



2011 ANNUAL REPORT

2011
Answers For Every Body[®]
ANNUAL REPORT



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CORPORATE PROFILE

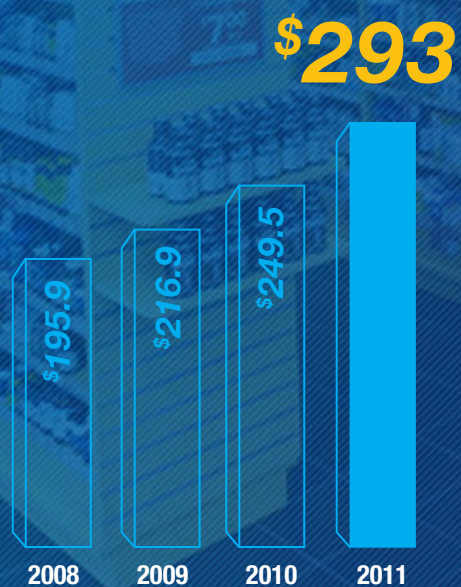
Starting with our first store in New York City in 1977 and continuing through our most recent store opening, The Vitamin Shoppe cares about our customers and their health and wellness goals. By engaging in one-to-one dialog about what our customers need and focusing on giving knowledge through our associate health enthusiasts, The Vitamin Shoppe continues to be a trusted resource for our customers.



528 Stores
in 40 States,
District of Columbia
and Puerto Rico

KEY HIGHLIGHTS

GROSS PROFIT (\$M)



STORE COUNT



NOTES:

- Fiscal 2011 was a 53-week year compared to 52-weeks for the prior fiscal years.
- Net income for 2008 and 2009 is calculated before the payment of preferred dividends.

KEY HIGHLIGHTS CONTINUED

NET INCOME (\$1M)



SALES (\$1M)



NOTES:

- Fiscal 2011 was a 53-week year compared to 52-weeks for the prior fiscal years.
- Net income for 2008 and 2009 is calculated before the payment of preferred dividends.



TO OUR **SHAREHOLDERS**

Fiscal 2011 was my first year as Chief Executive Officer and another exciting year of growth at The Vitamin Shoppe. At the beginning of last year we set out several ambitious goals: First) to grow our comparable store sales by a mid single digit percentage in a tough retail environment. Second) to improve our operating margins. Third) reduce our debt, and Fourth) to increase earnings per share by at least 25%. I am proud to say that we were successful on all fronts while investing and positioning the company for further growth.

Overview

Overall we are very pleased with our full year results. Our comparable store sales increased by 7.4% on a 52 week basis and our total revenue was up 14% to \$857 million. Both our gross margins and operating margins expanded by approximately 100 basis points year over year and our reported EPS for the full year was \$1.52 compared with \$1.03 in fiscal 2010. We made strategic investments in our stores and e-commerce which allowed us to accelerate our growth while simultaneously repaying all our bank debt. We continue to take pride in our ability to execute as a team and deliver consistent results; and we are excited about the opportunities for us to bring products to our customers in additional markets, supporting their health and wellness needs.



TO OUR **SHAREHOLDERS** CONTINUED

Four Key Areas of Growth:

We plan to extend our growth by continuing to expand our US store base with 52 new locations in 2012. Of the 52 stores, we plan to open two in smaller markets. Our small market test will be a store that is about 20% smaller than our current model with approximately the same assortment and the same knowledgeable service levels. With lower rent and less capital we believe we can bring the same Vitamin Shoppe experience to customers in markets that could not effectively be reached with our current prototype, while at the same time achieving the same financial returns. If successful, this will extend our growth opportunity beyond the current estimate of 900 stores in the US market.

Our online business is an extension of our brand and is an important growth vehicle. In 2011 we increased our investment in people and systems to improve our customers' shopping experience and accelerate our sales growth. In 2012 we will continue to invest in technology, people and supply chain to further improve our customers' experience. Our goal is to drive profitable online sales growth and use our internet platform to support the total customer experience at Vitamin Shoppe.

In 2011 we launched our first sub brand True Athlete®. This product line was designed for the fitness enthusiast with a passion for natural products: True Athlete is formulated with no artificial colors, flavors or sweeteners and is NSF® Certified for Sport, minimizing the risk of unwanted contaminants. We also added probiotics to the formula to help with digestion of the protein.



TO OUR **SHAREHOLDERS** CONTINUED

The product was launched with a multi pronged marketing plan which included a micro website and a direct mail campaign. Product samples were sent to targeted customers and we worked with local organizations to introduce the product to different sports teams. Sales were double our initial expectations. We plan to build on the success of True Athlete by extending the product line and developing additional sub brands where we see an opportunity to deliver an unmet need to our customers.

Finally, we plan to enter the Canadian supplement market in 2013 with two stores. We will spend most of 2012 laying the foundation for our international expansion. We are focused on addressing the different regulations around supplements in Canada along with determining the best approach to distribute products in the country. This is a significant undertaking for the organization, so we will go slowly.

We are excited about the strength of our core business, the growth that lies ahead, and our strong financial position. We are confident that we are working on the right things to continue our trend of executing well and delivering consistent results. Our investments in new stores, the internet, product development and Canada should enable us to continue to exceed our customers' expectations. In doing so, we will continue to build shareholder value.



TO OUR **SHAREHOLDERS** CONTINUED

2012 Opportunities and Challenges:

With 2011 behind us, we are focused on 2012 and on achieving the results we've laid out as our goals:

- ▶ Open approximately 52 new stores;
- ▶ Achieve comparable store sales growth for the full year in the mid single digits;
- ▶ Continue improving operating income margin as a percentage of sales; and
- ▶ Spend approximately \$32 million in capital expenditures.

As I think about the business going forward, it is not without its challenges. Opening 52 stores is a large undertaking and finding qualified Health Enthusiasts to run those stores requires great discipline from our Human Resources and Store Operations teams. We continue to work hard to promote new store managers from within the organization. In addition, our capital requirements are growing as we grow. In 2012 our supply chain team will be focused to a great extent on opening our second distribution center in the Southeast. This distribution center will support our continued store growth and will be the biggest project our supply chain team has taken on over the last few years. Finally, we continue to manage through cost increases in fuel and raw ingredients from suppliers.



TO OUR **SHAREHOLDERS** CONTINUED

We enter 2012 well positioned. We are confident in our ability to execute against our plans and are excited about the many opportunities that lie ahead.

Success in all areas – our stores, e-commerce and distribution – depends on outstanding people. Our Health Enthusiasts represent one of the keys to our success and I want to acknowledge the role of all the Vitamin Shoppe team members who work hard every day to build our business. Our Health Enthusiasts are passionate about our customers and are dedicated to supporting them with the product knowledge to meet their health and wellness needs.

We look forward to delivering another year of strong growth in 2012 and remain confident in our ability to achieve consistent and sustainable growth in the years ahead.

Sincerely,



Tony Truesdale
CEO and Chief Health Enthusiast

CORPORATE INFORMATION

Board of Directors

RICHARD L. MARKEE
Executive Chairman,
Chairman of the Board

B. MICHAEL BECKER
Audit Committee,
Compensation Committee

CATHERINE BUGGELN
Audit Committee,
Compensation Committee

JOHN H. EDMONDSON
Audit Committee,
Nomination & Governance Committee

DAVID H. EDWAB
Audit Committee,
Compensation Committee,
Lead Director

DOUGLAS R. KORN
Director

RICHARD L. PERKAL
Director

BETH M. PRITCHARD
Compensation Committee,
Nomination & Governance Committee

KATHERINE SAVITT-LENNON
Nomination & Governance Committee

ANTHONY N. TRUESDALE
Chief Executive Officer

Management Team

RICHARD L. MARKEE
Executive Chairman,
Chairman of the Board

ANTHONY N. TRUESDALE
Chief Executive Officer

MICHAEL G. ARCHBOLD
President and Chief Operating Officer

BRENDA M. GALGANO
Executive Vice President,
Chief Financial Officer

JAMES M. SANDER, ESQ.
Vice President, General Counsel
and Corporate Secretary

LOUIS H. WEISS
Senior Vice President
Chief Marketing Officer

DOUG HENSON
Senior Vice President, Retail

DOUG JONES
Senior Vice President, Merchandising

RICHARD TANNENBAUM
Senior Vice President,
Supply Chain Management

BRIAN BOOTAY
Vice President, Real Estate

GARY JOHNSON
Vice President, Loss Prevention

JOHN KIRK
Vice President,
Chief Information Officer

DANIEL LAMADRID
Vice President, Controller

NELSON MILLS
Vice President, Merchandising

DAVID MORRISON
Vice President, Scientific
and Regulatory Affairs

SUSAN RIPKE
Vice President, Creative Services

JASON SCHEFFER
Vice President, Logistics

MICHAEL SIMON
Vice President, Human Resources

JOSEPH WEISS
Vice President, Corporate Brands

CORPORATE INFORMATION CONTINUED

Annual Meeting

Thursday, June 7, 2012 at 10:00 am
La Quinta Inns & Suites
350 Lighting Way
Secaucus, NJ 07094
201-863-8700

Registrar and Transfer Agent

Computershare
P.O. Box 358015
Pittsburgh, PA 15252-8015

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1414

Primary Investor Relations Contact

Susan McLaughlin
Phone: 201-624-3611
email: ir@vitaminshoppe.com
NYSE: VSI



VITAMIN ANGELS

Vitamin Angels is a non-profit organization dedicated to reducing child mortality worldwide by advancing availability, access and use of essential micronutrients, especially Vitamin A, to newborns, infants and children under five. In 2011, Vitamin Angels connected over 24,000,000 children in 43 countries, including the US, with the vital nutrients they need as a foundation for good health. The Vitamin Shoppe has raised more than \$1.5 million in donations for this cause since 2007 and supports Vitamin Angels through additional in-kind donations. The Vitamin Shoppe has also participated in field visits with Vitamin Angels. Read one of the stories of children being reached through our partnership with Vitamin Angels on their website: www.vitaminangels.org.



NATIONAL MULTIPLE SCLEROSIS SOCIETY

The Vitamin Shoppe is a corporate partner of the National Multiple Sclerosis Society and shares in the vision of moving us all closer to a world free of MS. The Vitamin Shoppe and its employees embrace this vision through event sponsorship, product donations, and the support of more than 15 cycling and walk teams across the United States. "Team Vitamin Shoppe" is proud to be a part of Bike MS and has close to 200 participants in a dozen states. These teams raise money and participate in local Bike MS and Walk MS events to help increase awareness and raise donations for this worthy cause.

The Vitamin Shoppe is the presenting sponsor of the "Bike MS: Coast the Coast" ride in New Jersey, and is also a sponsor of Bike MS: New York City. All customers are invited to join the members of "Team Vitamin Shoppe" by making a donation, volunteering at an event, or participating in a ride or walk with their local store team. More information can be found at <http://main.nationalmssociety.org/goto/VitaminShoppeNJ> or on the National MS Society website: www.nationalmssociety.org.