



GNC Vendor & Supplier FAQ

GNC's Chapter 11 Case

1. What did GNC announce?

GNC Holdings, Inc. and certain of its North American entities reached an agreement on a plan of reorganization under Chapter 11 of the U.S. Bankruptcy Code to accelerate our business strategy and preserve continuity for the benefit of our employees, customers and other business partners.

Importantly, GNC enters this process with the overwhelming support of our lenders in the form of a signed restructuring support agreement (RSA) executed by more than 92% of Term Lenders and 87% of ABL FILO Lenders. This will enable us to emerge from this process expeditiously. In addition, GNC, the majority of these lenders, and Harbin Pharmaceutical Group Holding Co., Ltd., an affiliate of GNC's largest shareholder, have reached an agreement in principle for the sale of our business through a court-supervised auction process. If all parties reach a definitive agreement on the terms of a sale, it would be implemented instead of a standalone restructuring.

2. What is Chapter 11?

"Chapter 11" refers to the chapter of the U.S. Bankruptcy Code that specifies a process for businesses to address their financial challenges while continuing operations. The Chapter 11 process, which emphasizes a restructuring of an organization's financial liabilities while supporting its future operations, is very different than a liquidation or a wind-down.

For GNC, the Chapter 11 process will enable us to reorganize our business while accelerating the store portfolio optimization strategy we've been executing upon over the past year. We believe this process will increase our long-term growth potential by allowing us to focus on our omnichannel and brand strategies that will better position us to meet current and future consumer demand.

3. Does this mean GNC is going out of business?

No. The Chapter 11 process is designed to allow companies like ours to continue to operate their business while working to achieve their financial goals – and that is exactly what we expect to do.

4. Will GNC be sold?

Our restructuring may take one of two paths. Through this process, we may execute our proposed plan of reorganization and emerge through a standalone restructuring. Alternatively, if all parties reach a definitive agreement on the terms of a sale, it would be implemented instead of a standalone restructuring.

We expect to confirm a standalone plan of reorganization or consummate a sale that will enable us to exit from this process in the fall of this year.

5. Why is filing Chapter 11 necessary?

Our business has been under financial pressure for the past several years as we have worked to pay down debt and reposition GNC to be more competitive in a challenging operating and retail environment. We were making significant progress and were focused on refinancing the business to allow us to position ourselves for long term growth. However, the COVID-19 pandemic, among other things, created a situation where we were unable to consummate a refinancing and the abrupt change in the operating environment impacted our business. As a result, we felt the best opportunity for us to continue to improve our capital structure and address certain operational issues was to restructure through a Chapter 11 reorganization.

Chapter 11 gives us the opportunity to improve our balance sheet and capital structure while continuing to advance our business strategy, right-size our corporate store portfolio, and strengthen our brands to protect the long-term sustainability of our company.

Over the past year, GNC has been executing a store portfolio optimization strategy to close underperforming stores, while doubling down on our omnichannel and brand strategies to better meet consumer demand. We believe that our strategy is sound, and the success we've seen thus far makes us confident we're moving our business in the right direction. The Chapter 11 process will allow us to accelerate these strategies and invest in the appropriate areas to evolve for the future, while improving our capital structure and balance sheet. We will emerge from Chapter 11 better positioned to serve our customers.

6. Were you planning to file Chapter 11 before the COVID-19 pandemic?

Our Chapter 11 filing is the result of factors caused by the COVID-19 pandemic, which created a situation where we were unable to consummate a refinancing and the abrupt change in the operating environment impacted our business. The current circumstances have increased pressure on brands like ours that are experiencing decreased customer traffic at our physical stores.

We strongly believe that our decision to file is not a result of our current business strategy, products or professionals. Prior to the COVID-19 pandemic, our management team was making significant progress in addressing our balance sheet and was focused on refinancing the business to allow us to position ourselves for long-term growth, taking \$500 million of debt off the books over the past two years. Unfortunately, the pressures of today's environment have forced us to address our remaining debt faster than anticipated.

While the COVID-19 pandemic increased financial pressure on our business, the positive consumer response we're seeing during this time also makes us confident we're moving our business in the right direction. Our science-based products are more relevant now than ever, as we're seeing that consumers want health products they can trust. In most states across the U.S., we are considered an essential business, underscoring that in these times especially, there is a real need for access to immunity and wellness products.

7. What will the deciding factor be in whether GNC is sold or not? When will that decision be made?

If all parties reach a definitive agreement on the terms of a sale, it would be implemented instead of a standalone restructuring. In the event an agreement is not reached, it would not in any way reflect our business or strategies. We're confident that either outcome of this process will position us for future success.

8. How would GNC look upon emergence if it is a sale vs. a standalone plan of reorganization? What differences would its employees, consumers, partners and other stakeholders see?

Regardless of the outcome of the Chapter 11 process, we expect to emerge better positioned to meet the strong consumer demand for health and wellness products by executing on our omnichannel and brand strategies. A sale or standalone restructuring are both going concern options that keep our business together and operating, and both potential paths present the opportunities we need to improve our balance sheet and capital structure while continuing to advance our business strategy.

9. Will GNC have a new name if it's sold?

The GNC brand remains a strong, trusted source for health and wellness products, and our lenders' and business partners' support of this process is indicative of their belief in our brand. We do not anticipate any changes to the company's name.

10. What is your preferred outcome of this process?

Both options provide clear paths to emerge from Chapter 11 this fall, better positioned to meet the strong consumer demand for health and wellness products.

11. Will the COVID-19 pandemic impact your restructuring process?

We will work towards a definitive agreement for a sale of the business or execute our proposed plan of reorganization and strengthen our financial position as efficiently as possible, while at the same time remaining focused on executing our longer-term business strategies. We do not anticipate COVID-19 will impact our ability to achieve these goals.

Despite the challenges we're facing as a result, the COVID-19 pandemic has also made it clear to us that we're moving our business in the right direction, and our founding principles remain more relevant than ever before. Through curbside pickup in locations where we're deemed essential, e-commerce sales and soon, buy-online-pick-up-in-store options, we're easier to shop with than ever.

12. Which GNC entities are filing? Are international operations impacted?

The entities that filed include GNC Holdings, Inc. and certain of its North American entities. In the coming days, we will file recognition proceedings in the applicable court in Canada seeking Canadian court recognition of the Chapter 11 proceeding. U.S. and international franchise partners and all corporate operations in Ireland are separate legal entities and are not impacted by this announcement.

13. Does "store optimization strategy" mean GNC will close a lot of stores? How will these decisions be made?

As previously shared, we have been undergoing a store portfolio optimization strategy to close certain GNC stores in locations as leases were ending and where it no longer makes sense to operate due to lowered consumer demand. The Chapter 11 process will allow us to accelerate this strategy.

As part of our restructuring, we expect to accelerate the closure of at least 800 to 1,200 stores in our portfolio, many of which were included in our optimization plan announced last year. By doing so, we will be exiting unfavorable lease terms that are burdening our business more quickly and shifting resources to our standalone store locations where we are seeing significantly more consumer foot traffic. We have already announced certain store closures in parallel with our filing. A current list of stores that are closing is available at www.gncevolution.com, which will continue to be updated as decisions are made. We will be analyzing all of our leases to assess competitiveness with current market dynamics and will communicate updates as we progress in the Chapter 11 process. We expect this process will take several months and will share more information as quickly as we are able.

14. When will you know more about the anticipated store closures?

We have already announced certain store closures in parallel with our filing. A current list of stores that are closing is available at www.gncevolution.com, which will continue to be updated as decisions are made. We will be analyzing all of our leases to assess competitiveness with current market dynamics and will communicate updates as we progress in the Chapter 11 process. We expect this process will take several months and will share more information as quickly as we are able.

15. Other than closing some stores, what does GNC need to accomplish through this process to achieve long-term financial stability?

GNC is confident that the Chapter 11 process will strengthen our capital structure and balance sheet. In addition to accelerating our store optimization strategy, throughout this process, GNC will continue executing upon strategic initiatives that will position us to provide innovative wellness solutions to customers, wherever they are, for the long-term.

The improvements we've made that allow our business to operate more efficiently, along with the investments we've made in our brand and omnichannel strategies, are building momentum and reinforce our confidence in GNC's future. We are now taking additional action to strengthen our balance sheet, so we can finally realize the full benefits of the progress that we've already achieved.

16. What are your omnichannel and brand strategies? How do you know they are working?

Our omnichannel and brand strategies are positioning us to provide innovative wellness solutions to customers, wherever they are, for the long-term. As part of our brand strategy, we've reinvested in R&D and the consumer experience, building a strong product pipeline for our loyal consumers and new users. Our omnichannel strategy is making the GNC shopping experience easier than ever before. We've launched an enhanced e-commerce experience, and later this year, we will be giving consumers the option to buy-online-pick-up-in-store.

Despite the environmental challenges we're facing, the positive consumer response we're seeing during this time makes us confident we're moving our business in the right direction and the role these strategies play in our growth.

17. Are you making changes to the types of products you offer?

Consumers can expect to see their favorite products as well as new, innovative brand solutions to meet their wellness goals. Our founding principles of delivering high quality science-based products and solutions remain strong and are more relevant today than ever before, as trends in everyday fitness and a desire to help support a healthy immune system are growing. We're harnessing our 85-year history of science-backed innovation to meet the health needs of consumers today and tomorrow. In fact, we have a three-year innovation pipeline of ingredients and products that we are excited to bring to market.

18. What is GNC's current liquidity position?

GNC has secured approximately \$130 million in additional liquidity through (i) a commitment from certain of our term lenders to provide \$100 million in "new money" debtor-in-possession (DIP) financing and (ii) approximately \$30 million to come from certain modifications to the existing ABL credit agreement. We are confident that between financing and cash flow from normal operations, and with the continued support of our largest vendor, we will meet our go-forward financial commitments as we work to achieve our financial objectives.

19. What are the next steps in the restructuring?

GNC has already filed a series of motions, known as "First Day Motions," with the Court. Pending Court approval, this will allow us to continue employee wages and benefits, honor our customers' gift cards and loyalty program benefits, and pay suppliers in the normal course of business for all goods and services delivered after our filing date. These motions are typical in the Chapter 11 process and are generally heard in the first days of the case.

Our key area of focus will be collaborating with our business partners and lenders to reach a definitive agreement for a sale of the business. If an agreement is not reached, we will focus on executing our proposed plan of reorganization and strengthening our financial position. Either option will allow us to emerge with a stronger balance sheet and better positioned to serve our customers. We expect to



confirm a standalone plan of reorganization or consummate a sale that will enable us to exit from this process in the fall of this year.

20. How long is the Chapter 11 process expected to take? Does the timing change if it is a sale vs. a plan of reorganization?

We will work to execute our proposed plan of reorganization and strengthen our financial position as efficiently as possible, while at the same time remaining focused on advancing our business strategy, right-sizing our corporate store portfolio, and strengthening our brands. We expect to confirm a standalone plan of reorganization or consummate a sale that will enable us to exit from this process in the fall of this year. We look forward to emerging with a stronger balance sheet, well-positioned to meet the demands of our customers.

21. What does an “auction” process mean?

If we reach a definitive agreement for a sale of the business, the next step would be to collect any additional bids from potential buyers under Court supervision. Other qualified buyers will have the chance to submit a higher-value bid, should they choose. If multiple bids exceed the value of our sale agreement, we will conduct an auction, which includes a day of bidding and negotiations. At the end of the auction, the “highest and best” bid will be chosen as the winning bid to be reviewed and approved by the Court. We will then work toward emergence from Chapter 11 under new ownership.

Vendor / Supplier Concerns

22. How will vendors and suppliers know if their contract is with a filing entity?

Only GNC Holdings, Inc. and certain of its North American entities have filed for bankruptcy. International franchise partners are not included in the filing and will continue to operate as usual throughout this process. If your contract is not with one of our North American entities, you are not impacted by GNC’s Chapter 11 filing. If you are unsure about which entity your contract is with, the best way to confirm is to review the contract itself. However, if you have any questions, please don’t hesitate to reach out to your normal company contact.

23. How will the restructuring affect GNC’s relationship with vendors and suppliers?

GNC looks forward to continuing our relationships with our vendors and suppliers and expects to be a stronger business partner as a result of the actions we are taking. GNC fully expects to pay its vendors and suppliers in the ordinary course of business for all goods and services delivered on or after June 24, 2020, which are considered post-petition.

24. Does GNC have the necessary financial resources to meet its go-forward commitments to its vendors and suppliers?

GNC fully expects to pay suppliers in the ordinary course of business for all goods and services delivered on or after June 24, 2020, which are considered post-petition. GNC has secured a commitment for approximately \$130 million in additional liquidity from certain of its secured lenders. We are confident that between financing and normal operation cash flows, GNC will be well-equipped to meet our go-forward financial commitments as we work to achieve our financial objectives.

25. What do I need to do to be paid for the goods and services I delivered prior to GNC’s Chapter 11 filing (pre-petition)?

The Bankruptcy Code gives priority to vendors whose goods were received during the 20 days immediately prior to the Chapter 11 filing on June 23, 2020. GNC expects that such claims will be given the appropriate priority in our Chapter 11 case. If you believe you are owed payment for goods



or services delivered on or prior to June 23, you may need to file a claim as part of the Chapter 11 case. Proof-of-claim forms are available on the “Claims” tab of this website and will be mailed to all vendors and suppliers.

26. How can I be sure I will be paid for goods and services delivered after the filing (post-petition)?

U.S. bankruptcy law gives administrative priority to claims incurred after a company has filed for Chapter 11 protection – including during the bankruptcy case – and expressly permits payment for goods and services provided to a company in Chapter 11 to allow the company to continue normal business operations. With our DIP financing in place, GNC fully expects to pay for all goods and services delivered after the filing in the ordinary course of business.

27. How do I know if my claim is considered pre-petition or post-petition?

Goods and services delivered on or prior to the date of GNC’s Chapter 11 filing (June 23, 2020) are considered pre-petition. Goods and services delivered on or after June 24, 2020 are considered post-petition. In making this distinction, the key factor is not the invoice date but rather the date when the goods or services were delivered to GNC.

28. Are there any forms vendors need to complete or any other actions they need to take?

All vendors will be provided with a proof of claim form (whether they have such a claim or not). If they believe they have a pre-petition claim, they may file a proof of claim form with the Court. This form can also be found online at the “Claims” tab of this website.

29. What happens if the vendor issued an invoice *after* the filing date for goods or services provided *prior* to the filing? Is it pre-petition or post-petition?

The determination of whether a claim is pre- or post-petition is based on the date of delivery, not the date on the invoice. Goods and services delivered to GNC on or before June 23, 2020 are considered pre-petition, regardless of the date on the invoice. Goods and services delivered on or after June 24, 2020 are considered post-petition and will be paid in the ordinary course.