lululemon athletica inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

Carrier tassets 568,649 \$50,179 Accounts receivable 11,600 155,222 Prepaid expenses and other current assets 186,000 155,222 Prepaid expenses and other current assets 46,197 33,00 Orderly and equipment, net 255,603 214,639 Orderly and equipment, net 28,201 30,201 Orderly and equipment, net 31,201 41,212 41,212 Accounts payable \$1,264 \$1,264 \$2,301 Accounts payable \$1,264 \$1,264 <t< th=""><th></th><th colspan="2">February 2, 2014</th><th colspan="2">February 3, 2013</th></t<>		February 2, 2014		February 3, 2013		
Carrier tassets 568,649 \$50,179 Accounts receivable 11,600 155,222 Prepaid expenses and other current assets 186,000 155,222 Prepaid expenses and other current assets 46,197 33,00 Orderly and equipment, net 255,603 214,639 Orderly and equipment, net 28,201 30,201 Orderly and equipment, net 31,201 41,212 41,212 Accounts payable \$1,264 \$1,264 \$2,301 Accounts payable \$1,264 \$1,264 <t< th=""><th></th><th colspan="3">,</th><th colspan="2">,</th></t<>		,			,	
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Prepaid expenses and other current assets	Cash and cash equivalents	\$	698,649	\$	590,179	
Prepaid expenses and other current assets 46,197 35,301 Property and equipment, net 255,603 214,639 Property and equipment, net 28,201 30,201 Softered income tax asset 18,300 15,033 Other non-current assets 4,745 4,152 External itabilities 5,126,48 \$ 10,508 Accounts payable 42,310 30,302 Accrued compensation and related expenses 19,445 27,530 Income taxes payable 36,33 35,131 Accrued compensation and related expenses 19,455 30,302 Accrued compensation and related expenses 19,455 30,303 Income taxes payable 769 39,637 Accrued compensation and related expenses 19,455 313,518 Accrued compensation and related expenses 19,455 30,302 Accrued compensation and related expenses 19,455 30,303 Accrued compensation and related expenses 19,455 30,303 Accrued compensation and related expenses 19,455 30,303 Accrued compensation and rela	Accounts receivable		11,903		6,351	
Property and equipment, net 255,603 214,639 250,000 214,639 255,603 214,639 250,000 25	Inventories		186,090		155,222	
Property and equipment, net 255,603 214,639 codwill and intangible assets, net 28,201 30,201 codwill and intangible assets, net 18,300 15,033 che ron-current assets 4,745 4,152 Check the contract asset 4,245 4,515 ABILITIES AND STOCKHOLDERS' EQUITY Urrent liabilities 212,647 \$ 1,045 Accrued liabilities 42,310 30,032 Accrued compensation and related expenses 19,445 27,530 Income taxes payable 769 39,637 Unredeemed gift card liability 38,431 35,113 Value deemed gift card liability 39,422 30,422 Value deemed gift card liability 30,422	Prepaid expenses and other current assets	_				
Goodwill and intangible assets, net 28,201 30,201 beferred income tax asset 18,300 15,033 beferred income tax asset 4,745 4,152 cher non-current assets 4,745 4,052 LASSILITIES AND STOCKHOLDERS' EQUITY Current liabilities Accounts payable \$12,647 \$1,045 Accounted inabilities 42,310 30,032 Accrued compensation and related expenses 19,445 27,530 Income taxes payable 769 39,637 Unredeemed gift card liability 38,343 35,113 Volumedemed gift card liability 38,942 30,422 Volume taxes payable 39,942 30,422						
deferred income tax asset 18,300 15,033 After non-current assets 4,745 4,152 ABILITIES AND STOCKHOLDERS' EQUITY 3,124,968 1,051,078 Current liabilities Accounts payable 12,647 1,045 Accrued liabilities 42,310 30,032 Accrued compensation and related expenses 16,445 27,530 Income taxes payable 769 39,637 Unredeened gift card liability 38,343 35,113 Value 113,514 133,357 Value 13,514 133,357 Value 15,006 163,779 Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.00005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.005 par value, 40,000 shares authorized, issu						
Aber non-current assets 4,745 4,152 ABILITIES AND STOCKHOLDERS' EQUITS 3,124,968 1,015,078 Accounts payable \$12,647 \$1,045 Accrued liabilities 42,310 30,032 Accrued compensation and related expenses 19,445 27,530 Income taxes payable 769 39,637 Unredeemed gift card liability 38,343 35,113 Accurrent liabilities 33,942 33,942 Accurrent liabilities 39,492 30,422 Exchangeable stock, no par value, 6,000 shares authorized, issued and outstanding 29,955 and 32,055 3- 5- Exchang						
TABILITIES AND STOCKHOLDERS' EQUITY Current liabilities	Deferred income tax asset				15,033	
Current liabilities	Other non-current assets	_	4,745		4,152	
Current liabilities \$ 12,647 \$ 1,045 Accounts payable 42,310 30,032 Accrued compensation and related expenses 19,445 27,530 Income taxes payable 769 39,637 Unredeemed gift card liability 38,343 35,113 Non-current liabilities 39,492 113,514 133,357 Non-current liabilities 39,492 30,422 153,006 163,779 Non-current liabilities 50,000 par value, 5,000 shares authorized, issued and outstanding 29,955 and 32,065 - - - Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 - - - Special voting stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 29,955 and 32,065 - - - Common stock, \$0.005 par value, 400,000 s		\$	1,249,688	\$	1,051,078	
Accounts payable \$ 12,647 \$ 1,045 Accrued liabilities 42,310 30,032 Accrued compensation and related expenses 19,445 27,530 Income taxes payable 769 39,637 Unredeemed gift card liability 38,343 35,113 Non-current liabilities 39,492 30,422 Accounting transport of the current liabilities 39,492 30,422 Accounting ated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Common stock, \$0.005 par value, 60,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	LIABILITIES AND STOCKHOLDERS' EQUITY					
Accrued liabilities 42,310 30,032 Accrued compensation and related expenses 19,445 27,530 Income taxes payable 769 39,637 Unredeemed gift card liability 38,343 35,113 Non-current liabilities 39,492 30,422 Stockholders' equity 153,006 163,779 Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Current liabilities					
Accrued compensation and related expenses 19,445 27,530 Income taxes payable 769 39,637 Unredeemed gift card liability 38,343 35,113 Non-current liabilities 39,492 30,422 Stockholders' equity 153,006 163,779 Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Accounts payable	\$	12,647	\$	1,045	
Income taxes payable 769 39,637 Unredeemed gift card liability 38,343 35,113 Income taxes payable 49,342 Incometaxes payable 49,342 Incometa	Accrued liabilities		42,310		30,032	
Unredeemed gift card liability 38,343 35,113 Non-current liabilities 39,492 30,422 Stockholders' equity 153,006 163,779 Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Accrued compensation and related expenses		19,445		27,530	
Non-current liabilities 39,492 30,422 Non-current liabilities 39,492 30,422 Itoockholders' equity Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Income taxes payable		769		39,637	
Non-current liabilities 39,492 30,422 Stockholders' equity 153,006 163,779 Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Unredeemed gift card liability		38,343		35,113	
Stockholders' equity Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — — Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090			113,514		133,357	
Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Non-current liabilities		39,492		30,422	
Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding — — Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 — — — Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090			153,006		163,779	
Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 Additional paid-in capital Retained earnings 923,822 Accumulated other comprehensive (loss) income (68,068) 21,090	Stockholders' equity					
Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065 Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Undesignated preferred stock, \$0.01 par value, 5,000 shares authorized, none issued and outstanding		_		_	
32,065 Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371 577 562 Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Exchangeable stock, no par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065		_		_	
Additional paid-in capital 240,351 221,372 Retained earnings 923,822 644,275 Accumulated other comprehensive (loss) income (68,068) 21,090	Special voting stock, \$0.000005 par value, 60,000 shares authorized, issued and outstanding 29,955 and 32,065		_		_	
Retained earnings923,822644,275Accumulated other comprehensive (loss) income(68,068)21,090	Common stock, \$0.005 par value, 400,000 shares authorized, issued and outstanding 115,342 and 112,371		577		562	
Accumulated other comprehensive (loss) income (68,068) 21,090	Additional paid-in capital		240,351		221,372	
	Retained earnings		923,822		644,275	
1,096,682 887,299	Accumulated other comprehensive (loss) income		(68,068)		21,090	
<u> </u>			1,096,682		887,299	
\$ 1,249,688 \$ 1,051,078		\$	1,249,688	\$	1,051,078	

lululemon athletica inc. and Subsidiaries CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	 Fiscal Year Ended				
	February 2, 2014		February 3, 2013		January 29, 2012
	(Amounts in thousands, except per share amounts)				
Net revenue	\$ 1,591,188	\$	1,370,358	\$	1,000,839
Cost of goods sold	 751,112		607,532		431,488
Gross profit	840,076		762,826		569,351
Selling, general and administrative expenses	448,718		386,387		282,393
Income from operations	 391,358		376,439		286,958
Other income (expense), net	5,768		4,957		2,500
Income before provision for income taxes	397,126		381,396		289,458
Provision for income taxes	117,579		109,965		104,494
Net income	 279,547		271,431		184,964
Net income attributable to non-controlling interest	_		875		901
Net income attributable to lululemon athletica inc.	\$ 279,547	\$	270,556	\$	184,063
Basic earnings per share	\$ 1.93	\$	1.88	\$	1.29
Diluted earnings per share	\$ 1.91	\$	1.85	\$	1.27
Basic weighted-average number of shares outstanding	144,913		144,000		143,196
Diluted weighted-average number of shares outstanding	146,043		145,806		145,278
Other comprehensive (loss) income:					
Foreign currency translation adjustment	(89,158)		(459)		1,220
Comprehensive income	\$ 190,389	\$	270,097	\$	185,283

lululemon athletica inc. and Subsidiaries CONSOLIDATED STATEMENTS OF CASH FLOWS

		Fiscal Year Ended			
	February 2, 2014	February 3, 2013	January 29, 2012		
	(Aı	(Amounts in thousan			
ash flows from operating activities					
Net income	\$ 279,547	\$ 271,431	\$ 184,964		
Items not affecting cash					
Depreciation and amortization	49,068	43,000	30,259		
Stock-based compensation	10,087	15,637	10,340		
Derecognition of unredeemed gift card liability	(4,654)	(1,351)	(1,775		
Deferred income taxes	820	(6,445)	(693		
Excess tax benefits from stock-based compensation	(6,457)	(9,901)	(5,750		
Other, including net changes in other non-cash balances					
Prepaid tax installments	3,067	(7,812)	(4,030		
Other prepaid expenses and other current assets	(14,408)	(10,492)	5,374		
Inventories	(37,407)	(51,022)	(46,072		
Accounts payable	11,627	(13,481)	7,86		
Accrued liabilities	13,722	(208)	1,02		
Sales tax collected	161	(4,232)	8,23		
Income taxes payable	(35,075)	30,951	(3,95		
Accrued compensation and related expenses	(6,282)	4,695	5,970		
Deferred gift card revenue	9,306	13,711	6,11		
Other non-cash balances	5,217	5,632	5,74		
Net cash provided by operating activities	278,339	280,113	203,61		
Cash flows from investing activities					
Purchase of property and equipment	(106,408)	(93,229)	(116,65		
Acquisition of franchises	_	_	(5,65		
Net cash used in investing activities	(106,408)	(93,229)	(122,31		
Cash flows from financing activities					
Proceeds from exercise of stock options	8,171	11,014	9,61		
Excess tax benefits from stock-based compensation	6,457	9,901	5,75		
Registration fees associated with shelf registration statement	_	(393)	_		
Purchase of non-controlling interest	_	(26,013)	_		
Taxes paid related to net share settlement of equity awards	(5,721)	_	_		
Net cash provided by (used in) financing activities	8,907	(5,491)	15,36		
Effect of exchange rate changes on cash	(72,368)	(651)	(3,51		
Increase in cash and cash equivalents	108,470	180,742	93,15		
Cash and cash equivalents, beginning of period	\$ 590,179	\$ 409,437	\$ 316,28		
	\$ 698,649	\$ 590,179	\$ 409,43		
Cash and cash equivalents, end of period	Ψ 0,0,0+)	Ψ 370,177	Ψ 107,73		