	114,737	316,044	340,812
Income tax expense (Note 10)	32,630	41,704	111,940	123,448
Net income	$64,314	$73,033	$204,104	$217,364
Income per share - Basic and Diluted:				
Earnings per share:				
Basic	$0.72	$0.77	$2.24	$2.24
Diluted	$0.71	$0.76	$2.23	$2.22
Weighted average common shares outstanding:				
Basic	89,814	95,183	91,056	97,189
Diluted	90,233	96,078	91,635	98,096
Dividends declared per share:	$0.16	$0.15	$0.48	$0.45

The accompanying notes are an integral part of the consolidated financial statements.

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GNC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(unaudited)
(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net income	$64,314	$73,033	$204,104	$217,364
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(3,851)	428	(3,035)	(878)
Comprehensive income	$60,463	$73,461	$201,069	$216,486

The accompanying notes are an integral part of the consolidated financial statements.

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GNC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(unaudited)
(in thousands, including per share data)

	Common Stock Class A						
	Shares	Dollars	Treasury Stock	Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Stockholders' Equity
Balance at December 31, 2013	93,989	$112	$(734,482)	$847,886	$700,108	$ 1,955	$815,579
Comprehensive income	—	—	—	—	204,104	(3,035)	201,069
Repurchase of treasury stock	(5,326)	—	(230,345)	—	—	—	(230,345)
Common stock dividends	—	—	—	—	(43,394)	—	(43,394)
Conversions to common stock	924	1	—	22,690	—	—	22,691
Non-cash stock-based compensation	—	—	—	5,145	—	—	5,145
Balance at September 30, 2014 (unaudited)	89,587	$113	$(964,827)	$875,721	$860,818	$ (1,080)	$770,745
Balance at December 31, 2012	99,244	$111	$(423,900)	$810,094	$492,687	$ 3,047	$882,039
Comprehensive income (loss)	—	—	—	—	217,364	(878)	216,486
Repurchase of treasury stock	(5,328)	—	(238,406)	—	—	—	(238,406)
Common stock dividends	—	—	—	—	(43,344)	—	(43,344)
Conversions to common stock	959	1	—	21,244	—	—	21,245
Non-cash stock-based compensation	—	—	—	5,861	—	—	5,861
Balance at September 30, 2013 (unaudited)	94,875	$112	$(662,306)	$837,199	$666,707	$ 2,169	$843,881

The accompanying notes are an integral part of the consolidated financial statements.

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GNC HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Nine months ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$204,104	$217,364
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	41,418	37,922
Amortization of debt costs	1,343	1,887
Increase in provision for inventory losses	16,129	13,315
Gain on sale of corporate owned stores to franchisees	(9,662)	(946)
International franchise receivable reserve adjustment	4,446	363
Reversal of contingent purchase price	(4,313)	—
Decrease (increase) in receivables	1,288	(23,567)
Increase in inventory	(62,513)	(66,304)
Decrease in prepaids and other current assets	9,898	4,217
Increase in accounts payable	8,863	36,091
Increase (decrease) in deferred revenue and other current liabilities	8,518	(13,021)
Other operating activities	18,495	8,827
Net cash provided by operating activities	238,014	216,148
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(55,236)	(33,631)
Cash paid for acquisitions, net of cash acquired	(6,402)	—
Other investing activities	631	(633)
Net cash used in investing activities	(61,007)	(34,264)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid to shareholders	(43,287)	(43,309)
Payments on long-term debt	(4,243)	(2,850)
Proceeds from exercised stock options	20,186	10,282
Tax benefit from exercise of stock options	2,504	10,963
Repurchase of treasury stock	(230,345)	(238,406)
Net cash used in financing activities	(255,185)	(263,320)
Effect of exchange rate on cash and cash equivalents	204	573
Net decrease in cash and cash equivalents	(77,974)	(80,863)
Beginning balance, cash and cash equivalents	226,217	158,541
Ending balance, cash and cash equivalents	$148,243	$77,678

The accompanying notes are an integral part of the consolidated financial statements.

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NOTE 1. NATURE OF BUSINESS

General Nature of Business. GNC Holdings, Inc., a Delaware corporation (“Holdings,” and collectively with its subsidiaries and, unless the context requires otherwise, its and their respective predecessors, the “Company”), is a global specialty retailer of health and wellness products, which include: vitamins, minerals and herbal supplements, sports nutrition products, diet products and other wellness products.

The Company is vertically integrated, as its operations consist of purchasing raw materials, formulating and manufacturing products and selling the finished products through its three segments: Retail, Franchising and Manufacturing/Wholesale. Corporate retail store operations are located in the United States, Canada, Puerto Rico and Ireland, which began in 2014 with the acquisition of THSD d/b/a The Health Store ("The Health Store"). In addition, the Company offers products domestically through GNC.com, LuckyVitamin Corp. ("Lucky Vitamin"), www.drugstore.com, and internationally in the United Kingdom, which began in 2013 with the acquisition of Discount Supplements, Ltd. (“Discount Supplements”). Franchise stores are located in the United States and over 50 other countries (including distribution centers where retail sales are made). The Company operates its primary manufacturing facilities in South Carolina and distribution centers in Arizona, Indiana, Pennsylvania and South Carolina. The Company manufactures the majority of its branded products, but also merchandises various third-party products. Additionally, the Company licenses the use of its trademarks and trade names.

The processing, formulation, packaging, labeling and advertising of the Company’s products are subject to regulation by various federal agencies, including the Food and Drug Administration (the “FDA”), the Federal Trade Commission, the Consumer Product Safety Commission, the United States Department of Agriculture and the Environmental Protection Agency. These activities are also regulated by various agencies of the states and localities in which the Company’s products are sold.

Recent Significant Transactions. In August 2014, the board of directors of Holdings approved a multi-year program to repurchase up to an aggregate of $500.0 million of Holdings' common stock. This replaces the repurchase program established in November 2013. Holdings repurchased $230.3 million of common stock during the nine months ended September 30, 2014 and has utilized $40.0 million of the current repurchase program.

In October 2013, the Company acquired Discount Supplements, an online retailer of multi-brand sports nutrition products in the United Kingdom. The aggregate purchase price of Discount Supplements was $33.3 million.

On April 17, 2014, the Company acquired The Health Store, a nine store chain based in Dublin, Ireland. The aggregate purchase price of The Health Store was $8.9 million.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission. The year-end consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (“U.S. GAAP”). These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s audited financial statements in Holdings’ Annual Report on Form 10-K filed for the year ended December 31, 2013. There have been no material changes to the application of significant accounting policies and significant judgments and estimates since December 31, 2013.

The accompanying unaudited consolidated financial statements include all adjustments (consisting of a normal and recurring nature) that management considers necessary for a fair statement of financial information for the interim periods. Interim results are not necessarily indicative of the results that may be expected for the remainder of the year ending December 31, 2014.

Principles of Consolidation. The consolidated financial statements include the accounts of Holdings and all of its subsidiaries. All material intercompany transactions have been eliminated in consolidation.

The Company has no relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off balance sheet arrangements or other contractually narrow or limited purposes.

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Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Accordingly, these estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Some of the most significant estimates pertaining to the Company include the valuation of inventories, the allowance for doubtful accounts and income taxes. On a regular basis, management reviews its estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Management realignment. For the three and nine months ended September 30, 2014, the Company incurred $7.5 million of expenses associated with the changes among the executive leadership team. These expenses related principally to $5.7 million in executive severance, $0.5 million of accelerated non-cash stock-based compensation expense net of forfeitures, and $1.3 million for the recruiting and hiring of new executive leadership.

International franchise receivable reserve. For the three and nine months ended September 30, 2014, the Company recorded a $4.4 million reserve against receivables with its international franchisees. An allowance for international franchisees is calculated based on unpaid, non-collateralized amounts associated with their receivable balance. The collectability of receivables from certain international franchisees has become uncertain due principally to the current financial condition of our franchisees.

Reversal of contingent purchase price. During the three and nine months ended September 30, 2014, the Company reversed $4.3 million of contingent purchase price associated with Discount Supplements based on changes in the probability that all required targets of the purchase agreement would be met ("Reversal of Contingent Purchase Price").

Other (Income) Expense, net. Other (income) expense, which includes the gain on sale of corporate owned stores to franchisees and foreign currency (gain) loss, was a gain of $4.0 million and $9.5 million for the three and nine months ended September 30, 2014, respectively, compared to a gain of $0.8 million and $1.1 million for the same periods in 2013, respectively.

Revision. Certain amounts in the consolidated financial statements of prior year periods have been revised to conform to the current period's presentation. Specifically, the gain resulting from the sale of Company-owned stores is presented in "Other (income) expense, net" on the consolidated statements of income and the related cash proceeds are presented in "Other investing activities" on the consolidated statements of cash flows. These revisions are not material to any of the prior year periods.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued accounting standard ASU 2013-11, regarding the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This standard requires entities to present an unrecognized tax benefit as a reduction of a deferred tax asset for a net operating loss (“NOL”) or tax credit carryforward whenever the NOL or tax credit carryforward would be available to reduce the additional taxable income or tax due if the tax position is disallowed. This accounting standard update requires entities to assess whether to net the unrecognized tax benefit with a deferred tax asset as of the reporting date. This guidance is effective for fiscal years beginning after December 15, 2013, with early adoption permitted. The Company adopted this guidance during the first quarter of 2014. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In May 2014, the FASB issued accounting standard ASU 2014-09, which updates revenue recognition guidance relating to contracts with customers. This standard states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for fiscal years beginning after December 15, 2016. The Company is currently evaluating the impact this guidance will have on the consolidated financial statements.

In June 2014, the FASB issued accounting standard ASU 2014-12, which updates guidance on performance stock awards. The update states that for any award that has a performance target that affects vesting and that could be achieved after the requisite period, that performance target should still be treated as a performance condition. This

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standard is effective for fiscal years beginning after December 15, 2015. The Company is currently evaluating the impact this guidance will have on the consolidated financial statements.

NOTE 3. INVENTORIES

The net carrying value of inventories consisted of the following:

	September 30, 2014 (unaudited) (in thousands)	December 31, 2013
Finished product ready for sale	$512,887	$458,366
Work-in-process, bulk product and raw materials	72,558	81,575
Packaging supplies	7,348	7,975
Total	$592,793	$547,916

NOTE 4. GOODWILL AND INTANGIBLE ASSETS, NET

For the nine months ended September 30, 2014 and 2013, the Company acquired 22 and 13 franchise stores, respectively. These acquisitions were accounted for using the acquisition method of accounting and the Company recorded the acquired inventory, fixed assets, franchise rights and goodwill, with an applicable reduction to receivables and cash. The total purchase price associated with these acquisitions was $3.1 million and $2.1 million, respectively, of which $1.6 million and $1.3 million, respectively, was paid in cash.

On April 17, 2014, the Company acquired the assets and assumed the liabilities of The Health Store, which was accounted for as a business combination. The total purchase price for this acquisition was approximately $8.9 million. Of the purchase price, $6.9 million was allocated to goodwill, $0.8 million to amortizable intangibles, and $0.3 million to working capital.

The following table summarizes the Company's goodwill activity:

	Retail (in thousands)	Franchising	Manufacturing/ Wholesale	Total
Balance at December 31, 2013	346,202	$117,303	$202,841	$666,346
Acquired franchise stores	1,328	—	—	1,328
Acquisition of The Health Store	6,853	—	—	6,853
Translation effect of exchange rates	(944)	—	—	(944)
Balance at September 30, 2014 (unaudited)	$353,439	$117,303	$202,841	$673,583

Intangible assets other than goodwill consisted of the following:

	Retail Brand (in thousands)	Franchise Brand	Operating Agreements	Other Intangibles	Total
Balance at December 31, 2013	$500,000	$220,000	$125,665	$17,109	$862,774
Acquired franchise stores	—	—	—	635	635
Acquisition of The Health Store	—	—	—	788	788
Amortization expense	—	—	(4,990)	(3,155)	(8,145)

Translation effect of exchange rates	—	—	—	(148)	(148)
Balance at September 30, 2014 (unaudited)	$500,000	$220,000	$120,675	$15,229	$855,904

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The following table reflects the gross carrying amount and accumulated amortization for each major intangible asset:

	Weighted-Average Life	September 30, 2014			December 31, 2013		
		Cost	Accumulated Amortization	Carrying Amount	Cost	Accumulated Amortization	Carrying Amount
		(unaudited) (in thousands)					
Brands - retail	—	$500,000	$—	$500,000	$500,000	$—	$500,000
Brands - franchise	—	220,000	—	220,000	220,000	—	220,000
Retail agreements	30.3	31,000	(8,091)	22,909	31,000	(7,301)	23,699
Franchise agreements	25.0	70,000	(21,117)	48,883	70,000	(19,017)	50,983
Manufacturing agreements	25.0	70,000	(21,117)	48,883	70,000	(19,017)	50,983
Other intangibles	8.2	20,904	(6,664)	14,240	20,327	(3,995)	16,332
Franchise rights	3.0	6,098	(5,109)	989	5,463	(4,686)	777
Total	23.4	$918,002	$(62,098)	$855,904	$916,790	$(54,016)	$862,774

The following table represents future estimated amortization expense of intangible assets with finite lives at September 30, 2014:

Years ending December 31,	Estimated amortization expense (unaudited) (in thousands)
2014	$2,726
2015	10,668
2016	9,790
2017	7,774
2018	7,670
Thereafter	97,276
Total	$135,904

NOTE 5. LONG-TERM DEBT / INTEREST EXPENSE

Long-term debt consisted of the following:

	September 30, 2014 (unaudited) (in thousands)	December 31, 2013
Senior Credit Facility	$1,343,110	$1,345,987
Other	288	1,112
Total debt	1,343,398	1,347,099
Less: current maturities	(4,793)	(5,443)
Long-term debt	$1,338,605	$1,341,656

In 2013, the Company amended and restated its existing $1.4 billion term loan facility (the “Term Loan Facility”) to, among other amendments, increase borrowings by $252.5 million and extend the maturity date of the Term Loan Facility to March 2019. The Company also increased the amount available for borrowing under the $80.0 million revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Senior Credit Facility") to $130.0 million, extended the maturity date of the Revolving Credit Facility to March 2017, and effected changes in the interest rates applicable to amounts outstanding under the Revolving Credit Facility.

For the nine months ended September 30, 2014 and 2013, net interest expense was $35.0 million and $33.4 million, respectively, and consisted primarily of interest on outstanding borrowings under the Term Loan Facility. Interest u

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nder both the Term Loan Facility and the Revolving Credit Facility is based on variable rates. At both September 30, 2014 and December 31, 2013, the interest rate under the Term Loan Facility was 3.25%. The Revolving Credit Facility was undrawn and had outstanding letters of credit of $1.1 million at both September 30, 2014 and December 31, 2013. At both September 30, 2014 and December 31, 2013, the commitment fee on the undrawn portion of the Revolving Credit Facility was 0.5%, and the outstanding letters of credit fee was 2.50%.

As of September 30, 2014, the Company believes that it is in compliance with all covenants under the Senior Credit Facility.

NOTE 6. FINANCIAL INSTRUMENTS

At September 30, 2014 and December 31, 2013, the Company's financial instruments consisted of cash and cash equivalents, receivables, franchise notes receivable, accounts payable, certain accrued liabilities and long-term debt. The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximates their respective fair values because of the short maturities of these instruments. Based on the interest rates currently available and their underlying risk, the carrying value of the franchise notes receivable approximates their respective fair values. These fair values are reflected net of reserves for uncollectible amounts. As considerable judgment is required to determine these estimates and assumptions, changes in the assumptions or methodologies may have an effect on these estimates. The Company determined the estimated fair values of its debt by using currently available market information. The fair value measurement for debt is classified as a Level 2 input on the fair value hierarchy, as defined in the Company's Annual Report on Form 10-K for the year ended December 31, 2013. The actual and estimated fair values of the Company's financial instruments are as follows:

	September 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(unaudited) (in thousands)			
Cash and cash equivalents	$148,243	$148,243	$226,217	$226,217
Receivables, net	139,719	139,719	144,833	144,833
Franchise notes receivable, net	18,286	18,286	10,163	10,163
Accounts payable	147,805	147,805	135,164	135,164
Long-term debt (including current portion)	1,343,398	1,306,455	1,347,099	1,343,732

NOTE 7. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is engaged in various legal actions, claims and proceedings arising in the normal course of business, including claims related to breach of contracts, products liabilities, intellectual property matters and employment-related matters resulting from the Company's business activities.

The Company records accruals for outstanding legal matters when it believes it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. The Company evaluates, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, the Company does not establish an accrued liability. Currently, none of the Company's accruals for outstanding legal matters are material individually or in the aggregate to the Company's financial position. However, if the Company ultimately is required to make a payment in connection with an adverse outcome in any of the matters discussed below, it is possible that it could have a material adverse effect on the Company’s business, financial condition, results of operations or cash flows.

The Company’s contingencies are subject to substantial uncertainties, including for each such contingency the following, among other factors: (i) the procedural status of the case; (ii) whether the case has or may be certified as a class action suit; (iii) the outcome of preliminary motions; (iv) the impact of discovery; (v) whether there are significant factual issues to be determined or resolved; (vi) whether the proceedings involve a large number of parties and/or parties and claims in multiple jurisdictions or jurisdictions in which the relevant laws are complex or unclear;

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(vii) the extent of potential damages, which are often unspecified or indeterminate; and (viii) the status of settlement discussions, if any, and the settlement posture of the parties. Consequently, except as otherwise noted below with regard to a particular matter, the Company cannot predict with any reasonable certainty the timing or outcome of the legal matters described below, and the Company is unable to estimate a possible loss or range of loss.

As a manufacturer and retailer of nutritional supplements and other consumer products that are ingested by consumers or applied to their bodies, the Company has been and is currently subjected to various product liability claims. Although the effects of these claims to date have not been material to the Company, it is possible that current and future product liability claims could have a material adverse effect on its business or financial condition, results of operations or cash flows. The Company currently maintains product liability insurance with a deductible/retention of $4.0 million per claim with an aggregate cap on retained loss of $10.0 million. The Company typically seeks and has obtained contractual indemnification from most parties that supply raw materials for its products or that manufacture or market products it sells. The Company also typically seeks to be added, and has been added, as an additional insured under most of such parties' insurance policies. The Company is also entitled to indemnification by Numico for certain losses arising from claims related to products containing ephedra or Kava Kava sold prior to December 5, 2003. However, any such indemnification or insurance is limited by its terms and any such indemnification, as a practical matter, is limited to the creditworthiness of the indemnifying party and its insurer, and the absence of significant defenses by the insurers. Consequently, the Company may incur material products liability claims, which could increase its costs and adversely affect its reputation, revenue and operating income.

Hydroxycut Claims. In 2009, the FDA issued a warning on several Hydroxycut-branded products manufactured by Iovate Health Sciences U.S.A., Inc. ("Iovate") based on 23 reports of liver injuries from consumers who claimed to have used the products between 2002 and 2009. As a result, Iovate voluntarily recalled 14 Hydroxycut-branded products.

Following the recall, the Company was named, among other defendants, in multiple lawsuits related to Hydroxycut-branded products in several states. The United States Judicial Panel on Multidistrict Litigation consolidated pretrial proceedings of many of the pending actions in the Southern District of California (In re: Hydroxycut Marketing and Sales Practices Litigation, MDL No. 2087), and Iovate previously accepted the Company's tender request for defense and indemnification under its purchasing agreement with the Company in these matters.

As of September 30, 2014, there were 76 pending lawsuits related to Hydroxycut in which the Company had been named: 70 individual, largely personal injury claims and six putative class action cases, generally inclusive of claims of consumer fraud, misrepresentation, strict liability and breach of warranty. In May 2013, the parties to the individual personal injury cases signed a Master Settlement Agreement, under which the Company is not required to make any payments. Settlement payments are being made exclusively by Iovate and dismissals are expected to be entered in these actions in the near term. The parties in the consolidated class actions reached a settlement, which was approved by the Court on October 20, 2014 and which does not require the Company to make any payments. Following final resolution of the individual personal injury cases and the settlement of the consolidated class action suits, all of the Hydroxycut claims currently pending against the Company will be resolved without any payment by the Company.

DMAA / Aegeline Claims. Prior to December 2013, the Company sold products manufactured by third parties that contained derivatives from geranium known as 1.3-dimethylpentylamine/ dimethylamylamine/13-dimethylamylamine, or "DMAA," which were recalled from its stores in November 2013, and/or Aegeline, a compound extracted from bael trees. As of September 30, 2014, the Company was named in 21 lawsuits involving products containing DMAA and/or Aegeline, including 18 personal injury cases and three putative class action cases. As a general matter, the proceedings associated with these cases, which generally seek indeterminate money damages, are in the early stages, and any liabilities that may arise from these matters are not probable or reasonably estimable at this time. The Company is contractually entitled to indemnification by its third-party vendor with regard to these matters, although the Company's ability to obtain full recovery in respect of any such claims against it is dependent upon the creditworthiness of the vendor and/or its insurance coverage and the absence of any significant defenses available to its insurer.

On October 13, 2014, the U.S. District Court for the Northern District of Florida preliminarily approved a settlement agreement among the parties to two of the three putative class action cases in which the Company is named and scheduled a hearing with regard to final approval of the proposed settlement in February 2015. The proposed settlement does not require any payment by the Company.

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California Wage and Break Claims. In November 2008, 98 plaintiffs filed individual claims against the Company in the Superior Court of the State of California for the County of Orange, alleging that they were not provided all of the rest and meal periods to which they were entitled under California law, and that the Company failed to pay them split shift and overtime compensation to which they were entitled under California law. The plaintiffs also allege derivative claims for inaccurate wage statements, failure to pay wages due at termination, and penalty claims under the California Labor Code. The cases were removed to the U.S. District Court for the Central District of California, and in June 2013, a trial was conducted that resulted in a verdict in favor of the Company with respect to the claims of seven of the plaintiffs. The claims of 20 other plaintiffs have been resolved and the claims of 71 plaintiffs remain, with respect to which discovery is ongoing. As any liabilities that may arise from these matters are not probable or reasonably estimable at this time, no liability has been accrued in the accompanying financial statements.

In July 2011, Charles Brewer, on behalf of himself and all others similarly situated, sued General Nutrition Corporation in federal court, alleging state and federal wage and hour claims (U.S. District Court, Northern District of California, Case No. 11CV3587). In October 2011, Mr. Brewer filed an amended complaint alleging, among other matters, meal, rest break and overtime violations. In January 2013, the Court conditionally certified a Fair Labor Standards Act class with respect to one of Plaintiff's claims. As any liabilities that may arise from these matters are not probable or reasonably estimable at this time, no liability has been accrued in the accompanying financial statements.

In February 2012, former Senior Store Manager, Elizabeth Naranjo, individually and on behalf of all others similarly situated sued General Nutrition Corporation in the Superior Court of the State of California for the County of Alameda (Case No. RG 12619626), alleging, among other matters, meal, rest break, and overtime violations. As any liabilities that may arise from these matters are not probable or reasonably estimable at this time, no liability has been accrued in the accompanying financial statements.

FLSA Matters. In June 2010, Dominic Vargas and Anne Hickok, on behalf of themselves and all others similarly situated, sued General Nutrition Corporation and the Company in federal court (U.S. District Court, Western District of Pennsylvania, Case No. 2:5-mc-2025), alleging, generally, that plaintiffs were required to perform work on an uncompensated basis and that the Company failed to pay overtime for such work. Class notice was mailed to putative class members in November 2012 and discovery regarding opt-in plaintiffs is ongoing. As of September 30, 2014, an immaterial liability has been accrued in the accompanying financial statements.

Jason Olive v. General Nutrition Corp. In April 2012, Jason Olive filed a complaint in the Superior Court of California, County of Los Angeles (Case No. BC482686), for misappropriation of likeness in which he alleges that the Company continued to use his image in stores after the expiration of the license to do so in violation of common law and California statutes. Mr. Olive is seeking compensatory, punitive and statutory damages and attorneys' fees and costs, and a trial in this matter is currently scheduled for December 2014. As of September 30, 2014, an immaterial liability has been accrued in the accompanying financial statements.

Commitments

In addition to operating leases obtained in the normal course of business, the Company maintains certain purchase commitments with various vendors to ensure its operational needs are fulfilled. As of September 30, 2014, such future purchase commitments consisted of $3.2 million. Other commitments related to the Company's business operations cover varying periods of time and are not significant. All of these commitments are expected to be fulfilled with no adverse consequences to the Company's operations or financial condition.

Environmental Compliance

In March 2008, the South Carolina Department of Health and Environmental Control (the "DHEC") requested that the Company investigate contamination associated with historical activities at its South Carolina facility. These investigations have identified chlorinated solvent impacts in soils and groundwater that extend offsite from the facility. The Company entered into a Voluntary Cleanup Contract with the DHEC regarding the matter on September 24, 2012. Pursuant to such contract, the Company will submit a plan for additional investigations to the DHEC and will implement the plan upon DHEC's approval. After the Company completes the investigations to understand the extent of the chlorinated solvent impacts, the Company will develop appropriate remedial measures for DHEC approval. At this stage of the investigation, however, it is not possible to estimate the timing and extent of any remedial action that may be required, the ultimate cost of remediation, or the amount of the Company's potential liability, therefore no liability is recorded.

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In addition to the foregoing, the Company is subject to numerous federal, state, local and foreign environmental and health and safety laws and regulations governing its operations, including the handling, transportation and disposal of the Company's 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 processes could also cause the Company to incur additional capital and operating expenditures to maintain compliance with environmental laws and regulations and environmental permits. The Company is also 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 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 the Company's ability to sell or lease its properties, or to use them as collateral for financing. From time to time, the Company has incurred costs and obligations for correcting environmental and health and safety noncompliance matters and for remediation at or relating to certain of the Company's properties or properties at which the Company's waste has been disposed. However, compliance with the provisions of national, state and local environmental laws and regulations has not had a material effect upon the Company's capital expenditures, earnings, financial position, liquidity or competitive position. The Company believes it has complied with, and is currently complying with, its environmental obligations pursuant to environmental and health and safety laws and regulations and that any liabilities for noncompliance will not have a material adverse effect on its business, financial performance or cash flows. However, it is difficult to predict future liabilities and obligations, which could be material.

NOTE 8. STOCK-BASED COMPENSATION PLANS

The Company has outstanding stock-based compensation awards that were granted by the Compensation Committee (the "Compensation Committee") of Holdings' board of directors under the following two stock-based employee compensation plans:

- the GNC Holdings, Inc. 2011 Stock and Incentive Plan (the "2011 Stock Plan") adopted in March 2011; and
- the GNC Acquisition Holdings Inc. 2007 Stock Incentive Plan adopted in March 2007 (as amended, the "2007 Stock Plan").

Both plans have provisions that allow for the granting of stock options, restricted stock and other stock-based awards and are available to certain eligible employees, directors, consultants or advisors as determined by the Compensation Committee. Stock options under the plans were granted with exercise prices at or above fair market value on the date of grant, typically vest over a four- or five-year period, and expire seven or ten years from the date of grant.

Up to 8.5 million shares of common stock may be issued under the 2011 Stock Plan (subject to adjustment to reflect certain transactions and events specified in the 2011 Stock Plan for any award grant). If any award granted under the 2011 Stock Plan expires, terminates or is cancelled without having been exercised in full, the number of shares underlying such unexercised award will again become available for awards under the 2011 Stock Plan. The total number of shares of common stock available for awards under the 2011 Stock Plan will be reduced by (i) the total number of stock options or stock appreciation rights exercised, regardless of whether any of the shares of common stock underlying such awards are not actually issued to the participant as the result of a net settlement, and (ii) any shares of common stock used to pay any exercise price or tax withholding obligation. In addition, the number of shares of common stock that are subject to restricted stock, performance shares or other stock-based awards that are not subject to the appreciation of the value of a share of common stock ("Full Share Awards") that may be granted under the 2011 Stock Plan is limited by counting shares granted pursuant to such awards against the aggregate share reserve as 1.8 shares for every share granted. If any stock option, stock appreciation right or other stock-based award that is not a Full Share Award is cancelled, expires or terminates unexercised for any reason, the shares covered by such awards will again be available for the grant of awards under the 2011 Stock Plan. If any shares of common stock that are subject to restricted stock, performance shares or other stock-based awards that are Full Share Awards are forfeited for any reason, 1.8 shares of common stock for each Full Share Award forfeited will again be available for the grant of awards under the 2011 Stock Plan.

The Company will not grant any additional awards under the 2007 Stock Plan. No stock appreciation rights, restricted stock, deferred stock or performance shares were granted under the 2007 Stock Plan.

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The Company utilizes the Black Scholes model to calculate the fair value of options under both the 2011 Stock Plan and the 2007 Stock Plan. The grant-date fair value of the Company's restricted stock awards and restricted stock units is based on the closing price of a share of the Company's common stock on the New York Stock Exchange on the date of the grant. The resulting compensation cost is recognized in the Company's financial statements over the vesting period. The Company recognized $5.1 million and $5.9 million of total non-cash stock-based compensation expense for the nine months ended September 30, 2014 and 2013, respectively. At September 30, 2014, there was approximately $7.9 million of total unrecognized compensation cost related to non-vested stock-based compensation for all awards previously made that are expected to be recognized over a weighted average period of approximately 1.6 years. All expense for the non-cash stock-based compensation plans is recorded to paid-in-capital.

During the nine months ended September 30, 2014, the total intrinsic value of options exercised and stock awards converted was $12.7 million and the total amount received by Holdings from the exercise of options and stock awards converted was $20.2 million. The total tax impact associated with the exercise of options and stock awards converted for the nine months ended September 30, 2014 was a benefit of $2.5 million, which was recorded to paid-in-capital.

During the nine months ended September 30, 2013, the total intrinsic value of options exercised and stock awards converted was $32.6 million, and the total amount received by Holdings from the exercise of options and stock awards converted was $10.3 million. The total tax impact associated with the exercise of options and stock awards converted for the nine months ended September 30, 2013 was a benefit of $11.0 million, which was recorded to paid-in-capital.

Stock Options

The following table sets forth a summary of stock options under all plans for the nine months ended September 30, 2014:

	Total Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2013	1,887,154	$24.14		
Granted	175,000	33.13		
Exercised	(896,861)	22.60		
Forfeited	(290,014)	30.12		
Outstanding at September 30, 2014	875,279	$25.52	5.7	$11,571
Exercisable at September 30, 2014	272,852	$20.40	4.5	$5,004

The weighted fair value per share of options granted during the nine months ended September 30, 2014 and 2013 was $7.89 and $14.20, respectively. Fair value of options vested during the nine months ended September 30, 2014 and 2013 was $1.9 million and $2.2 million, respectively.

The Black Scholes model utilizes the following assumptions in determining a fair value: price of underlying stock, award exercise price, expected term, risk-free interest rate, expected dividend yield and expected stock price volatility over the award's expected term. Due to the utilization of these assumptions, the existing models do not necessarily represent the definitive fair value of awards for future periods. As the initial public offering (the "IPO") occurred during the second quarter of 2011, the option term has been estimated by considering both the vesting period, which typically for both plans has been four or five years, and the contractual term, which historically has been either seven or ten years. Prior to the IPO, the fair value of the common stock was estimated based upon the net enterprise value of the

Company, discounted to reflect the lack of liquidity and control associated with the stock. Since the consummation of the IPO, the fair value of the common stock has been based upon the closing price of the common stock as reported on the New York Stock Exchange. Volatility is estimated based upon the current peer group average utilized by the Company.

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The assumptions used in the Company's Black Scholes valuation related to stock option grants made during the nine months ended September 30, 2014 were as follows:

Dividend yield	1.9%
Expected option life	4.8 years
Volatility factor percentage of market price	31.1%
Discount rate	1.7%

Restricted Stock Awards

The following table sets forth a summary of restricted stock awards granted under the 2011 Stock Plan and related information for the nine months ended September 30, 2014:

	Restricted Stock	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2013	114,981	$25.16
Granted	10,404	36.52
Vested	(32,165)	30.75
Forfeited	(46,474)	24.04
Outstanding at September 30, 2014	46,746	$24.96

Restricted Stock Units – Time Vesting and Performance Vesting

Under the 2011 Stock Plan, the Company granted time vesting and performance vesting restricted stock units. Time vesting restricted stock units vest over a period of three years. Performance vesting restricted stock units vest based on the passage of time and the achievement of certain criteria; based on the extent to which the targets are achieved, vested shares may range from 0% to 200% of the original share amount. The unrecognized compensation cost related to the performance vesting restricted stock units is adjusted as necessary to reflect changes in the probability that the vesting criteria will be achieved.

The following table sets forth a summary of restricted stock units and performance stock units granted under the 2011 Stock Plan and related information for the nine months ended September 30, 2014:

	Time Vesting Restricted Stock Units	Weighted Average Grant-Date Fair Value	Performance Vesting Restricted Stock Units	Weighted Average Grant-Date Fair Value
Outstanding at December 31, 2013	141,298	$40.81	55,366	$45.94
Granted	151,412	43.99	130,798	44.62
Vested	(1,174)	46.47	—	—
Forfeited	(164,296)	43.45	(129,171)	45.26
Outstanding at September 30, 2014	127,240	$41.13	56,993	$44.45

NOTE 9. SEGMENTS

The Company has three reportable segments, each of which represents an identifiable component of the Company for which separate financial information is available. This information is utilized by management to assess performance and allocate assets accordingly. The Company’s management evaluates segment operating results based on several indicators. The primary key performance indicators are sales and operating income or loss for each segment. Operating income or loss, as evaluated by management, excludes certain items that are managed at the consolidated level, such as distribution and warehousing, impairments and other corporate costs. The Retail reportable segment includes the Company's corporate store operations in the United States, Canada, Puerto Rico, and Ireland, and its websites GNC.com, Lucky Vitamin, and Discount Supplements. The Franchise reportable segment represents the Company's franchise operations, both domestically and internationally. The Manufacturing/Wholesale reportable segment represents the Company's manufacturing operations in South Carolina and the Wholesale sales business.

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This segment supplies the Retail and Franchise segments, along with various third parties, with finished products for sale. The Warehousing and Distribution and Corporate costs represent the Company's administrative expenses. The accounting policies of the segments are the same as those described in the "Basis of Presentation and Summary of Significant Accounting Policies."

The following table represents key financial information of the Company's segments:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(unaudited) (in thousands)			
Revenue:				
Retail	$480,691	$487,271	$1,495,197	$1,483,228
Franchise	114,106	117,780	327,763	335,985
Manufacturing/Wholesale:				
Intersegment revenues	62,247	66,231	194,862	199,248
Third Party	61,529	69,450	183,039	196,013
Subtotal Manufacturing/Wholesale	123,776	135,681	377,901	395,261
Subtotal segment revenues	718,573	740,732	2,200,861	2,214,474
Elimination of intersegment revenues	(62,247)	(66,231)	(194,862)	(199,248)
Total revenue	$656,326	$674,501	$2,005,999	$2,015,226
Operating income:				
Retail	$89,370	$92,580	$277,916	$291,507
Franchise	40,316	41,616	121,639	116,694
Manufacturing/Wholesale	22,917	28,436	69,359	76,869
Unallocated corporate and other costs:				
Warehousing and distribution costs	(17,277)	(17,513)	(50,258)	(50,737)
Corporate costs	(19,128)	(19,145)	(60,152)	(60,168)
Management realignment	(7,473)	—	(7,473)	—
Subtotal unallocated corporate and other costs	(43,878)	(36,658)	(117,883)	(110,905)
Total operating income	108,725	125,974	351,031	374,165
Interest expense, net	11,781	11,237	34,987	33,353
Income before income taxes	$96,944	$114,737	$316,044	$340,812

NOTE 10. INCOME TAXES

The Company recognized $111.9 million of income tax expense (or 35.4% of pre-tax income) during the nine months ended September 30, 2014 compared to $123.4 million (or 36.2% of pre-tax income) for the same period in 2013. The decrease in the tax rate is principally due to reductions in state taxes and the permanent difference related to the non-taxable Reversal of Contingent Purchase Price liability of $4.3 million.

The Company files a consolidated U.S. federal tax return and various consolidated and separate tax returns as prescribed by the tax laws of the state, local and international jurisdictions in which it operates. The Company's 2010 and 2011 federal income tax returns have been examined by the Internal Revenue Service. The Company has various state, local and international jurisdiction tax years open to examination (the earliest open period is 2009), and the Company also has certain state and local jurisdictions currently under audit. As of September 30, 2014, the Company believes that it has appropriately reserved for potential federal, state and international income tax exposures.

At September 30, 2014 and December 31, 2013, the Company had $11.3 million and $10.8 million of unrecognized tax benefits, respectively. As of September 30, 2014, the Company is not aware of any tax positions for which it is reasonably possible that the amounts of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is approximately $11.3 million. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. The Company had accrued approximately $4.2 million at both September 30, 2014 and December 31, 2013, respectively, for potential interest and penalties associated with uncertain tax positions. To the extent interest and penalties are not assessed with respect to the ultimate settlement of uncertain tax positions, amounts previously accrued will be reduced and reflected as a reduction of the overall income tax provision.

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NOTE 11. SUBSEQUENT EVENTS

On October 23, 2014, the board of directors authorized and declared a cash dividend for the fourth quarter of 2014 of $0.16 per share of common stock, payable on or about December 26, 2014 to stockholders of record as of the close of business on December 12, 2014.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Item 1, "Financial Statements" in Part I of this Quarterly Report on Form 10-Q.

Forward-Looking Statements

This Quarterly Report on Form 10-Q and any documents incorporated by reference herein or therein include forward-looking statements within the meaning of federal securities laws. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Forward-looking statements can often be identified by the use of terminology such as "subject to," "believe," "anticipate," "plan," "potential," "predict," "expect," "intend," "estimate," "project," "may," "will," "should," "would," "continue," "seek," "could," "can," "thi thereof, variations thereon and similar expressions, or by discussions of strategy.

All forward-looking statements, including, without limitation, our examination of historical operating trends, are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but they are inherently uncertain. We may not realize our expectations, and our beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements. The following uncertainties and factors, among others (including, but not limited to, those we describe under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013), could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- significant and growing competition in our industry;
- unfavorable publicity or consumer perception of our industry or products, as well as general changes in consumer behaviors and trends;
- increases in the cost of borrowings and limitations on availability of additional debt or equity capital;
- our debt levels and restrictions in our debt agreements;
- incurrence of material product liability and product recall costs;
- loss or retirement of key members of management;
- costs of compliance and our failure to comply with new and existing governmental regulations governing our products, including, but not limited to, proposed dietary supplement legislation and regulations;
- changes in our tax obligations;
- costs of litigation and the failure to successfully defend lawsuits and other claims against us;
- failure of our franchisees to conduct their operations profitably and limitations on our ability to terminate or replace under-performing franchisees;
- economic, political, and other risks associated with our international operations, including fluctuations in foreign currency exchange rates relative to the U.S. dollar;

- failure to keep pace with the demands of our customers for new products and services;
- limitations of or disruptions in our manufacturing system or losses of manufacturing certifications;
- limitations of or disruptions in our distribution network;
- lack of long-term experience with human consumption of ingredients in some of our products;

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- increases in the frequency and severity of insurance claims, particularly claims for which we are self-insured;
- failure to adequately protect or enforce our intellectual property rights against competitors;
- changes in raw material costs and pricing of our products;
- failure to successfully execute our growth strategy, including any delays in our planned future growth, any inability to expand our franchise operations or attract new franchisees, any inability to expand our company-owned retail operations, any inability to grow our international footprint, or any inability to expand our e-commerce business;
- any failure by our current marketing initiatives to timely produce the results that we anticipate;
- changes in applicable laws relating to our franchise operations;
- damage or interruption to our information systems;
- risks and costs associated with data loss, credit card fraud and identity theft;
- impact of current economic conditions on our business;
- unusually adverse weather conditions;
- natural disasters, pandemic outbreaks, boycotts, and geo-political events; and
- failure to maintain effective internal controls.

Consequently, forward-looking statements should be regarded solely as our current plans, estimates and beliefs. You should not place undue reliance on forward-looking statements. We cannot guarantee future results, events, levels of activity, performance or achievements. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

Business Overview

We are a global specialty retailer of health and wellness products. We derive our revenues principally from product sales through our company-owned stores and online through GNC.com, LuckyVitamin Corp. ("Lucky Vitamin"), and Discount-Supplements.co.uk ("Discount Supplements"), domestic and international franchise activities and sales of products manufactured in our facilities to third parties. We sell products through a worldwide network of more than 8,800 locations operating under the GNC brand name.

We acquired Discount Supplements, the leading multi-brand sports nutrition e-commerce retailer in the United Kingdom, in October 2013.

In August 2014, our board of directors authorized a multi-year program to repurchase up to an aggregate of $500.0 million of our Class A common stock (the "common stock"). This replaces the repurchase program established in November 2013. We repurchased $230.3 million of common stock during the nine months ended September 30, 2014 and have utilized $40.0 million of the current repurchase program.

On April 17, 2014, the Company acquired THSD d/b/a The Health Store ("The Health Store"), a nine store chain based in Dublin, Ireland.

Executive Overview

In 2014, we have continued to focus on our five principal corporate goals: growing company-owned domestic retail earnings, growing company-owned domestic retail square footage, growing our international footprint, expanding our e-commerce business and further leveraging the GNC brand. These goals are designed to drive both short-term and long-term financial results. Our results for the three months ended September 30, 2014 were affected by a difficult

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retail environment. The following results are for the three months ended September 30, 2014 compared to the same period in 2013:

- Our company-owned domestic same store sales decreased 5.8%, which includes a 4.2% decrease in sales by our GNC.com business.
- We increased our company-owned domestic store count by 33 net new stores during the third quarter of 2014.
- Our retail segment sales decreased 1.4%, and operating income decreased 3.5%.
- Total franchising revenue and operating income decreased 3.1%.
- Domestic franchising revenue increased 7.3%, and we added 79 net new domestic franchise stores since the third quarter of 2013.
- International franchise revenue decreased 16.8%, and we added 25 net new international franchise stores during the third quarter of 2014.
- Sales decreased in our wholesale/manufacturing segment by 11.4% due to reduced purchases from our large wholesale customers, and operating income decreased 19.4%.
- Our total revenue decreased 2.7%, and our total operating income decreased 13.7%.

For the nine months ended September 30, 2014, we generated net cash from operating activities of $238.0 million, repurchased $230.3 million in common stock, and paid $43.3 million in common stock dividends.

Revenues and Operating Performance from our Segments

We measure our operating performance primarily through revenues and operating income from our three segments, Retail, Franchise and Manufacturing/Wholesale, and through the management of unallocated costs from our warehousing, distribution and corporate segments, as follows:

- Retail: Retail revenues are generated by sales to consumers at our company-owned stores and online through our websites, GNC.com, Lucky Vitamin, and Discount Supplements. Although we believe that our retail and franchise businesses are not seasonal in nature, historically we have experienced, and expect to continue to experience, a variation in our net sales and operating results from quarter to quarter.
- Franchise: Franchise revenues are generated primarily by:

(1) product sales to our franchisees;
(2) royalties on franchise retail sales; and
(3) franchise fees, which we charge for initial franchise awards, renewals and transfers of franchises.

Although we do not anticipate the number of our domestic franchise stores to grow substantially, we expect to achieve domestic franchise store revenue growth generally in line with our domestic retail business, which we expect to generate from royalties on franchise retail sales and product sales to our existing franchisees. As a result of our efforts to expand our international presence and provisions in our international franchising agreements requiring franchisees to open additional stores, we have increased our international store base in recent periods and expect to continue to increase the number of our international franchise stores over the next five years. We believe this will result in additional franchise fees associated with new store openings and increased revenues from product sales to, and royalties from, new franchisee stores. Since our international franchisees pay royalties to us in U.S. dollars, any strengthening of the U.S. dollar relative to our franchisees' local currency may offset some of the growth in royalty revenue.

- Manufacturing/Wholesale: Manufacturing/Wholesale revenues are generated by: sales of manufactured products to third parties, generally for third-party private label brands; the sale of our proprietary and third-

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party products to and through Rite Aid and www.drugstore.com; and the sale of our proprietary products to PetSmart and Sam's Club. We also record license fee revenue from the opening of franchise store-within-a-store locations within Rite Aid stores. Our revenues generated by our manufacturing and wholesale operations are subject to our available manufacturing capacity.

A significant portion of our business infrastructure is comprised of fixed operating costs. Our vertically integrated distribution network, manufacturing capacity, and ability to outsource production can support higher sales volume. We opened a fourth domestic distribution center in October 2014. This distribution center is located near Indianapolis, Indiana, and we believe that it will provide incremental distribution capacity sufficient for the foreseeable future.

The following trends and uncertainties in our industry could affect our operating performance as follows:

- broader consumer awareness of health and wellness issues and rising healthcare costs may increase the use of the products we offer and positively affect our operating performance;

- interest in, and demand for, condition-specific products based on scientific research may positively affect our operating performance if we can timely develop and offer such condition-specific products;

- the effects of favorable and unfavorable publicity on consumer demand with respect to the products we offer may have similarly favorable or unfavorable effects on our operating performance;

- a lack of long-term experience with human consumption of ingredients in some of our products could create uncertainties with respect to the health risks, if any, related to the consumption of such ingredients and negatively affect our operating performance;

- increased costs associated with complying with new and existing governmental regulation may negatively affect our operating performance;

- consolidation within our industry and increasing participation in our market by mass market retailers and consumer product manufacturers could continue to intensify competition within our industry and could continue to negatively affect our market performance; and

- a decline in disposable income available to consumers may lead to a reduction in consumer spending and negatively affect our operating performance.

Results of Operations

The following information presented for the three and nine months ended September 30, 2014 and 2013 was prepared by management, is unaudited, and was derived from our unaudited consolidated financial statements and accompanying notes. In the opinion of management, all adjustments necessary for a fair statement of our financial position and operating results for such periods and as of such dates have been included.

As discussed in Note 9, "Segments," to our unaudited consolidated financial statements, we evaluate segment operating results based on several indicators. The primary key performance indicators are revenues and operating income or loss for each segment. Revenues and operating income or loss, as evaluated by management, exclude certain items that are managed at the consolidated level, such as warehousing and distribution costs, impairments and other corporate costs. The following discussion compares the revenues and the operating income or loss by segment, as well as those items excluded from the segment totals.

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. We also include internet sales, as generated only through GNC.com and www.drugstore.com, in our domestic retail 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 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

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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.

Results of Operations

(Dollars in millions and percentages expressed as a percentage of total net revenue)

	Three months ended September 30,				Nine months ended September 30,			
	2014		2013		2014		2013	
	(unaudited)							
Revenues:								
Retail	$480.7	73.2 %	$487.3	72.2 %	$1,495.2	74.5 %	$1,483.3	73.6 %
Franchise	114.1	17.4 %	117.8	17.5 %	327.8	16.4 %	336.0	16.7 %
Manufacturing / Wholesale	61.5	9.4 %	69.4	10.3 %	183.0	9.1 %	196.0	9.7 %
Total net revenues	656.3	100.0 %	674.5	100.0 %	2,006.0	100.0 %	2,015.3	100.0 %
Operating expenses:								
Cost of sales, including warehousing, distribution and occupancy costs	408.6	62.2 %	421.3	62.5 %	1,246.0	62.1 %	1,250.2	62.0 %
Compensation and related benefits	82.3	12.5 %	79.3	11.7 %	245.9	12.2 %	239.9	11.9 %
Advertising and promotion	20.3	3.1 %	16.7	2.5 %	59.4	3.0 %	53.5	2.7 %
Other selling, general and administrative expenses	30.1	4.6 %	29.7	4.4 %	97.5	4.9 %	91.8	4.6 %
Amortization expense	2.7	0.4 %	2.1	0.3 %	8.1	0.4 %	6.3	0.3 %
Management realignment	7.5	1.2 %	—	—	7.5	0.4 %	—	—
International franchise receivable reserves	4.4	0.7 %	0.2	—	4.4	0.2 %	0.4	—
Reversal of contingent purchase price	(4.3)	-0.7 %	—	—	(4.3)	-0.2 %	—	—
Other (income) expense, net	(4.0)	-0.6 %	(0.8)	-0.1 %	(9.5)	-0.5 %	(1.0)	-0.1 %
Total operating expenses	547.6	83.4 %	548.5	81.3 %	1,655.0	82.5 %	1,641.1	81.4 %
Operating income:								
Retail	89.4	13.6 %	92.6	13.7 %	277.9	13.8 %	291.5	14.5 %
Franchise	40.3	6.1 %	41.6	6.2 %	121.6	6.1 %	116.7	5.8 %
Manufacturing / Wholesale	22.9	3.5 %	28.4	4.2 %	69.4	3.5 %	76.9	3.8 %
Unallocated corporate and other costs:								
Warehousing and distribution costs	(17.3)	-2.6 %	(17.5)	-2.6 %	(50.3)	-2.5 %	(50.7)	-2.5 %
Corporate costs	(19.1)	-2.9 %	(19.1)	-2.8 %	(60.1)	-3.0 %	(60.2)	-3.0 %
Management realignment	(7.5)	-1.1 %	—	—	(7.5)	-0.4 %	—	—
Subtotal unallocated corporate and other costs, net	(43.9)	-6.6 %	(36.6)	-5.4 %	(117.9)	-5.9 %	(110.9)	-5.5 %
Total operating income	108.7	16.6 %	126.0	18.7 %	351.0	17.5 %	374.2	18.6 %

Interest expense, net	11.8	11.3	35.0	33.4
Income before income taxes	96.9	114.7	316.0	340.8
Income tax expense	32.6	41.7	111.9	123.4
Net income	$64.3	$73.0	$204.1	$217.4

Note: The numbers in the above table have been rounded to millions. All calculations related to the Results of Operations for the year-over-year comparisons were derived from unrounded data and could occasionally differ immaterially if you were to use the table above for these calculations.

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Comparison of the Three Months Ended September 30, 2014 and 2013

Revenues

Our consolidated net revenues decreased $18.2 million, or 2.7%, to $656.3 million for the three months ended September 30, 2014 compared to $674.5 million for the same period in 2013. The decrease was the result of decreased sales in all three business segments.

Retail. Revenues in our Retail segment decreased $6.6 million, or 1.4%, to $480.7 million for the three months ended September 30, 2014 compared to $487.3 million for the same period in 2013, due primarily to negative domestic retail same store sales, which includes sales from GNC.com, of 5.8%. This decrease was partially offset by an increase in sales of $6.8 million in our e-commerce businesses (principally due to the acquisition of Discount Supplements which occurred in October 2013) and $13.3 million from the addition of 151 net new corporate stores and nine The Health Store locations in Ireland, acquired in April 2014. Our company-owned store base increased by 160 stores to 3,459 at September 30, 2014 compared to 3,299 at September 30, 2013, which includes the nine The Health Store locations and 14 new Canadian stores.

Franchise. Revenues in our Franchise segment decreased $3.7 million, or 3.1%, to $114.1 million for the three months ended September 30, 2014 compared to $117.8 million for the same period in 2013. Domestic franchise revenue increased $4.9 million primarily due to higher wholesale sales of $5.2 million. Our domestic franchise same store sales decreased by 4.5% for the three months ended September 30, 2014 compared to the same period in 2013. There were 1,063 domestic franchise stores at September 30, 2014 compared to 984 stores at September 30, 2013. International revenue decreased by $8.6 million, or 16.8%, for the three months ended September 30, 2014, compared to the same period in 2013, due to lower wholesale product sales of $8.4 million, particularly due to regulatory and macro-economic factors in several key international franchise markets. Our international franchisees have reported a 2.9% same store sales decrease this quarter, on a local currency basis. Our international franchise store base increased by 146 stores to 2,101 at September 30, 2014 compared to 1,955 at September 30, 2013.

Manufacturing/Wholesale. Revenues in our Manufacturing/Wholesale segment, which includes third-party sales from our manufacturing facilities in South Carolina, as well as wholesale sales to Rite Aid, PetSmart, and Sam’s Club, decreased $7.9 million, or 11.4%, to $61.5 million for the three months ended September 30, 2014 compared to $69.4 million for the same period in 2013. Third-party contract manufacturing sales from our South Carolina manufacturing plant decreased by $7.3 million, or 19.2%, to $30.4 million for the three months ended September 30, 2014 compared to $37.7 million for the same period in 2013 due generally to softer market trends.

Cost of Sales

Cost of sales, which includes product costs, costs of warehousing and distribution and occupancy costs, decreased $12.7 million, or 3.0%, to $408.6 million for the three months ended September 30, 2014 compared to $421.3 million for the same period in 2013. Cost of sales, as a percentage of net revenue, was 62.2% and 62.5% for the three months ended September 30, 2014 and 2013, respectively. The lower cost of sales percentage for the three months ended September 30, 2014 was due principally to reduced promotional activities compared to the same period in 2013, partially offset by higher occupancy expense related to the operating of 160 new stores in our retail segment.

Selling, General and Administrative (“SG&A”) Expenses

SG&A expenses, including compensation and related benefits, advertising and promotion expense, other SG&A expenses including amortization expense, increased $7.6 million, or 6.0%, to $135.4 million for the three months ended September 30, 2014 compared to $127.8 million for the same period in 2013. These expenses, as a percentage of net revenue, were 20.5% and 19.0% for the three months ended September 30, 2014 and 2013, respectively.

Compensation and related benefits. Compensation and related benefits increased $3.0 million, or 3.8%, to $82.3 million for the three months ended September 30, 2014 compared to $79.3 million for the same period in 2013. The increase in store salaries and benefits was primarily to support our increased store base and expenses from our newly acquired retail businesses.

Advertising and promotion. Advertising and promotion expenses increased $3.6 million, or 21.3%, to $20.3 million for the three months ended September 30, 2014 compared to $16.7 million for the same period in 2013. Advertising expense, as a percentage of net revenue, was 3.1% and 2.5% for the three months ended September 30, 2014 and 2013, respectively. The increase in our advertising expense as a percentage of net revenue is principally due to increased media advertising related to the Beat Average™ marketing campaign and the acquisition of Discount Supplements, which occurred in the fourth quarter of 2013.

Other SG&A. Other SG&A expenses, including amortization expense, increased $1.0 million, or 3.2%, to $32.8 million for the three months ended September 30, 2014 compared to $31.8 million for the same period in 2013. This increase principally relates to expenses from our newly acquired retail businesses.

Other

Management realignment. For the three months ended September 30, 2014, we incurred $7.5 million associated with the changes among our executive leadership team. This expense related principally to $5.7 million in executive severance, $0.5 million of accelerated non-cash stock-based compensation expense net of forfeitures, and $1.3 million for the recruiting and hiring of new executive leadership.

International franchise receivable reserve. For the three months ended September 30, 2014, we recorded a $4.4 million reserve against receivables with our international franchisees, compared to $0.2 million for the same period in 2013. The collectability of receivables principally from one international franchisee has become uncertain due to its current financial condition.

Reversal of contingent purchase price. During the three months ended September 30, 2014, it was determined that certain conditions required to be met by the seller in the purchase agreement of Discount Supplements were not achieved, and as such, we reversed a $4.3 million contingent purchase price liability ("Reversal of Contingent Purchase Price").

Other (income) expense, net. Other (income) expense, which includes the gain on sale of corporate owned stores to franchisees and foreign currency (gain) loss, increased $3.2 million to a gain of $4.0 million for the three months ended September 30, 2014 compared to a gain of $0.8 million for the same period in 2013. The increase in other (income) expense is a result of more conversions from corporate stores to franchise stores for the three months ended September 30, 2014 compared to the same period in 2013.

Operating Income

As a result of the foregoing, consolidated operating income decreased $17.3 million, or 13.7%, to $108.7 million for the three months ended September 30, 2014 compared to $126.0 million for the same period in 2013. Operating income, as a percentage of net revenue, was 16.6% and 18.7% for the three months ended September 30, 2014 and 2013, respectively.

Retail. Operating income decreased $3.2 million, or 3.5%, to $89.4 million for the three months ended September 30, 2014 compared to $92.6 million for the same period in 2013. The decrease in operating income was primarily related to higher media advertising spend corresponding with our Beat Average™ campaign launch during the second quarter of 2014, and expense deleveraging associated with negative same store sales, partially offset by improved gross margin and the Reversal of Contingent Purchase Price.

Franchise. Operating income decreased $1.3 million, or 3.1%, to $40.3 million for the three months ended September 30, 2014 compared to $41.6 million for the same period in 2013. The decrease was primarily due to the International Franchise Receivable Reserve adjustment of $4.4 million, partially offset by the gain of $4.1 million from the sale of corporate owned stores, which was an increase of $3.3 million over the gain of $0.8 million for the same period in 2013.

Manufacturing/Wholesale. Operating income decreased $5.5 million, or 19.4%, to $22.9 million for the three months ended September 30, 2014 compared to $28.4 million for the same period in 2013. The decrease in operating income was generally due to lower shipments to wholesale customers for softer market trends as well as lower proprietary sales.

Warehousing and distribution costs. Unallocated warehousing and distribution costs decreased $0.2 million, or 1.3%, to $17.3 million for the three months ended September 30, 2014 compared to $17.5 million for the same period in 2013.

Corporate costs. Corporate overhead costs were $19.1 million for both the three months ended September 30, 2014 and 2013.

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Management realignment. For the three months ended September 30, 2014, we incurred $7.5 million associated with the changes among our executive leadership team. This expense related principally to $5.7 million in executive severance, $0.5 million of accelerated non-cash stock option expense, and $1.3 million for the recruiting and hiring of new executive leadership.

Interest Expense, net

Interest expense increased $0.5 million, or 4.8%, to $11.8 million for the three months ended September 30, 2014 compared to $11.3 million for the same period in 2013. This increase was due to the effects of the additional borrowings of $252.5 million under the Senior Credit Facility, partially offset by interest rate savings resulting from the repricing of the Senior Credit Facility, both of which occurred during the fourth quarter of 2013.

Income Tax Expense

We recognized $32.6 million of income tax expense (or 33.7% of pre-tax income) during the three months ended September 30, 2014 compared to $41.7 million (or 36.3% of pre-tax income) for the same period in 2013. The decrease in our tax rate is principally due to reductions in state taxes and the permanent difference related to the non-taxable reversal of the contingent purchase price liability of $4.3 million.

Net Income

As a result of the foregoing, consolidated net income decreased $8.7 million to $64.3 million for the three months ended September 30, 2014 compared to $73.0 million for the same period in 2013.

Comparison of the Nine Months Ended September 30, 2014 and 2013

Revenues

Our consolidated net revenues decreased $9.3 million, or 0.5%, to $2,006.0 million for the nine months ended September 30, 2014 compared to $2,015.3 million for the same period in 2013. The decrease was the result of decreased sales in our Manufacturing/Wholesale and Franchise segments, partially offset by the increased sales in the Retail segment.

Retail. Revenues in our Retail segment increased $11.9 million, or 0.8%, to $1,495.2 million for the nine months ended September 30, 2014 compared to $1,483.3 million for the same period in 2013, which was primarily driven by an increase in sales of $35.7 million in our e-commerce businesses (principally due to the acquisition of Discount Supplements which occurred in October 2013), and $37.2 million from the addition of 151 net new corporate stores and nine The Health Store locations in Ireland, acquired in April 2014. These increases were partially offset by negative domestic retail same store sales, which includes sales from GNC.com, of 2.7%, approximately $6.5 million due to the exchange rate trend of the Canadian dollar, and the negative effect due to the Gold Card giveaway associated with the Member Pricing launch in 2013. Our company-owned store base increased by 160 stores to 3,459 at September 30, 2014 compared to 3,299 at September 30, 2013, which includes 14 new Canadian stores and nine new stores as a result of the acquisition of The Health Store.

Franchise. Revenues in our Franchise segment decreased $8.2 million, or 2.4%, to $327.8 million for the nine months ended September 30, 2014 compared to $336.0 million for the same period in 2013. Domestic franchise revenue increased $5.1 million primarily due to higher wholesale sales, fees, and royalties. Our domestic franchise same store sales decreased by 3.6% for the nine months ended September 30, 2014 compared to the same period in 2013. There were 1,063 domestic franchise stores at September 30, 2014 compared to 984 stores at September 30, 2013.

International revenue decreased by $13.3 million, or 9.7%, for the nine months ended September 30, 2014, compared to the same period in 2013, primarily due to lower product sales, particularly due to regulatory and macro-economic factors in several key international franchise markets, partially offset by an increase in royalties and fees. Our international franchisees have reported a 1.9% same store sales increase this year, on a local currency basis. Our international franchise store base increased by 146 stores to 2,101 at September 30, 2014, compared to 1,955 at September 30, 2013.

Manufacturing/Wholesale. Revenues in our Manufacturing/Wholesale segment, which principally includes third-party sales from our manufacturing facilities in South Carolina, as well as wholesale sales to Rite Aid, PetSmart, and Sam’s Club, decreased $13.0 million, or 6.6%, to $183.0 million for the nine months ended September 30, 2014 compared to $196.0 million for the same period in 2013. Third-party contract manufacturing sales from our South

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Carolina manufacturing plant decreased $6.2 million, or 6.0%, to $97.2 million for the nine months ended September 30, 2014 compared to $103.4 million for the same period in 2013. Wholesale revenue decreased $6.8 million, or 7.3%, due to lower shipments to our wholesale customers from softer market trends.

Cost of Sales

Cost of sales, which includes product costs, costs of warehousing and distribution and occupancy costs, decreased $4.2 million, or 0.3%, to $1,246.0 million for the nine months ended September 30, 2014 compared to $1,250.2 million for the same period in 2013. Cost of sales, as a percentage of net revenue, was 62.1% and 62.0% for the nine months ended September 30, 2014 and 2013, respectively.

Selling, General and Administrative (“SG&A”) Expenses

SG&A expenses, including compensation and related benefits, advertising and promotion expense, other SG&A expenses including amortization expense, increased $19.4 million, or 4.9%, to $410.9 million for the nine months ended September 30, 2014 compared to $391.5 million for the same period in 2013. These expenses, as a percentage of net revenue, were 20.5% and 19.4% for the nine months ended September 30, 2014 and 2013, respectively.

Compensation and related benefits. Compensation and related benefits increased $6.0 million, or 2.5%, to $245.9 million for the nine months ended September 30, 2014 compared to $239.9 million for the same period in 2013. The increase in compensation and related benefits was primarily due to support for our increased store base and sales volume, partially offset by the reversal of incentive and non-cash stock-based compensation accruals.

Advertising and promotion. Advertising and promotion expenses increased $5.9 million, or 11.1%, to $59.4 million for the nine months ended September 30, 2014 compared to $53.5 million for the same period in 2013. Advertising expense, as a percentage of net revenue, was 3.0% and 2.7% for the nine months ended September 30, 2014 and 2013, respectively. The increase in our advertising expense as a percentage of net revenue is principally due to increased media advertising related to the Beat Average™ marketing campaign and the acquisition of Discount Supplements, which occurred in the fourth quarter of 2013.

Other SG&A. Other SG&A expenses, including amortization expense, increased $7.5 million, or 7.6%, to $105.6 million for the nine months ended September 30, 2014 compared to $98.1 million for the same period in 2013. This increase principally relates to expenses from our newly acquired retail businesses and higher legal expenses.

Other

Management realignment. For the nine months ended September 30, 2014, we incurred $7.5 million associated with the changes among our executive leadership team. This expense related principally to $5.7 million in executive severance, $0.5 million of accelerated non-cash stock-based compensation expense net of forfeitures, and $1.3 million for the recruiting and hiring of new executive leadership.

International franchise receivable reserve. For the nine months ended September 30, 2014, we recorded a $4.4 million reserve against receivables with our international franchisees, compared to $0.4 million for the same period in 2013. The collectability of receivables principally from one international franchisee has become uncertain due to its current financial condition.

Reversal of contingent purchase price. During the nine months ended September 30, 2014, it was determined that certain conditions required to be met by the seller in the purchase agreement of Discount Supplements were not achieved, and as such, we reversed a $4.3 million contingent purchase price liability.

Other (income) expense, net. Other (income) expense, which includes the gain on sale of corporate owned stores to franchisees and foreign currency (gain) loss, increased $8.5 million to a gain of $9.5 million for the nine months ended September 30, 2014 compared to a gain of $1.0 million for the same period in 2013. The increase in other (income) expense is a result of more conversions from corporate stores to franchise stores for the nine months ended September 30, 2014 compared to the same period in 2013.

Operating Income

As a result of the foregoing, consolidated operating income decreased $23.2 million, or 6.2%, to $351.0 million for the nine months ended September 30, 2014 compared to $374.2 million for the same period in 2013. Operating

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income, as a percentage of net revenue, was 17.5% and 18.6% for the nine months ended September 30, 2014 and 2013, respectively.

Retail. Operating income decreased $13.6 million, or 4.7%, to $277.9 million for the nine months ended September 30, 2014 compared to $291.5 million for the same period in 2013. The decrease in operating income was negatively impacted by higher media spend and expense deleveraging associated with negative same store sales, partially offset by a higher gross margin and the Reversal of Contingent Purchase Price.

Franchise. Operating income increased $4.9 million, or 4.2%, to $121.6 million for the nine months ended September 30, 2014 compared to $116.7 million for the same period in 2013. The increase was due to higher gross profit margin and the gain on sale of corporate owned stores.

Manufacturing/Wholesale. Operating income decreased $7.5 million, or 9.8%, to $69.4 million for the nine months ended September 30, 2014 compared to $76.9 million for the same period in 2013. The decrease in operating income was generally due to lower shipments to wholesale customers from softer market trends as well as lower proprietary sales.

Warehousing and distribution costs. Unallocated warehousing and distribution costs decreased $0.4 million, or 0.9%, to $50.3 million for the nine months ended September 30, 2014 compared to $50.7 million for the same period in 2013. The decrease was primarily due to transportation savings related to the transition to a third-party pooled transportation network during the fourth quarter of 2013.

Corporate costs. Corporate overhead costs decreased $0.1 million to $60.1 million for the nine months ended September 30, 2014 compared to $60.2 million for the same period in 2013, as the decrease in salaries and benefits of $4.5 million, which was principally related to the reversal of incentive and non-cash stock-based compensation accruals, was partially offset by higher legal and other SG&A expenses.

Management realignment. For the nine months ended September 30, 2014, we incurred $7.5 million associated with the changes among our executive leadership team. This expense related principally to $5.7 million in executive severance, $0.5 million of accelerated non-cash stock-based compensation expense, and $1.3 million for the recruiting and hiring of new executive leadership.

Interest Expense, net

Interest expense increased $1.6 million, or 4.9%, to $35.0 million for the nine months ended September 30, 2014 compared to $33.4 million for the same period in 2013. This increase was due to the effects of the additional borrowings of $252.5 million under the Senior Credit Facility, partially offset by interest rate savings resulting from the repricing of the Senior Credit Facility, both of which occurred during the fourth quarter of 2013.

Income Tax Expense

We recognized $111.9 million of income tax expense (or 35.4% of pre-tax income) during the nine months ended September 30, 2014 compared to $123.4 million (or 36.2% of pre-tax income) for the same period in 2013. The decrease in our tax rate is principally due to reductions in state taxes and the permanent difference related to the non-taxable reversal of the contingent purchase price liability of $4.3 million.

Net Income

As a result of the foregoing, consolidated net income decreased $13.3 million to $204.1 million for the nine months ended September 30, 2014 compared to $217.4 million for the same period in 2013.

Liquidity and Capital Resources

At September 30, 2014, we had $148.2 million in cash and cash equivalents and $653.0 million in working capital, compared with $226.2 million in cash and cash equivalents and $719.0 million in working capital at December 31, 2013. The $66.0 million decrease in our working capital was primarily driven by a decrease in our cash due to the repurchase of common stock and an increase in accounts payable, partially offset by an increase in inventory levels.

We expect to fund our operations through internally generated cash and, if necessary, from borrowings under our $130.0 million revolving credit facility (the "Revolving Credit Facility"). At September 30, 2014, we had $128.9 million available under the Revolving Credit Facility, after giving effect to $1.1 million utilized to secure letters of credit.

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We expect our primary uses of cash in the near future will be for capital expenditures, working capital requirements, and funding any quarterly dividends to stockholders and share repurchases that are approved by our board of directors.

In August 2014, our board of directors authorized a multi-year program to repurchase up to an aggregate of $500.0 million of our common stock. This replaces the repurchase program established in November 2013. We repurchased $230.3 million of common stock during the nine months ended September 30, 2014 and have utilized $40.0 million of the current repurchase program.

On October 23, 2014, the board of directors authorized and declared a cash dividend for the fourth quarter of 2014 of $0.16 per share of common stock, payable on or about December 26, 2014 to stockholders of record as of the close of business on December 12, 2014.

We currently anticipate that cash generated from operations, together with amounts available under the Revolving Credit Facility, will be sufficient for the term of the Revolving Credit Facility, which matures in March 2017, to meet our operating expenses and fund capital expenditures as they become due. We are required to make quarterly payments of $1.1 million on the amount outstanding under our term loan facility (and, together with the Revolving Credit Facility, the “Senior Credit Facility”), payable every quarter beginning March 31, 2014 and ending on December 31, 2018. Our ability to make scheduled payments of principal on, to pay interest on or to refinance our debt and to satisfy our other debt obligations will depend on our future operating performance, which will be affected by general economic, financial and other factors beyond our control. We are currently in compliance with our debt covenant reporting and compliance obligations under the Senior Credit Facility and expect to remain in compliance during 2014.

Cash Provided by Operating Activities

Cash provided by operating activities was $238.0 million and $216.1 million for the nine months ended September 30, 2014 and 2013, respectively. The increase was due to a decrease in receivables, the timing of payments for accounts payable, and an increase in deferred revenue and other current liabilities for the nine months ended September 30, 2014 compared to the same period in 2013.

For the nine months ended September 30, 2014, inventory increased $62.5 million as a result of increases in our finished goods to support our increased store base and timing of purchase orders with a significant vendor. Accounts payable increased $8.9 million due to the increase in inventory and timing of payments.

Cash Used in Investing Activities

Cash used in investing activities was $61.0 million and $34.3 million for the nine months ended September 30, 2014 and 2013, respectively. Capital expenditures, which were primarily for new stores and improvements to our retail stores and our distribution center in Indianapolis, Indiana, which opened in October 2014, were $55.2 million and $33.6 million for the nine months ended September 30, 2014 and 2013, respectively. Also, in April of 2014, we spent approximately $6.4 million related to the acquisition of The Health Store.

We expect capital expenditures to be approximately $70.0 million in 2014, which includes costs associated with growing our domestic square footage and our new distribution center in Indianapolis, Indiana. We anticipate funding our 2014 capital requirements with cash flows from operations and, if necessary, borrowings under the Revolving Credit Facility.

Cash Used in Financing Activities

For the nine months ended September 30, 2014, cash used in financing activities was $255.2 million, primarily consisting of dividends paid to Holdings' stockholders of $43.3 million and the repurchase of an aggregate of $230.3 million in shares of common stock under the repurchase program, offset by $22.7 million of proceeds from exercised stock options, including the associated tax benefit.

For the nine months ended September 30, 2013, cash used in financing activities was $263.3 million, primarily consisting of dividends paid to Holdings' stockholders of $43.3 million and the repurchase of an aggregate of $238.4 million shares of common stock under a repurchase program, offset partially by $21.2 million of proceeds from exercised stock options, including the associated tax benefit.

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Contractual Obligations

There are no material changes in our contractual obligations as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013.

Off Balance Sheet Arrangements

As of September 30, 2014, we had no relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off balance sheet arrangements, or other contractually narrow or limited purposes. We are, therefore, not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Critical Accounting Estimates

Our significant accounting policies are described in the notes to our unaudited consolidated financial statements under Note 2, “Basis of Presentation and Summary of Significant Accounting Policies”. There have been no material changes to the application of critical accounting policies and significant judgments and estimates since those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued accounting standard ASU 2013-11, regarding the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This standard requires entities to present an unrecognized tax benefit as a reduction of a deferred tax asset for a net operating loss (“NOL”) or tax credit carryforward whenever the NOL or tax credit carryforward would be available to reduce the additional taxable income or tax due if the tax position is disallowed. This accounting standard update requires entities to assess whether to net the unrecognized tax benefit with a deferred tax asset as of the reporting date. This guidance is effective for fiscal years beginning after December 15, 2013, with early adoption permitted. We adopted this guidance during the first quarter of 2014. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In May 2014, the FASB issued accounting standard ASU 2014-09, which updates revenue recognition guidance relating to contracts with customers. This standard states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard is effective for fiscal years beginning after December 15, 2016. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

In June 2014, the FASB issued accounting standard ASU 2014-12, which updates guidance on performance stock awards. The update states that for any award that has a performance target that affects vesting and that could be achieved after the requisite period, that performance target should still be treated as a performance condition. This standard is effective for fiscal years beginning after December 15, 2015. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of changes in the value of market risk sensitive instruments caused by fluctuations in interest rates, foreign exchange rates and commodity prices. Changes in these factors could cause fluctuations in the results of our operations and cash flows. In the ordinary course of business, we are primarily exposed to foreign currency and interest rate risks. We use an insignificant amount of derivative financial instruments in connection with these commodity market risks.

Interest Rate Market Risk

All of our long-term debt is subject to changing interest rates. Although changes in interest rates do not impact our operating income, the changes could affect the fair value of such debt and related interest payments. Based on our variable rate debt balance as of September 30, 2014, an increase of 1% in the interest rates would cause our annual interest rate costs to increase by approximately $6.5 million. A decrease in the current interest rates would have no impact on interest expense due to an interest rate floor that exists on the Senior Credit Facility.

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Foreign Currency Exchange Rate Market Risk

We are subject to the risk of foreign currency exchange rate changes in the conversion from local currencies to the U.S. dollar of the reported financial position and operating results of our non-U.S. based subsidiaries. We are also subject to foreign currency exchange rate changes for purchases of goods and services that are denominated in currencies other than the U.S. dollar. The primary currencies to which we are exposed to fluctuations are the Canadian Dollar, the Chinese Renminbi, the British Pound, and the Euro. The fair value of our net foreign investments and our foreign denominated payables would not be materially affected by a 10% adverse change in foreign currency exchange rates for the nine months ended September 30, 2014 and 2013.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") , has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in the reports that we file or submit under the Exchange Act has been appropriately recorded, processed, summarized and reported on a timely basis and are effective in ensuring that such information is accumulated and communicated to our management, including our CEO, as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our CEO has concluded that, as of September 30, 2014, our disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal controls over financial reporting that occurred during the last fiscal quarter, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Part II - OTHER INFORMATION
Item 1. Legal Proceedings

We are engaged in various legal actions, claims and proceedings arising in the normal course of business, including claims related to breach of contracts, products liabilities, intellectual property matters and employment-related matters resulting from our business activities.

We record accruals for outstanding legal matters when we believe it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. We evaluate, on a quarterly basis, developments in legal matters that could affect the amount of any accrual and developments that would make a loss contingency both probable and reasonably estimable. If a loss contingency is not both probable and estimable, we do not establish an accrued liability. Currently, none of our accruals for outstanding legal matters are material individually or in the aggregate to our financial position. However, if we ultimately are required to make a payment in connection with an adverse outcome in any of the matters discussed below, it is possible that it could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our contingencies are subject to substantial uncertainties, including for each such contingency the following, among other factors: (i) the procedural status of the case; (ii) whether the case has or may be certified as a class action suit; (iii) the outcome of preliminary motions; (iv) the impact of discovery; (v) whether there are significant factual issues to be determined or resolved; (vi) whether the proceedings involve a large number of parties and/or parties and claims in multiple jurisdictions or jurisdictions in which the relevant laws are complex or unclear; (vii) the extent of potential damages, which are often unspecified or indeterminate; and (viii) the status of settlement discussions, if any, and the settlement posture of the parties. Consequently, except as otherwise noted below with regard to a particular matter, we cannot predict with any reasonable certainty the timing or outcome of the legal matters described below, and we are unable to estimate a possible loss or range of loss.

As a manufacturer and retailer of nutritional supplements and other consumer products that are ingested by consumers or applied to their bodies, we have been and are currently subjected to various product liability claims. Although the effects of these claims to date have not been material to us, it is possible that current and future product liability claims could have a material adverse effect on our business or financial condition, results of operations or cash flows. We currently maintain product liability insurance with a deductible/retention of $4.0 million per claim with an aggregate cap on retained loss of $10.0 million. We typically seek and have obtained contractual indemnification from most parties that supply raw materials for our products or that manufacture or market products we sell. We also typically seek to be added, and have been added, as an additional insured under most of such parties' insurance policies. We are also entitled to indemnification by Numico for certain losses arising from claims related to products containing ephedra or Kava Kava sold prior to December 5, 2003. However, any such indemnification or insurance is limited by its terms and any such indemnification, as a practical matter, is limited to the creditworthiness of the indemnifying party and its insurer, and the absence of significant defenses by the insurers. Consequently, we may incur material products liability claims, which could increase our costs and adversely affect our reputation, revenue and operating income.

Hydroxycut Claims. In 2009, the FDA issued a warning on several Hydroxycut-branded products manufactured by Iovate Health Sciences U.S.A., Inc. ("Iovate") based on 23 reports of liver injuries from consumers who claimed to have used the products between 2002 and 2009. As a result, Iovate voluntarily recalled 14 Hydroxycut-branded products.

Following the recall, we were named, among other defendants, in approximately 93 lawsuits, including a number of putative class action cases, related to Hydroxycut-branded products in 14 states. The United States Judicial Panel on Multidistrict Litigation consolidated pretrial proceedings of many of the pending actions in the Southern District of California (In re: Hydroxycut Marketing and Sales Practices Litigation, MDL No. 2087), and Iovate previously accepted our tender request for defense and indemnification under its purchasing agreement with us in these matters.

As of September 30, 2014, there were 76 pending lawsuits related to Hydroxycut in which we have been named, including 70 individual, largely personal injury claims and six putative class action cases, generally inclusive of claims of consumer fraud, misrepresentation, strict liability and breach of warranty. In May 2013, the parties to the individual personal injury cases signed a Master Settlement Agreement, under which we are not required to make any payments. Settlement payments will be made exclusively by Iovate and dismissals are expected to be entered in these actions in the near term. The parties in the consolidated class actions also reached a settlement, which the Court approved on October 20, 2014. The Company is not required to make any payments under the class action settlement agreement. Following resolution of the individual personal injury cases and the settlement of the consolidated class

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action suits, all of the Hydroxycut claims currently pending against the Company will be resolved without any payment by us

DMAA / Aegeline Claims. Prior to December 2013, we sold products manufactured by third parties that contained derivatives from geranium known as 1.3-dimethylpentylamine/ dimethylamylamine/13-dimethylamylamine, or "DMAA," which were recalled from our stores in November 2013, and/or Aegeline, a compound extracted from bael trees. As of September 30, 2014, we were named in the following 21 lawsuits involving products containing DMAA and/or Aegeline, including 18 personal injury cases and three putative class action cases:

Personal Injury Claims:

- Susan Straub, individual, and as Administratrix of the Estate of Shane Straub v. USPLabs LLC ("USPLabs") and General Nutrition Holdings, Inc., Court of Common Pleas of Philadelphia County (Case No. 14-0502403), filed May 20, 2014

- Shirley Davila Trustee Ad Litem for the Estate of Jessica Davila v. General Nutrition Centers, Inc. and USPLabs, Court of the Common Pleas of Philadelphia County, PA (Case No.12-0602113), filed June 18, 2012

- Leanne Sparling and Michael Sparling on behalf of Michael Sparling, deceased v. USPLabs, GNC Corporation, et al. Superior Court of California, County of San Diego (Case No. 2013-00034663-CU-PL-CTL), filed February 13, 2013

- Justin Carolyne, et al. v. USPLabs, GNC Corporation, et al. Superior Court of California, County of Los Angeles (Case No. BC508212), filed May 22, 2013

- Everine Van Huoten vs. USPLabs and GNC Holdings, United States District Court for the District of Hawaii (Case No. 13 CV 00635 LEK KSC), filed November 19, 2013

- Jeremy Reed, Timothy Anderson, Dan Anderson, Nadia Black, et al. v. USPLabs, et al., GNC, Superior Court for California, County of San Diego (Case No. 37-2013-00074052-CU-PL-CTL), filed November 1, 2013

- Kenneth Waikiki v. USPLabs, Doyle, Geissler, USP Labs OxyElite, LLC, et al. and GNC Corporation, et al., United States District Court for the District of Hawaii (Case No. 3-00639 DMK), filed November 21, 2013

- Nicholas Akau v. USPLabs, GNC Corporation, et al., United States District Court for the District of Hawaii (Case No. CV 14-00029), filed January 23, 2014

- Malissa Igafo v. USPLabs, GNC Corporation, et al., United States District Court for the District of Hawaii (Case No. CV 14-00030), filed January 23, 2013

- Calvin Ishihara v. USPLabs, GNC Corporation, et al., United States District Court for the District of Hawaii (Case No. CV 14-00031), filed January 23, 2014

- Gaye Anne Mattson v. USPLabs, GNC Corporation, et al., United States District for the District of Hawaii (Case No. CV 14-00032), filed January 23, 2014

- Dominic Little vs. USPLabs, Jonathan Vincent Doyle (an individual), Jacob Geissler (an individual), USPLabs Jack3d, LLC, USPLabs OxyElite, LLC, GNC Corporation, the Vitamin Shoppe, Vitamin Shoppe Industries, Inc., Bally Total Fitness Corporation, Natural Alternatives International, Inc., S.K. Laboratories, Inc., Los Angeles Superior Court (Case No. BC534065), filed January 23, 2014

- Jamie Franco v. USPLabs, GNC Corporation, et al., United States District Court for the Central District of California (Case No. CV-14-00592), filed January 24, 2014

- Roel Vista v. USPLabs, GNC Corporation, et al. United States District Court for the Northern District of California (Case No. CV-14-0037), filed January 24, 2014

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- Karina Lujan, individually and as next friend of Kalysa Rosa, Michael Lujan, Jimmy Eddy Lujan and Gabriel Lujan v. USPLabs, GNC Holdings et al., District Court, 298th Judicial District, Dallas County, Texas (Case No. DC-13-05677-M), filed March 14, 2014

- Thomas Park v. USPLabs, et al., California Superior Court, San Diego County (Case No. 37-2014-00010924-CU-PL-CTL), filed April 10, 2014

- Nicholas Olson, Adrian Chavez, Rebecca Fullerton, Robert Gunter, Davina Maes and Edwin Palm v. USPLabs, LLC et al., California Superior Court, Orange County (Case No., 2014-00740258), filed August 18, 2014

- Michelle Cayton v. GNC Holdings, Inc. et al., California Superior Court, Los Angeles County (Case No. BC555230), filed August 19, 2014

Putative Class Action Claims:

- Michael Campos, Jennifer Southwick, and others v. USPLabs and GNC Corp., United States District Court for the Southern District of California (Case No. 13CV2891 DMS BLM), filed December 5, 2013

- Christopher Lutkus v. USPLabs and GNC Corp., United States District Court for the Northern District of Florida (Case No. 4:13-cv-00627-RH-CAS), filed November 13, 2013

- Sandeep Barot v. USPLabs and General Nutrition Center Holdings, Inc., United States District Court for the District of New Jersey (Case No. 14-cv-00562), filed February 3, 2014

The proceedings associated with these cases, which generally seek indeterminate money damages, are in the early stages, and any liabilities that may arise from these matters are not probable or reasonably estimable at this time. We are contractually entitled to indemnification by our third-party vendor with regard to these matters, although our ability to obtain full recovery in respect of any such claims against us is dependent upon the creditworthiness of our vendor and/or its insurance coverage and the absence of any significant defenses available to its insurer.

Jason Olive v. General Nutrition Corp. In April 2012, Jason Olive filed a complaint in the Superior Court of California, County of Los Angeles (Case No. BC482686), for misappropriation of likeness in which the plaintiff alleges that we continued to use his image in stores after the expiration of the license to do so in violation of common law and California statutes. Mr. Olive is seeking compensatory, punitive and statutory damages and attorneys’ fees and costs, and a trial in this matter is currently scheduled for December 2014. As of September 30, 2014, an immaterial liability has been accrued in the accompanying financial statements.

Item 1A. Risk Factors

There have been no material changes to the disclosures relating to this item from those set forth in our Annual Report on Form 10-K for the year ended December 31, 2013.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table sets forth information regarding Holdings' purchases of shares of common stock during the quarter ended September 30, 2014:

	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs
July 1 to July 31, 2014	—	—	—	$250,745,598
August 1 to August 31, 2014	1,092,723	36.61	1,092,723	$460,000,030
September 1 to September 30, 2014	—	—	—	$460,000,030
Total	1,092,723	$36.61	1,092,723	

(1) In August 2014, we announced that our board of directors approved a multi-year share repurchase program pursuant to which we were authorized to purchase up to an aggregate of $500.0 million shares of common stock during the twenty-four month period ending August 31, 2016 (the "Repurchase Program"). This program replaces our previous repurchase authorization from November 2013. Other than purchases in connection with the Repurchase Program as set forth in the table above, we made no purchases of shares of common stock for the quarter ended September 30, 2014.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Item 4 is not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
10.1	Separation Agreement, dated as of September 10, 2014, by and between General Nutrition Centers, Inc. and Thomas Dowd*
10.2	Separation Agreement, dated as of August 4, 2014, by and between General Nutrition Centers, Inc. and Joseph M. Fortunato*
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

32.1	Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
*	Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the persons undersigned thereunto duly authorized.

GNC HOLDINGS, INC.
(Registrant)

Date: October 30, 2014	/s/ Michael G. Archbold Michael G. Archbold Chief Executive Officer (Principal Executive Officer and performing the function of or similar to that of Principal Financial Officer)
Date: October 30, 2014	/s/ Patrick A. Fortune Patrick A. Fortune Corporate Controller