

Court File No. CV-20-00642970-00CL

**GNC Holdings, Inc.,
General Nutrition Centres Company *et al***

**PRE-FILING REPORT OF THE
PROPOSED INFORMATION OFFICER**

June 28, 2020

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT
ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GNC HOLDINGS, INC., GENERAL NUTRITION
CENTRES COMPANY, GNC PARENT LLC, GNC CORPORATION,
GENERAL NUTRITION CENTERS, INC., GENERAL NUTRITION
CORPORATION, GENERAL NUTRITION INVESTMENT COMPANY,
LUCKY OLDSCO CORPORATION, GNC FUNDING INC., GNC
INTERNATIONAL HOLDINGS INC., GNC CHINA HOLDSCO, LLC, GNC
HEADQUARTERS LLC, GUSTINE SIXTH AVENUE ASSOCIATES,
LTD., GNC CANADA HOLDINGS, INC., GNC GOVERNMENT
SERVICES, LLC, GNC PUERTO RICO HOLDINGS, INC. AND GNC
PUERTO RICO, LLC

APPLICATION OF GNC HOLDINGS, INC., UNDER SECTION 46 OF
THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, AS AMENDED

**PRE-FILING REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS PROPOSED INFORMATION OFFICER**

INTRODUCTION

1. GNC Holdings, Inc. ("**GNC Holdings**"), an entity registered in the state of Delaware, is the ultimate parent of General Nutrition Centres Company ("**GNC Canada**"). GNC Holdings is also the ultimate parent for those entities listed in **Appendix A** hereto (collectively, with GNC Holdings and GNC Canada, the "**Debtors**"). On June 23, 2020 (the "**Petition Date**"), the Debtors commenced cases under Chapter 11 of the United States Bankruptcy Code (the "**Chapter 11 Cases**") in the U.S. Bankruptcy Court in Delaware (the "**U.S. Court**").

2. On June 24, 2020, GNC Holdings in its capacity as the proposed foreign representative of the Debtors in respect of the Chapter 11 Cases filed an application under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "CCAA") to the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**") for:
 - (a) An interim order (Foreign Main Proceeding) granting a stay of proceedings against the Debtors (the "**Interim Stay Order**");
 - (b) An initial recognition order (the "**Initial Recognition Order**") recognizing the Chapter 11 Cases and granting, *inter alia*, a stay of proceedings against the Debtors; and
 - (c) A supplemental recognition order (the "**Supplemental Order**"), as described later in this Report, for various relief including the recognition of various orders issued in the Chapter 11 Cases and the appointment of FTI Consulting Canada Inc. ("**FTI Canada**") as Information Officer (in such capacity, the "**Information Officer**").
3. The Interim Stay Order was granted on June 24, 2020 by the Canadian Court.
4. The application for the Initial Recognition Order and the Supplemental Order is scheduled to be heard by the Canadian Court at 11:00 am Eastern Time on Monday, June 29, 2020 (the "**Recognition Hearing**"). The proceedings commenced under the CCAA shall be referred herein as the "**Recognition Proceedings**".
5. This report of the Proposed Information Officer (the "**Pre-Filing Report**") has been prepared to provide information to the Court for its consideration in respect of the relief sought by GNC Holdings in the Initial Recognition Order, the Supplemental Recognition Order, and the Consulting Agreement Approval Order (as defined below). In particular, the purpose of this Pre-Filing Report is to inform the Court on the following:
 - (a) The qualifications of FTI Canada to act as Information Officer and an overview of the involvement of FTI Canada and its affiliates with the Debtors to date;

- (b) An overview of the proposed restructuring process;
- (c) GNC Canada's 13-week cash flow forecast for the period from the week ending June 27, 2020 to the week ending September 19, 2020 (the "**June 23 Forecast**");
- (d) The independent review of the validity and enforceability of the security held by the ABL-FILO Lenders and the Term Lenders (as those terms are defined below) prepared by Stikeman Elliott LLP, legal counsel to the Information Officer (the "**Information Officer's Counsel**") and other local counsel (the "**Security Opinion**");
- (e) The orders issued to date in the Chapter 11 Cases (the "**First Day Orders**");
- (f) The Proposed Information Officer's comments on the request for recognition of the following First Day Orders:
 - (i) The Interim DIP Order;
 - (ii) The Interim Cash Management Order;
 - (iii) The Interim Store Closing Order;
 - (iv) The Interim Customer Programs Order; and
 - (v) The Interim Wages Order;
- (g) The request for approval of a Court-ordered priority charge in favour of the Information Officer and the Information Officer's Counsel, to secure payment of their fees and expenses (the "**Administration Charge**");
- (h) The request for approval of Court-ordered priority charges in favour of the DIP Lenders (as defined below) securing the obligations under the DIP Agreements (as defined below) (collectively, the "**DIP Lenders' Charges**"); and

- (i) The request for an order (the “**Consulting Agreement Approval Order**”) approving the consulting agreement (the “**Consulting Agreement**”) entered into between GNC Canada and a joint venture comprised of Tiger Asset Solutions Canada, ULC and GA Retail Canada ULC (collectively, the “**Canada Consultant**”).
6. In accordance with the Interim Stay Order, the Proposed Information Officer has established the following case website for the Recognition Proceedings: <http://cfcanada.fticonsulting.com/GNCC/>.

TERMS OF REFERENCE

7. In preparing this Pre-Filing Report, the Proposed Information Officer has relied upon unaudited financial information of the Debtors, the Debtors’ books and records, certain financial information prepared by the Debtors and discussions with various parties, including the various advisors to the Debtors (the “**Information**”).
8. Except as described in this Pre-Filing Report:
 - (a) The Proposed Information Officer has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Proposed Information Officer has not examined or reviewed financial forecasts and projections referred to in this Pre-Filing Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
9. The Proposed Information Officer has prepared this Pre-Filing Report in connection with the Recognition Hearing and should not be relied on for any other purposes.

10. Future oriented financial information reported or relied on in preparing this Pre-Filing Report is based on the assumptions of the management of the Debtors (“**Management**”) regarding future events; actual results may vary from forecast and such variations may be material.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in **United States Dollars**. Capitalized terms not otherwise defined herein have the meanings defined in affidavit of Tricia Tolivar sworn June 24, 2020, filed in support of the Initial Application (the “**Initial Tolivar Affidavit**”).

EXECUTIVE SUMMARY

12. The Proposed Information Officer is of the view that:
 - (a) Recognition of the Interim DIP Order, the Interim Store Closing Order, the Interim Cash Management Order, and the other First Day Orders by the Canadian Court are necessary to provide stability for the Debtors and further their restructuring efforts, including in respect of GNC Canada. Failure to recognize the First Day Orders could impair the Debtors reorganization efforts;
 - (b) The quantum of the proposed Administration Charge is reasonable in the circumstances;
 - (c) Approval of the DIP Lenders’ Charges is necessary and reasonable in the circumstances for the furtherance of the proposed restructuring of the Debtors in the Chapter 11 Cases, including the preservation, support and stabilization of GNC Canada; and
 - (d) The approval of the Consulting Agreement Approval Order is reasonable and appropriate in the circumstances.

13. Accordingly, the Proposed Information Officer respectfully recommends that the request for the Initial Recognition Order and the Supplemental Recognition Order be granted by this Honourable Court.

FTI CONSULTING AND ITS AFFILIATES

QUALIFICATIONS TO ACT

14. FTI Canada is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended*, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. FTI Canada has provided its consent to act as Information Officer.
15. As set out in greater detail below, FTI Canada personnel are familiar with the business and operations of the Debtors, certain of their personnel, the key issues and the key stakeholders in these Recognition Proceedings. The senior FTI Canada resource with carriage of this matter is an experienced Chartered Insolvency and Restructuring Professional and Licensed Insolvency Trustee, who has acted in restructurings and CCAA matters in Ontario and other provinces of Canada and on a significant number of cross-border cases. FTI Canada and its affiliates also have extensive experience in the retail industry.

INVOLVEMENT TO DATE OF FTI CANADA AND ITS AFFILIATES

16. FTI Consulting Inc. (“**FTI U.S.**”), FTI Canada’s U.S. parent, was engaged as financial advisor to the Debtors pursuant to an engagement letter executed March 23, 2020 (the “**FTI Engagement Letter**”) and has been active in providing assistance and advice to the Debtors since that time. FTI’s role has been to provide financial, strategic and restructuring advice, including assisting the Debtors in preparing for the filing of the Chapter 11 Cases and these Recognition Proceedings. Since May 11, 2020, FTI Canada personnel supported the FTI U.S. team, assisting in the delivery of Canadian restructuring expertise and advice as required and, in particular, with respect to the business and operations of GNC Canada.

17. Neither FTI Canada nor FTI U.S. have provided any accounting or auditing advice to the Debtors. Fees payable to FTI Canada and FTI U.S. pursuant to the FTI Engagement Letter are determined on an hourly basis. No success or incentive-based compensation is payable under the FTI Engagement Letter.

OVERVIEW OF THE PROPOSED RESTRUCTURING PROCESS

18. The Declaration of Tricia Tolivar in the Chapter 11 Cases (the “**Tolivar Declaration**”) provides an overview of the Debtors’ restructuring efforts to date, the circumstances leading up to the Chapter 11 Cases, and the resulting pre-arranged standalone plan of reorganization with certain of their secured lenders (the “**Standalone Plan Transaction**”) as contemplated in the Restructuring Support Agreement (as defined below). The support of the Supporting Secured Lenders (as defined below) pursuant to the Restructuring Support Agreement provides stability to the Debtors and a road map for the Debtors, including its Canadian operations, to emerge from the Chapter 11 Cases.
19. In addition, the Debtors, a significant majority of the Supporting Secured Lenders, and the Proposed Buyer have reached an agreement in principle for the sale of the Debtors’ business (the “**Sale Transaction**”). The Sale Transaction contemplates a \$760 million purchase price for a going-concern sale of the Debtors’ business, which would be executed through an auction process under section 363 of the *United States Bankruptcy Code*, at which higher and better bids may be presented. The Sale Transaction remains subject to definitive documentation acceptable to the Debtors, the Supporting Secured Lenders and the Proposed Buyer. The Debtors’ largest vendor and a joint venture partner, International Vitamin Corporation, is working with the Debtors to ensure a continued supply of products to the Debtors and to advance the proposed sale of the Debtors’ business.
20. It is contemplated that, if the Sale Transaction is timely documented and selected as the winning bid in the 363 auction, it would be implemented instead of the Standalone Plan Transaction.

21. The Standalone Plan Transaction is subject to several milestone dates as outlined in the Restructuring Support Agreement by which GNC Holdings must use commercially reasonable efforts to implement the Standalone Plan Transaction, including the following:
- (a) As soon as reasonably practicable, but in no event later than the date that is three Business Days after commencement of the “first day” hearing in the Chapter 11 Cases, the Canadian Court shall have entered the Initial Recognition Order and Supplemental Order;
 - (b) As soon as reasonably practicable, but in no event later than the date that is three Business Days after the entry of the Interim DIP Order in the Chapter 11 Cases, the Canadian Court shall have entered the Interim DIP Order;
 - (c) As soon as reasonably practicable, but in no event later than the date that is three Business Days after the entry of the Final DIP Order in the Chapter 11 Cases, the Canadian Court shall have entered the Final DIP Order;
 - (d) As soon as reasonably practicable, but in no event later than the date that is 120 calendar days after the Petition Date, the Bankruptcy Court shall have entered an order of the U.S. Court confirming the plan of reorganization in the Chapter 11 Cases (the “**Confirmation Order**”);
 - (e) As soon as reasonably practicable, but in no event later than the date that is three Business Days after the entry of the Confirmation Order in the Chapter 11 Cases, the Canadian Court shall have entered the Confirmation Order; and
 - (f) As soon as reasonably practicable, but in no event later than the earlier of:
 - (i) Twenty-one calendar days after the date on which the U.S. Court enters the Confirmation Order on the docket of the Chapter 11 Cases; and

- (ii) The date that is 141 calendar days after the date on which the plan of reorganization becomes effective in accordance with its terms shall occur.

THE JUNE 23 FORECAST

22. The June 23 Forecast, together with the notes thereto, is attached as **Appendix B** to this Pre-Filing Report and shows a net cash inflow of approximately \$0.9 million for the period. The June 23 Forecast is summarized as follows:

US\$000	
Receipts	17,067
Operating Disbursements	
Merchandise Vendors	(3,863)
Non-Merchandise Vendors	(2,175)
Payroll & Employee Related Disbursements	(4,729)
Occupancy Disbursements	(2,782)
Sales Taxes	(308)
Capital Expenditures	(63)
Corporate and Other Disbursements	(276)
Total Operating Disbursements	(14,196)
Net Operating Cash Flow	2,871
Professional Fees	(546)
Liquidation Disbursements	(1,418)
Net Cash Flow	907
Cash, opening balance	3,104
Net Cash Flow	907
Cash Transfers from/(To) GNC US	0
Cash, ending balance	4,011

23. The June 23 Forecast incorporates the following key assumptions:
- (a) The liquidation of inventory through the GOB Sale (as defined later in this Pre-Filing Report) and the closure of approximately 66 stores as described later in this Pre-Filing Report;

- (b) The payment of rent during the period of occupation of the stores, including through the notice period for any lease disclaimers; and
- (c) Working notice and the payment of any applicable severance and termination to employees whose positions are eliminated during the restructuring.

24. The Proposed Information Officer hereby reports to the Court as follows:

- (a) The Proposed Information Officer has reviewed the June 23 Forecast, which was prepared by Management with the assistance of the advisors to the Debtors, for the purpose described in the notes, using the probable and hypothetical assumptions set out therein;
- (b) The review consisted of inquiries with Management and advisors to the Debtors, analytical procedures and discussion related to information provided by certain members of Management and employees of the Debtors. Since hypothetical assumptions need not be supported, the Proposed Information Officer's procedures with respect to the hypothetical assumptions were limited to evaluating whether they were consistent with the purpose of the June 23 Forecast. The Proposed Information Officer has also reviewed the supporting information provided by Management and advisors to the Debtors for the probable assumptions, and the preparation and presentation of the June 23 Forecast;
- (c) Based on that review, and as at the date of this Pre-Filing Report, nothing has come to the attention of the Proposed Information Officer that causes it to believe that:
 - (i) The hypothetical assumptions are inconsistent with the purpose of the June 23 Forecast;

- (ii) The probable assumptions are not suitably supported or consistent with the plans of the Debtors, or do not provide a reasonable basis for the June 23 Forecast, given the hypothetical assumptions; or
 - (iii) The June 23 Forecast does not reflect the probable and hypothetical assumptions;
- (d) Since the June 23 Forecast is based on assumptions regarding future events, actual results will vary from the forecast even if the hypothetical assumptions occur, and those variations may be material. Accordingly, the Proposed Information Officer expresses no assurance as to whether the June 23 Forecast will be achieved. The Proposed Information Officer also expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Pre-Filing Report, or relied upon by the Proposed Information Officer in preparing this Pre-Filing Report; and
- (e) The June 23 Forecast has been prepared solely for the purpose described in the notes thereto. The June 23 Forecast should not be relied upon for any other purpose.
25. The June 23 Forecast does not contemplate any cash transfers from GNC Canada to one or more of the Debtors domiciled in the United States. Transfers of cash between Debtors located in the United States and GNC Canada have occurred in both directions from time to time pre-filing. As outlined in the Initial Tolivar Affidavit, it is anticipated that transfers of excess funds from GNC Canada to Debtors located in the United States will continue post-filing; however, any transfer of cash from GNC Canada to a Debtor located in the U.S. will be subject to there at all times being sufficient funding available to settle post-filing debts, priority payables, sales taxes, professional fees, and other similar items. GNC Canada will keep the Information Officer apprised of the cash situation in Canada and consult with the Information Officer before transferring excess funds from GNC Canada to Debtors located in the United States. The Information Officer will review each proposed cash transfer prior to it occurring.

OVERVIEW OF THE FIRST DAY ORDERS

26. The Foreign Representative is seeking recognition of the First Day Orders that have been entered by the U.S. Court in the Chapter 11 Cases. The Information Officer has reviewed the First Day Orders and is advised by its counsel that the majority of the relief contained in the First Day Orders is common in Chapter 11 proceedings and is frequently recognized by Canadian courts.
27. The First Day Orders are listed and described in the Initial Tolivar Affidavit and described in greater detail in the Tolivar Declaration, the Declaration of Pranav Goel (the “**Evercore Declaration**”) and the Declaration of Robert A. Del Genio (the “**FTI U.S. Declaration**”, and collectively with the Tolivar Declaration and Evercore Declaration, the “**U.S. First Day Declarations**”) and are available, together with all other publicly available information for the Chapter 11 Cases, on the case website for the Chapter 11 Cases at the following address: <https://cases.primeclerk.com/gnc>.
28. The First Day Orders of particular relevance to Canadian stakeholders are summarized below. Detailed summaries of each of the First Day Orders are available in the U.S. First Day Declarations.
 - (a) *Order Authorizing GNC Holdings, Inc. to Act as Foreign Representative of the Debtors* (the “**Foreign Representative Order**”). The Foreign Representative Order authorizes GNC Holdings to act as the Foreign Representative of the Debtors and seek recognition by the Canadian Court of the Chapter 11 Cases and of certain orders made by the U.S. Court from time to time. The Foreign Representative Order also requested the Canadian Court lend assistance to the U.S. Court and grant comity to the Foreign Representative, and authorized the Debtors to seek any other appropriate relief from the Canadian Court that is just and proper;

- (b) *Interim Order (I) Authorizing the Debtors to (A) Obtain Senior Secured Postpetition Financing, (B) Grant Liens and Superiority Administrative Expense Status, (C) Use Collateral of Prepetition Secured Parties, and (D) Grant Adequate Protection to Prepetition Secured Parties; (II) Schedule a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and 4001(c); and (III) Granting Related Relief (the “**Interim DIP Order**”).* The Interim DIP Order is described in greater detail below;
- (c) *Interim Order (A) Authorizing Continued Use of Existing Cash Management System, Including Maintenance of Existing Bank Accounts, Checks, and Business Forms, (B) Authorizing Continuation of Existing Deposit Practices (C) Authorizing Continuation of Intercompany Transactions, and (D) Granting Administrative Claim Status to Postpetition Intercompany Claims (the “**Interim Cash Management Order**”).* The Interim Cash Management Order is described in greater detail below;
- (d) *Order (Interim) Granting Debtors’ Motion for Interim and Final Orders (A) Approving Procedures for Store Closing Sales, (B) Authorizing Customary Bonuses to Employees of Closing Stores, (C) Authorizing Assumption of the Consulting Agreements, and (D) Granting Related Relief (the “**Store Closing Order**”).* The Store Closing Order is described in greater detail below;

- (e) *Order (Interim) (A) Authorizing Payment of Certain Prepetition Workforce Obligations, (B) Authorizing Continuance of Workforce Programs, (C) Authorizing Payment of Withholding and Payroll-Related Taxes, and (D) Authorizing Payment of Prepetition Claims Owing to Workforce Program Administrators or Providers* (the “**Interim Wages Order**”). The Interim Wages Order, *inter alia*, authorizes the Debtors, in their discretion, to continue to honour the Debtors’ prepetition labour-related employee obligations in the ordinary course of business, including the authority to pay wages, salaries, and other compensation. The Interim Wages Order authorizes the Debtors to pay any and all local, state, and federal withholding and payroll-related or similar taxes, and to pay the prepetition amounts owing to any program administrators of various plans, benefits, and/or other programs in relation to its employees. This includes payments to Canadian employees of GNC Canada inclusive of termination and severance amounts owing upon termination of their employment, and program administrators of GNC Canada; and
- (f) *Interim Order Authorizing the Debtors to (I) Maintain and Administer Prepetition Customer Programs and (II) Pay Prepetition Obligations Related Thereto* (the “**Interim Customer Programs Order**”). The Interim Customer Programs Order authorizes the Debtors to maintain and administer their Customer Programs (as defined in the Interim Customer Programs Order) and satisfy certain prepetition obligations related thereto, which includes the authority to honour and issue gift cards, and honour refunds and exchanges in accordance with the Debtors existing policies.
29. The Debtors also obtained orders from the U.S. Court authorizing (a) payment of certain prepetition franchise claims and (b) continued performance under franchise agreements in the ordinary course of business. The Debtors have no Canadian franchises and will not be seeking recognition of this order in Canada.

THE SECURITY OPINION

30. The Debtors’ pre-filing secured debt structure is described in greater detail in the Initial Tolivar Affidavit and the U.S. First Day Declarations. The key terms and components are summarized below.

GNC Group’s Prepetition Secured Credit Facilities	
ABL-FILO Facility	
Borrowers	<ul style="list-style-type: none"> General Nutrition Centers, Inc., as ABL Administrative Borrower, and each of its subsidiaries (other than excluded subsidiaries) party to the credit agreement dated as of February 28, 2018 among, <i>inter alia</i>, GNC Corporation, as Parent, General Nutrition Centers Inc., as ABL Administrative Borrower, and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, as such credit agreement was amended by a first amendment dated March 20, 2018 and a second amendment dated May 15, 2020 (collectively, the “ABL-FILO Credit Agreement”)
Lender	<ul style="list-style-type: none"> JPMorgan Chase Bank, N.A., as Administrative Agent and Lender, and certain other lenders party thereto (the “ABL FILO Lenders”)
Approximate Balance Outstanding as of the Petition Date	<p><u>ABL Revolving Credit Facility</u></p> <ul style="list-style-type: none"> Approximately \$60,000,000 in principal Approximately \$5,100,000 in face amount of letters of credit <p><u>FILO Term Loan Facility</u></p> <ul style="list-style-type: none"> \$275,000,000 in principal
Commitment	<ul style="list-style-type: none"> The original commitment was \$100,000,000, which has been voluntarily reduced over time and represents a current commitment for up to \$81,000,000 as a revolving ABL Revolving Credit Facility to the Borrowers, which the Borrowers may borrow, prepay and re-borrow subject to the terms of the ABL-FILO Credit Agreement Up to \$275,000,000 FILO Term USD Facility to the ABL Administrative Borrower, which amounts once borrowed cannot be repaid and reborrowed.
Security & Guarantors	<ul style="list-style-type: none"> GNC Canada guaranteed the obligations of the Borrowers under the ABL-FILO Credit Agreement pursuant to the terms and conditions set out in a Canadian guarantee and collateral agreement dated as of February 28, 2018 among GNC Canada, as Grantor, and JP Morgan Chase Bank, N.A. as Administrative Agent and Collateral Agent, as such agreement was amended by a first amendment to Canadian

	<p>Guarantee and Collateral Agreement dated as of June 19, 2020 (collectively, the “ABL-FILO GCA”).</p> <ul style="list-style-type: none"> • Pursuant to the terms of the ABL-FILO GCA, GNC Canada granted to the Collateral Agent, for the benefit of the Secured Parties, a security interest in all of its right, title and interest in and to the personal property owned by GNC Canada at any time, other than certain excluded assets listed in the ABL-FILO Credit Agreement. • The security interest granted by GNC Canada to the Collateral Agent in respect of its collateral is subject to the terms and priorities set out in an intercreditor agreement dated as of February 28, 2018 among, <i>inter alia</i>, JPMorgan Chase Bank, N.A., as ABL Facility Collateral Agent, GLAS Trust Company LLC, as Term Credit Agreement Collateral Agent, GNC Corporation, as Parent, General Nutrition Centers, Inc., as ABL Administrative Borrower, and certain subsidiaries of the ABL Administrative Borrower (including GNC Canada) listed therein (the “Intercreditor Agreement”).
Term Loan Facility	
Borrower	<ul style="list-style-type: none"> • General Nutrition Centers, Inc.
Lender/Agent	<ul style="list-style-type: none"> • JPMorgan Chase Bank, N.A., as Administrative Agent, GLAS Trust Company LLC, as Collateral Agent, and certain other lenders party to the amended and restated term loan credit agreement (the “Term Loan Lenders”) among, <i>inter alia</i>, GNC Corporation, as Parent, General Nutrition Centers Inc., as Borrower, the several lenders from time to time parties thereto, as Lenders, GLAS Trust Company LLC, as Collateral agent and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended by a first amendment dated as of May 15, 2020, and by a second amendment dated as of June 12, 2020,(collectively, the “Term Credit Agreement”).
Commitments and Approximate Balance Outstanding as of the Petition Date	<ul style="list-style-type: none"> • Term Loan Facility Tranche B-1: \$151.8 million commitment, \$0 million outstanding • Term Loan Facility Tranche B-2: \$704.3 million commitment, \$410.8 million outstanding
Security	<ul style="list-style-type: none"> • GNC guaranteed the obligations of the Borrower under the Term Credit Agreement pursuant to the terms and conditions set out in a Canadian guarantee and collateral agreement dated as of February 28, 2018 among GNC, as Grantor, and JP Morgan Chase Bank, N.A. as Administrative Agent, and GLAS Trust Company LLC, as Collateral Agent, as such agreement was amended by a first amendment to Canadian Guarantee and Collateral Agreement dated as of June 19, 2020 (collectively, “Term GCA”))

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| <ul style="list-style-type: none">• Pursuant to the terms of the Term GCA, GNC Canada granted to the Collateral Agent, for the benefit of the Secured Parties, a security interest in all of its right, title and interest in and to the personal property owned by GNC Canada at any time, other than certain excluded assets listed in the Term Credit Agreement.• The security interest granted by GNC Canada to the Collateral Agent in respect of its collateral is subject to the terms and priorities set out in the Intercreditor Agreement. |
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31. The proposed Information Officer requested that the Information Officer's Counsel review the ABL-FILO GCA and the Term GCA granted pursuant to the ABL-FILO Credit Agreement and the Term Credit Agreement, respectively. The Information Officer's Counsel and certain other local firms have completed their reviews and provided opinions to the Information Officer which, subject to certain customary assumptions and qualifications, provide that (a) the ABL-FILO GCA and the Term GCA constitute legal, valid and binding agreements of GNC Canada enforceable against it in accordance with their terms, (b) the ABL-FILO GCA and the Term GCA create valid security interests in the personal property of GNC Canada described in the applicable security agreement under the laws of the provinces in Canada where assets of GNC Canada are located (namely, the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island), save and except for the Province of Quebec where no security was taken by either the ABL-FILO Lenders or the Term Lenders, and (c) registration has been made in all public offices in each province in Canada where assets of GNC Canada are located, other than Quebec, where such registration is necessary to perfect the security interests created by the security agreements.
32. As set out at paragraph 36 of the Initial Tolivar Affidavit, searches conducted under the *Personal Property Security Act* (or equivalent legislation) on or about June 16, 2020 in all Canadian provinces where assets of GNC Canada are located, indicate that:
- (a) JPMorgan Chase Bank, N.A., as agent, and GLAS Trust Company LLC, as agent, have registered a security interest against the assets of GNC Canada in British

Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island;

- (b) ARI Financial Services Inc. has registered a security interest against the motor vehicle assets of GNC Canada in Ontario and Quebec;
- (c) PHH Vehicle Management Services Inc. has registered a security interest against the motor vehicle assets of GNC Canada in Ontario and Quebec. In Quebec, portions of this interest were subsequently assigned to FLR LP Inc., PHH Fleet Lease Receivables L.P. (later re-named Element Fleet Lease Receivables LP), and Fleet Leasing Receivables Trust; and
- (d) HOOPP Realty Inc., Shape Properties (Lougheed) Corp., and LTC Equities Inc. have registered in British Columbia security interests against all present and after-acquired personal property of GNC Canada.

COMMENTS ON RECOGNITION REQUEST FOR CERTAIN FIRST DAY ORDERS

THE INTERIM DIP ORDER AND DIP LENDERS' CHARGES

- 33. The Proposed Information Officer understands several weeks of extensive, arm's-length negotiations, preceded the agreement of debtor-in-possession financing and a pre-arranged standalone plan of reorganization with certain of their secured lenders (the "**Standalone Plan Transaction**"), the details of which are memorialized in a signed restructuring support agreement (the "**Restructuring Support Agreement**"). The Restructuring Support Agreement contemplates a comprehensive restructuring that is supported by the Debtors and their major prepetition secured creditors. The restructuring is intended to significantly deleverage the Debtors' balance sheet by reducing the Debtors' funded debt by over \$300 million and to provide the Debtors with necessary liquidity. This structure is intended to minimize potential adverse effects to the Debtors' businesses, employees, customers, landlords and trade partners as a result of the restructuring.
- 34. The Restructuring Support Agreement, among other things:

- (a) Is supported by more than 92% of the Term Loan Lenders and more than 87% of the ABL FILO Lenders (collectively, the “**Supporting Secured Lenders**”);
 - (b) Provides for DIP Financing (as defined and described below) which will allow the Debtors to operate their businesses, and which mature at the earlier of six months from the Petition Date and consummation of the plan of reorganization approved in the Restructuring Support Agreement;
 - (c) Provides for post-effective date exit financing facilities;
 - (d) Provides for a new post-effective date ownership structure led by the Term Loan Lenders;
 - (e) Provides for a recovery to general unsecured creditors under certain circumstances;
 - (f) Attaches a fully negotiated restructuring term sheet; and
 - (g) Contemplates a reasonable and expeditious timeframe of approximately six months within which the Debtors can effectuate their restructuring through the implementation of certain key “milestones”.
35. The Restructuring Support Agreement is premised on negotiated debtor-in-possession financing (the “**DIP Financing**”) to fund the Chapter 11 Proceedings pursuant to two DIP credit agreements (together, the “**DIP Agreements**”), which are the subject to approval of the Interim DIP Order:
- (a) The DIP Term Credit Agreement, which provides for \$100 million in “new money” and a “roll-up” on a dollar-for-dollar basis of \$100 million of term loans outstanding under the prepetition Term Credit Agreement; and

- (b) The DIP ABL FILO Credit Agreement, which provides for a “roll-up” on a dollar-for-dollar basis of all the outstanding principal (\$275 million) of and accrued and unpaid interest on the prepetition ABL FILO Credit Agreement on terms that will provide an additional \$30 million of liquidity from previously restricted cash. In addition, the agreed upon amendments to the borrowing base formula and reserve restrictions will free up cash currently pledged under the prepetition borrowing base construct that will be used to repay the prepetition ABL Revolving Credit Facility (approximately USD\$60 million in principal outstanding as of June 24).
36. In addition to recognition of the Interim DIP Order, the Foreign Representative is also seeking approval of the DIP Term Lenders’ Charge and the DIP ABL FILO Lenders’ Charge to secure the obligations under the DIP Agreements. Access to the DIP Financing is contingent on, amongst other things, recognition of the Chapter 11 Cases in Canada.
37. Further details of these agreements are set out below.

<u>DIP Term Credit Agreement</u>	
Lenders	GLAS Trust Company LLC, as administrative agent and collateral agent for and on behalf of itself and the other lenders party thereto (the “ DIP Term Lenders ”)
Borrower and Guarantors	General Nutrition Centers Inc., as borrower, and certain entities (including GNC Canada) as guarantors
Credit Facility	A secured DIP term facility in the principal amount of \$200 million
Use of Funds	\$100 million for operating costs and a “roll-up” and termination of \$100 million of term loans outstanding under the prepetition Term Credit Agreement
Maturity	The earlier to occur of (i) 6 months from Petition Date, (ii) the date that is 35 days (or such later date as the Required Lenders may agree) after the Petition Date if the Final DIP Order has not been entered prior to the expiration of such 35-day period, (iii) the date the U.S. Court orders the conversion of the Chapter 11 Cases to a Chapter 7 liquidation or the dismissal of the Chapter 11 Cases, (iv) the acceleration of the Loans and the termination of the Commitment under the Facility, (v) the sale of all or substantially all of the Loan Parties’ assets and (vi) the consummation of a Chapter 11 plan of reorganization for the Loan Parties; <u>provided</u>

	that if the Exit Conversion occurs, the Loans shall not be paid in cash and shall convert in accordance with the terms and conditions set forth in Section 2.23.
Secured Collateral	All Property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by the Guarantee and Collateral Agreement or the Canadian Guarantee and Collateral Agreement and the “DIP Collateral” as defined in the U.S. Court DIP Orders. The term “Collateral” shall not include any Excluded Assets.
DIP Charge Priority	Behind only the Administration Charge in accordance with Exhibit B of the Interim DIP Order

<u>DIP ABL FILO Credit Agreement</u>	
Lenders	JP Morgan Chase Bank, N.A., as administrative agent and collateral agent for and on behalf of themselves and the other lenders party thereto (the “ DIP ABL FILO Lenders ”)
Borrower and Guarantors	General Nutrition Centers Inc., as borrower, and certain entities (including GNC Canada) as guarantors
Credit Facility	A secured DIP credit facility in the principal amount of \$275 million providing for up to \$30 million of incremental liquidity
Use of Funds	Approximately \$30 million of additional liquidity for operating needs and a “roll-up” and termination the aggregate principal amount of \$275 million plus all accrued and unpaid interest on all outstanding FILO Term Loans under the prepetition ABL FILO Credit Agreement Facility and
Maturity	The earliest to occur of (i) date that is 6 months from Petition Date, (ii) the date that is 35 days (or such later date as the Required Lenders may agree) after the Petition Date if the Final DIP Order has not been entered prior to the expiration of such 35-day period, (iii) the date the U.S. Court orders the conversion of the Chapter 11 Cases to a Chapter 7 liquidation or the dismissal of the Chapter 11 Cases, (iv) the acceleration of the Loans and the termination of the Commitment under the Facility, (v) the sale of all or substantially all of the Loan Parties’ assets and (vi) the consummation of a Chapter 11 plan of reorganization for the Loan Parties; <u>provided</u> that if the Exit Conversion occurs, the Loans shall not be paid in cash and shall convert in accordance with the terms and conditions set forth in Section 2.23.
Secured Collateral	All Property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by the Guarantee and

	Collateral Agreement or the Canadian Guarantee and Collateral Agreement and the “DIP Collateral” as defined in the U.S. Court DIP Orders. The term “Collateral” shall not include any Excluded Assets.
DIP Charge Priority	Behind only the Administration Charge in accordance with Exhibit B of the Interim DIP Order

38. It is proposed that the DIP Charges will provide security over the personal property of GNC Canada located in all provinces where assets of GNC Canada are located, including Quebec. The DIP Charges are proposed to rank in priority to all other security interests, trusts, liens, charges and encumbrances, other than the Administration Charge and existing perfected purchase money security interests.
39. As set out in the Initial Tolivar Affidavit, the Debtors attempted to secure financing from both within and outside of the Debtors’ existing capital structure. Based on discussions with the Debtors and their Canadian counsel, the Proposed Information Officer understands that the DIP Lenders would not agree to provide additional financing without the roll-ups of pre-filing debt and the grant of a Court-ordered priority charge over the collateral located in Quebec. The Proposed Information Officer was informed by the Debtors and their counsel that the Debtors were unable to obtain an offer for DIP financing on similar terms to the DIP Agreements that did not provide for the roll-ups and security.
40. GNC Canada is dependent on the Debtors for all critical business functions, including inventory procurement, treasury, payroll, accounting and the provision of virtually all executive management, decision making and support functions. As described in the Evercore Declaration and the FTI U.S. Declaration, without access to DIP Financing, the Debtors do not have the ability to continue business in the ordinary course and advance their restructuring plan which would directly impact GNC Canada’s ability to continue operations.

41. The Proposed Information Officer has reviewed the terms of the DIP Agreements and the Interim DIP Order and, for the reasons set forth above, is of the view that recognition of the Interim DIP Order and the granting of the DIP Charges is appropriate in the circumstances.

THE INTERIM CASH MANAGEMENT ORDER

42. The Foreign Representative is seeking recognition of the Interim Cash Management Order that authorizes the Debtors to continue to maintain and use their existing cash management system, including maintenance of existing bank accounts, use of existing deposit practices, and continuance of certain ordinary course intercompany transactions (the “**Cash Management System**”).
43. The Cash Management System of GNC Canada and the other Debtors is managed centrally from the U.S. and that GNC Canada does not employ any employees who provide finance and accounting support on behalf of the Canadian business. The Debtors’ Cash Management System, including the Canadian components, reflect the Debtors’ integrated business and operations in North America and the Debtors are of the view that any disruption of the Cash Management System would critically impair the Debtors’ ability to operate.
44. The Cash Management System is described in detail at paragraphs 63 to 69 of the Initial Tolivar Affidavit. Among other things, any excess funds in the Canadian accounts of GNC Canada after taking into account an estimate for upcoming payments and the general working capital needs of GNC Canada are transferred to an account owned by General Nutrition Corporation. Amounts transferred from GNC Canada to General Nutrition Corporation are applied in partial satisfaction of intercompany amounts owing among the various Debtors, and are tracked by the finance, treasury and accounting personnel of the Debtors located in the United States.
45. Accordingly, the Proposed Information Officer is of the view that recognition of the Interim Cash Management Order is appropriate in the circumstances.

THE STORE CLOSING ORDERS

46. As described more fully at paragraphs 51 to 53 of the Initial Tolivar Affidavit, GNC Canada had 173 stores in Canada, all of which are Company-owned stores. 13 of those stores have already been permanently closed. As of June 20, 2020, 39 stores were temporarily closed as a result of the COVID-19 pandemic. GNC Canada's stores are all operated from locations leased from third-party landlords; GNC Canada does not own any real property in Canada.
47. The Debtors intend to liquidate and close approximately 729 store locations throughout the United States and Canada through a going-out-of-business sale process (the "**GOB Sale**"). Of the 160 Canadian stores, 29 store leases were terminated prior to the commencement of the Chapter 11 Cases and are subject to First Day Orders in respect of lease rejections. It is currently anticipated that 66 stores will be closed on completion of the GOB Sale for the store and 45 stores will continue operations. The remaining 20 stores may continue operations if the Debtors can negotiate satisfactory lease concessions from the relevant landlords, failing which those stores may close.
48. The U.S. Court approved the Interim Store Closing Order which, among other things:
 - (a) Authorized and approved the conduct of store closing or similar themed sales at certain stores in accordance with the Canadian Store Closing Procedures and Canadian Sale Guidelines (as defined and as stated in the Store Closing Order);
 - (b) Authorized the Debtors at their discretion to pay customary bonuses to non-insider employees of Closing Stores; and
 - (c) Authorized the Debtors to assume the Consulting Agreement.

49. The Store Closing Order authorizes the Debtors to pay a store closing bonus to non-insider store manager at the Closing Stores in Canada who remain in the employ of the Debtors during the Store Closings. These bonuses are critical to ensuring that key employees affected by the Store Closings will continue to provide critical services to the Debtors during the store closure process.
50. To assist with the store closures, the Debtors entered into the Consulting Agreement to help wind down the store locations in Canada which have been identified for closing (the “**Closing Stores**”) or for conducting store closing or similar themed sales in accordance with the Canadian Sale Guidelines at the Closing Stores.
51. The Canada Consultant is tasked, *inter alia*, with managing the store closing sales, the sale of Merchandise and FF&E, each as defined in the Consulting Agreement, and otherwise preparing the stores for turnover to the applicable landlords in advance of the Debtors seeking to reject the leases at such stores, all of which is to be conducted in accordance with the Consulting Agreement and Canadian Store Closing Procedures. The Consulting Agreement expressly incorporates the Canadian Sale Guidelines.
52. The terms of the Consulting Agreement and the Canadian Sale Guidelines are described in detail at paragraphs 82 to 83 of the Initial Tolivar Affidavit and included within Exhibit “NN” thereto. The Proposed Information Officer reviewed the Consulting Agreement and the Canadian Sale Guidelines and is of the view that they accord with similar type of agreements and sale guidelines that have been granted in Canada in other recent retail insolvency proceedings. In addition, the Proposed Information Officer understands that the Canada Consultant has a historical relationship with the Debtors and has helped the Debtors with annual appraisals of inventory and accounts receivable, making the Consultant familiar with the Debtors’ businesses and has experience in conducting store closings on expedited timelines.
53. Accordingly, the Proposed Information Officer is of the view that recognition of the Store Closing Order, including the Canadian Store Closing Procedures and approval of the Consulting Agreement Approval Order is appropriate in the circumstances.

LEASE DISCLAIMER

54. In addition, in connection with their strategy to reduce the Debtors' physical footprint in Canada, the Proposed Information Officer understands that the Foreign Representative will seek approval of the following orders from the Bankruptcy Court on July 22, 2020, and subsequent recognition of those orders by the Canadian Court:

- (i) *First (1st) Omnibus Order (A) Authorizing Rejection of Certain Unexpired Leases Effective as of the Petition Date and (B) Granting Related Relief;*
- (ii) *Second (2nd) Omnibus Order (A) Authorizing Rejection of Certain Unexpired Leases Effective as of the Petition Date and (B) Granting Related Relief; and*
- (iii) *Third (3rd) Omnibus Order (A) Authorizing Rejection of Certain Unexpired Leases Effective as of the Petition Date and (B) Granting Related Relief,*

which will authorize the rejection of certain unexpired leases and subleases and granted related relief.

55. The Proposed Information Officer understand that GNC Canada will provide at least 30 days' notice to its landlords in Canada prior to the effective date of a lease rejection and continue to pay rent during that time period, with the exception of 29 leases that were terminated pre-filing and for which GNC Canada does not intend to provide additional notice or rent.

EMPLOYEE MATTERS

56. As a number of Canadian stores are closing, it is expected that a significant number of Canadian employees will be terminated. The Debtors intend to provide notice of the terminations to the applicable Director of Employment Standards in each province where required under applicable employment standards legislation. For store-level employees at the stores that are to be closed, terminations will generally be effective upon closing of the Canadian store, which, pursuant to the Consulting Agreement, is contemplated to be on or before September 30, 2020. For employees based out of the Canadian regional office, terminations are expected to occur at various intervals on or before September 30, 2020 depending on the business requirements of GNC Canada's operations.
57. Pursuant to the Wages Order, the Debtors have been authorized to pay prepetition employee obligations in the normal course of business and to continue to pay postpetition employee obligations as they become due in the ordinary course, including obligations in respect of their Canadian employees.
58. As contemplated in the Wages Order, the Debtors intend to continue their existing termination and severance programs and policies for its Canadian employees, which includes store-level employees as well as those at the Canadian regional office, and pay applicable termination and severance obligations in accordance with their programs and policies. It is anticipated that working notice will be provided to many of the Canadian store-level employees.

THE ADMINISTRATION CHARGE

59. As of the Petition Date, the Information Officer and the Information Officer's Counsel held retainers in the amount of \$350,000 and \$200,000, respectively. In addition, an Administration Charge is requested in the amount of \$250,000 over all property of the Debtors' in Canada and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any person, except for any validly perfected purchased money security interest of a secured creditor. The Information Officer and the Information Officer's Counsel agreed to a smaller than usual charge because of the size of the retainers they hold.
60. The beneficiaries of the Administration Charge, if granted, would be the Information Officer and the Information Officer's Counsel. The Proposed Information Officer believes that it is appropriate that the proposed beneficiaries of the Administration Charge be afforded the benefit of a charge as the Information Officer and the Information Officer's Counsel will be undertaking a necessary and integral role in the Recognition Proceedings.
61. The Proposed Information Officer has reviewed the underlying assumptions upon which the quantum of the proposed Administration Charge, including the complexities of the Recognition Proceedings and the services to be provided by the beneficiaries of the Administration Charge, and is of the view that, in conjunction with the retainers, the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.
62. Accordingly, the Proposed Information Officer respectfully recommends that the request for the Administration Charge be granted by this Honourable Court.

The Proposed Information Officer respectfully submits to the Court this, its Pre-Filing Report.

Dated this 28th day of June, 2020.

FTI Consulting Canada Inc.

Solely in its capacity as Proposed Information Officer of GNC Holdings, Inc., General Nutrition Centres Company, GNC Parent LLC, GNC Corporation, General Nutrition Centers, Inc., General Nutrition Corporation, General Nutrition Investment Company, Lucky Oldco Corporation, GNC Funding Inc., GNC International Holdings Inc., GNC China Holdco, LLC, GNC Headquarters LLC, Gustine Sixth Avenue Associates, Ltd., GNC Canada Holdings, Inc., GNC Government Services, LLC, GNC Puerto Rico Holdings, Inc., and GNC Puerto Rico, LLC, and not in its personal or corporate capacity.



Nigel D. Meakin
Senior Managing Director



Jim Robinson
Managing Director

Appendix A

Debtors

GNC HOLDINGS, INC.
GENERAL NUTRITION CENTRES COMPANY
GNC PARENT LLC
GNC CORPORATION
GENERAL NUTRITION CENTERS, INC.
GENERAL NUTRITION CORPORATION
GENERAL NUTRITION INVESTMENT COMPANY
LUCKY OLDSCO CORPORATION
GNC FUNDING INC.
GNC INTERNATIONAL HOLDINGS INC.
GNC CHINA HOLDCO, LLC
GNC HEADQUARTERS LLC
GUSTINE SIXTH AVENUE ASSOCIATES, LTD.
GNC CANADA HOLDINGS, INC.
GNC GOVERNMENT SERVICES, LLC
GNC PUERTO RICO HOLDINGS, INC
GNC PUERTO RICO, LLC

Appendix B

June 23 Forecast

GENERAL NUTRITION CENTRES COMPANY ("GNC Canada")
Cash Flow Forecast [1]
(US\$ in 000's)

Week #:	1	2	3	4	5	6	7	8	9	10	11	12	13	Total	
Week Ended:	6/27/20	7/4/20	7/11/20	7/18/20	7/25/20	8/1/20	8/8/20	8/15/20	8/22/20	8/29/20	9/5/20	9/12/20	9/19/20	13 weeks	
Receipts															
Trade Receipts	[2]	\$ 689	\$ 1,206	\$ 1,178	\$ 1,513	\$ 1,752	\$ 1,734	\$ 1,803	\$ 1,574	\$ 1,357	\$ 1,142	\$ 1,021	\$ 1,043	\$ 1,054	\$ 17,067
Other Receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		\$ 689	\$ 1,206	\$ 1,178	\$ 1,513	\$ 1,752	\$ 1,734	\$ 1,803	\$ 1,574	\$ 1,357	\$ 1,142	\$ 1,021	\$ 1,043	\$ 1,054	\$ 17,067
Operating Disbursements															
Merchandise Vendors	[3]	\$ (157)	\$ (532)	\$ (157)	\$ (157)	\$ (1,607)	\$ (157)	\$ (157)	\$ (157)	\$ (157)	\$ (157)	\$ (157)	\$ (157)	\$ (157)	\$ (3,863)
Non-Merchandise Vendors	[4]	\$ (154)	\$ (571)	\$ (154)	\$ (154)	\$ (154)	\$ (154)	\$ (154)	\$ (154)	\$ (146)	\$ (154)	\$ (75)	\$ (75)	\$ (75)	\$ (2,175)
Payroll & Employee Related Disbursements	[5]	\$ (326)	\$ (420)	\$ (1,662)	\$ (34)	\$ (467)	-	\$ (455)	-	\$ (450)	-	\$ (450)	-	\$ (466)	\$ (4,729)
Occupancy Disbursements	[6]	\$ (235)	\$ (466)	-	\$ (461)	-	\$ (405)	-	\$ (405)	-	-	\$ (405)	-	\$ (405)	\$ (2,782)
Sales Taxes	[7]	-	\$ (119)	-	-	\$ 48	-	-	-	\$ (236)	-	-	-	-	\$ (308)
Capital Expenditures	[8]	\$ (1)	\$ (11)	\$ (11)	\$ (11)	\$ (11)	\$ (11)	\$ (1)	\$ (1)	\$ (1)	\$ (2)	\$ (2)	\$ (2)	\$ (2)	\$ (63)
Corporate and Other Disbursements	[9]	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (22)	\$ (15)	\$ (15)	\$ (276)
Total		\$ (895)	\$ (2,141)	\$ (2,006)	\$ (839)	\$ (2,213)	\$ (749)	\$ (789)	\$ (739)	\$ (1,012)	\$ (334)	\$ (1,111)	\$ (249)	\$ (1,120)	\$ (14,195)
Operating Cash Flow		\$ (206)	\$ (935)	\$ (828)	\$ 674	\$ (461)	\$ 985	\$ 1,015	\$ 835	\$ 345	\$ 808	\$ (90)	\$ 795	\$ (66)	\$ 2,872
Non-Operating Disbursements															
Professional Fees	[10]	\$ (100)	\$ (54)	\$ (54)	\$ (29)	\$ (29)	\$ (29)	\$ (54)	\$ (29)	\$ (29)	\$ (29)	\$ (29)	\$ (54)	\$ (29)	\$ (546)
Liquidation Disbursements	[11]	\$ (398)	\$ (84)	\$ (84)	\$ (84)	\$ (131)	\$ (84)	\$ (84)	\$ (84)	\$ (84)	\$ (84)	\$ (84)	\$ (84)	\$ (52)	\$ (1,418)
Total Non-Operating Disbursements		\$ (498)	\$ (138)	\$ (138)	\$ (113)	\$ (160)	\$ (113)	\$ (138)	\$ (113)	\$ (113)	\$ (113)	\$ (113)	\$ (138)	\$ (81)	\$ (1,965)
Net Cash Flow after Non-Operating Disbursements		\$ (703)	\$ (1,072)	\$ (965)	\$ 562	\$ (621)	\$ 872	\$ 877	\$ 722	\$ 232	\$ 696	\$ (203)	\$ 657	\$ (147)	\$ 907
Cash, opening balance		\$ 3,104	\$ 2,401	\$ 1,329	\$ 363	\$ 925	\$ 305	\$ 1,177	\$ 2,054	\$ 2,777	\$ 3,009	\$ 3,705	\$ 3,502	\$ 4,159	\$ 3,104
Net Cash Flow		(703)	(1,072)	(965)	562	(621)	872	877	722	232	696	(203)	657	(147)	907
Cash Transfers from/(To) GNC US		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, ending balance		\$ 2,401	\$ 1,329	\$ 363	\$ 925	\$ 305	\$ 1,177	\$ 2,054	\$ 2,777	\$ 3,009	\$ 3,705	\$ 3,502	\$ 4,159	\$ 4,011	\$ 4,011

Notes:

- [1] The purpose of this cash flow forecast is to estimate the liquidity requirements of GNC Canada as the Canadian operating entity of GNC Holdings, Inc. during the forecast period.
- [2] Forecast Trade Receipts include collections from the normal sale of inventory at all stores up to the week ending June 27, 2020. For the weeks ending July 4, 2020 until the end of the forecast period, Trade Receipts are comprised of both the normal sale of inventory at open stores not subject to store closing sales, and sales receipts generated via store closing sales conducted and operated by GNC Canada with the assistance of a third-party liquidator assisting solely in a consulting capacity to GNC Canada.
- [3] Forecast Merchandise Vendor disbursements include payments to vendors for purchase of merchandise goods and other products.
- [4] Forecast Non-Merchandise Vendor disbursements include freight, logistics, marketing, and other third-party goods and service providers.
- [5] Forecast Payroll and Employee Related Disbursements include employee payroll and costs, including wages, benefits, employee bonuses, and all other employee related costs, both at the retail store-level as well as for the employees at the Canada region office.
- [6] Forecast Occupancy Disbursements include rent, common-area maintenance costs, utility providers, property taxes, and other miscellaneous occupancy costs.
- [7] Forecast Sales Taxes reflects net GST, HST, and PST amounts remitted to/from the Federal and Provincial governments. Remittances are generally made one month in arrears.
- [8] Forecast Capital Expenditures reflect estimated capital spending required to maintain the stores not subject to a store closure sale in the normal course of business.
- [9] Forecast Corporate and Other Disbursements include store level expenses, IT costs, corporate overhead, and other operating disbursements.
- [10] Forecast Professional Fees include various legal and information officer professional fees associated with these proceedings.
- [11] Forecast Liquidation Disbursements include agency fees, liquidation expenses, store incentive programs, and other liquidation-related disbursements.