

lululemon athletica inc.
Form DEFR14A
May 09, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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lululemon athletica inc.

(Name of Registrant as Specified In Its Charter)

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EXPLANATORY NOTE

The sole purpose of this revision to the original Definitive Proxy Statement filed May 8, 2008 is to correct a clerical error in the biography of Christine M. Day on page 5 of the proxy statement. The third sentence of Ms. Day's biography should read that from July 2003 to October 2003, Ms. Day served as Co-President for Starbucks Coffee International, and not as Co-President for Starbucks. There are no other revisions or amendments to any other parts of the Definitive Proxy Statement previously filed.

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NOTICE OF 2008 ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 4, 2008

TO OUR STOCKHOLDERS:

Notice is hereby given that the annual meeting of the stockholders, or the Annual Meeting, of lululemon athletica inc., a Delaware corporation, will be held on June 4, 2008, at 10:00 a.m. local time, in the Malaspina room at the Fairmont Waterfront Hotel located at 900 Canada Place Way, Vancouver, British Columbia, for the following purposes:

1. To elect three Class I directors to hold office for a three-year term and until their respective successors are elected and qualified, and, subject to the resignation of Robert Meers as a Class II director prior to the Annual Meeting, to elect one Class II director to hold office for a one-year term and until her successor is elected and qualified.
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2009.
3. To transact such other business as may properly come before the meeting.

Our board of directors, or the Board, recommends that you vote **FOR** the election of each of the nominees to the Board and **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

Stockholders of record at the close of business on April 23, 2008 are entitled to notice of, and to vote at, this meeting and any adjournment or postponement thereof. In accordance with our Second Amended and Restated Bylaws, a list of those stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder, for

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any purpose relating to the meeting, at the office of the Secretary, lululemon athletica inc., 2285 Clark Drive, Vancouver, British Columbia, beginning May 9, 2008. The list will also be available at the Annual Meeting.

All stockholders are invited to attend the Annual Meeting. Please let us know if you plan to attend the meeting by marking the appropriate box on the enclosed Proxy Card. If you are a stockholder of record as of April 23, 2008, you will be admitted to the meeting if you present a form of photo identification. If you own stock beneficially through a bank, broker or otherwise, you will be admitted to the meeting if you present a form of photo identification and proof of ownership or a valid proxy signed by the record holder. A recent brokerage statement or a letter from a bank or broker are examples of proof of ownership. Whether or not you intend to be present in person at the Annual Meeting, please sign and date the enclosed Proxy Card and return it promptly in the enclosed envelope.

By order of the Board of Directors,

/s/ Dennis J. Wilson

Dennis J. Wilson
Chairman of the Board of Directors
Vancouver, British Columbia

May 7, 2008

LULULEMON ATHLETICA INC.

PROXY STATEMENT

2008 ANNUAL MEETING OF STOCKHOLDERS

TUESDAY, JUNE 4, 2008

GENERAL INFORMATION

This Proxy Statement is being provided to solicit proxies on behalf of the board of directors of lululemon athletica inc. for use at the 2008 annual meeting of stockholders to be held on Tuesday, June 4, 2008, at 10:00 a.m., local time, in the Malaspina room at the Fairmont Waterfront Hotel, 900 Canada Way Place, Vancouver, British Columbia, and at any adjournment or postponement thereof. We expect to first mail or give this Proxy Statement, together with our Annual Report on Form 10-K for the fiscal year ended February 3, 2008, to stockholders on approximately May 7, 2008.

Our principal offices are located at 2285 Clark Drive, Vancouver, British Columbia V5N 3G9.

In this Proxy Statement, we refer to lululemon athletica inc. as lululemon, we, us or the company.

Who May Vote

Only holders of record of our Common Stock and holders of record of our Special Voting Stock, which we refer to as the Exchangeable Stock, at the close of business on April 23, 2008, or the Record Date, will be entitled to notice of, and to vote at, the Annual Meeting. On the Record Date, 46,779,122 shares of Common Stock and 20,935,041 shares of Exchangeable Stock were issued and outstanding. Each share of Common Stock is entitled to one vote at the Annual Meeting and each share of Exchangeable Stock is entitled to one vote at the Annual Meeting. Holders of Common Stock and Exchangeable Stock will vote together as a single class on all matters that come before the Annual Meeting; accordingly, throughout this proxy statement we refer generally to our outstanding Common Stock and Special Voting Stock as our Common Stock.

What Constitutes a Quorum

Stockholders may not take action at the Annual Meeting unless there is a quorum present at the meeting. The presence, in person or by proxy, of a majority of the outstanding shares of Common Stock entitled to vote as of the close of business on the Record Date constitutes a quorum. Abstentions and broker non-votes will count toward establishing a quorum. Broker non-votes occur when brokers holding shares in street name for beneficial owners do not receive instructions from the beneficial owners about how to vote the shares. An abstention occurs when a stockholder withholds such stockholder's vote by checking the abstain box on the Proxy Card. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, including the election of directors.

Vote Required

Under applicable law and our Second Amended and Restated Bylaws, if a quorum is present at the Annual Meeting, the four director candidates who receive the greatest number of votes cast for the election of directors by shares present in person or represented by proxy and entitled to vote shall be elected directors, subject to the resignation of Mr. Meers as a Class II director prior to the Annual Meeting. The ratification of the appointment of our independent registered public accounting firm requires the affirmative vote of a majority of the votes cast at the Annual Meeting. You are not entitled to cumulative voting rights in the election of directors.

Voting Process

Shares that are properly voted or for which Proxy Cards are properly executed and returned will be voted at the Annual Meeting in accordance with the directions given or, in the absence of directions, will be voted FOR the election of each nominee to the Board named herein, and FOR the ratification of the appointment of our independent registered public accounting firm. It is not expected that any other matters will be brought before the Annual Meeting. If, however, other matters are properly presented, the persons named as proxies in the accompanying Proxy Card will vote in accordance with their discretion with respect to such matters.

The manner in which your shares may be voted depends on how your shares are held. If you are the record holder of your shares, meaning you appear as the stockholder of your shares on the records of our stock transfer agent, a Proxy Card for voting those shares will be included with this Proxy Statement. If you own shares in street name, meaning you are a beneficial owner with your shares held through a bank or brokerage firm, you may instead receive a voting instruction form with this Proxy Statement that you may use to instruct your bank or brokerage firm how to vote your shares.

Voting by Mail

By signing and returning the enclosed Proxy Card according to the instructions provided, you are enabling the individuals named on the Proxy Card, known as proxies, to vote your shares at the Annual Meeting in the manner you indicate. We encourage you to sign and return the Proxy Card even if you plan to attend the Annual Meeting.

Voting by Telephone

You may be able to vote by telephone. If so, instructions are included with your Proxy Card. If you vote by telephone, you do not need to complete and mail your Proxy Card.

Voting on the Internet

You may be able to vote on the Internet. If so, instructions are included with your Proxy Card. If you vote on the Internet, you do not need to complete and mail your Proxy Card.

Attendance and Voting at the Annual Meeting

If you are the record holder of your shares, you may attend the Annual Meeting and vote in person. You will be required to present a form of photo identification for admission to the Annual Meeting. If you own your stock in street name, you may attend the Annual Meeting in person provided that you present a form of photo identification and proof of ownership, such as a recent brokerage statement or a letter from a bank or broker, but in order to vote your shares at the Annual Meeting you must obtain a legal proxy from the bank or brokerage firm that holds your shares. You should contact your bank or brokerage account representative to obtain a legal proxy.

Revocation

If you are the record holder of your shares, you may revoke a previously granted proxy at any time before the Annual Meeting by delivering to the Secretary of lululemon athletica inc. a written notice of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Any stockholder owning shares in street name may change or revoke previously given voting instructions by contacting the bank or brokerage firm holding the shares or by obtaining a legal proxy from such bank or brokerage firm and voting in person at the Annual Meeting. Your personal attendance at the Annual Meeting does not revoke your proxy. Your last vote, prior to or at

the Annual Meeting, is the vote that will be counted.

Householding

The SEC permits companies to send a single set of annual disclosure documents to any household at which two or more stockholders reside, unless contrary instructions have been received, but only if we provide advance notice and follow certain procedures. In such cases, each stockholder continues to receive a separate notice of the Annual Meeting and Proxy Card. This householding process reduces the volume of duplicate information and reduces

printing and mailing expenses. We have not instituted householding for stockholders of record; however, certain brokerage firms may have instituted householding for beneficial owners of our Common Stock held through brokerage firms. If your family has multiple accounts holding our Common Stock, you may have already received householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of the annual disclosure documents. The broker will arrange for delivery of a separate copy of this Proxy Statement or our Annual Report promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies.

Solicitation of Proxies

We pay the cost of soliciting proxies for the Annual Meeting. We solicit by mail and arrangements are made with brokerage houses and other custodians, nominees and fiduciaries to send proxy materials to beneficial owners. Upon request, we will reimburse them for their reasonable expenses. In addition, our directors, officers and employees may solicit proxies, either personally or by telephone, facsimile or written or electronic mail. Our transfer agent, Computershare Trust Company, N.A., will assist in the solicitation of proxies. The transfer agent does not charge a separate fee for this service. We will reimburse the transfer agent for any expenses related to proxy solicitation. Stockholders are requested to return their proxies without delay.

PROPOSAL NO. 1**ELECTION OF DIRECTORS**

At the Annual Meeting, three Class I directors and one Class II director are to be elected to hold office for terms of three years and one year, respectively. Our outgoing Chief Executive Officer, Robert Meers, will resign as a Class II director of the company effective immediately prior to the Annual Meeting and our Board has nominated our President, Chief Operating Officer and CEO designate, Christine M. Day, as a Class II director to fill the vacancy created by, and subject to, Mr. Meers' resignation. Each director will serve until his or her successor shall be elected and qualified. The Board has no reason to believe that any of the nominees listed below will be unable to serve as a director. If, however, any nominee becomes unavailable, the proxies will have discretionary authority to vote for a substitute nominee. There are no family relationships among any of the directors or executive officers.

Unless authority to do so is withheld, the persons named as proxies in the accompanying Proxy Card will vote FOR the election of the nominees listed below.

The following table sets forth the name and age of each director and director nominee, the positions and offices held by each director with lululemon and the period during which the director has served as a director of lululemon.

| Name | Age | Positions and Offices with Lululemon | Director Since |
|--|------------|--|-----------------------|
| Class I Directors nominated for election at the 2008 Annual Meeting: | | | |
| Michael Casey | 62 | Director | 2007 |
| RoAnn Costin | 55 | Director | 2007 |
| R. Brad Martin | 56 | Director | 2007 |
| Class II Director Nominee for election at the 2008 Annual Meeting: | | | |
| Christine M. Day | 46 | President, Chief Operating Officer and Chief Executive Officer Designate | N/A |
| Class II Directors whose terms expire at the 2009 Annual Meeting(*): | | | |
| Steven J. Collins | 39 | Director | 2005 |
| Rhoda M. Pitcher | 53 | Director | 2005 |
| Class III Directors whose terms expire at the 2010 Annual Meeting: | | | |
| David M. Mussafer | 45 | Director | 2005 |
| Thomas G. Stemberg | 59 | Director | 2005 |
| Dennis J. Wilson | 52 | Chairman of the Board and Chief Product Designer | 1998 |

* Robert Meers will resign as a Class II Director immediately prior to the Annual Meeting.

Class I Director Nominees

Michael Casey has been a member of our Board since October 2007. Mr. Casey recently retired from Starbucks Corporation, a leading roaster and retailer of specialty coffee. He served as Senior Vice President and Chief Financial Officer from August 1995 to September 1997, Executive Vice President, Chief Financial Officer and Chief Administrative Officer from September 1997 to October 2007 and Senior Advisor from October 2007 to May 2008. Prior to joining Starbucks, Mr. Casey was Executive Vice President and Chief Financial Officer for Family Restaurants, Inc., and President and Chief Executive Officer of El Torito Restaurants, Inc. Mr. Casey is also a member of the board of directors of The NASDAQ OMX Group, Inc. Mr. Casey graduated from Harvard College with an A.B.

degree in Economics and later returned to graduate school, where he earned his MBA degree from Harvard Business School.

RoAnn Costin has been a member of our Board since March 2007. Ms. Costin has served as the President of Wilderness Point, a financial investment firm, since 2005. From 1992 until 2005, Ms. Costin served as the President of Reservoir Capital Management, Inc., an investment advisory firm. Ms. Costin received a B.A. in Government from Harvard University and an M.B.A. from the Stanford University Graduate School of Business.

R. Brad Martin has been a member of our Board since March 2007. Mr. Martin served as the Chief Executive Officer of Saks Incorporated, a retail department store company, from 1989 until January 2006. Mr. Martin is a member of the board of directors of Ruby Tuesday, Inc, a restaurant company, First Horizon National Corporation, a banking corporation, Gaylord Entertainment Company, a hospitality and entertainment company. Mr. Martin received a B.S. in political science from the University of Memphis and an M.B.A. from Vanderbilt University.

Class II Director Nominee

Christine M. Day has served as the company's Executive Vice President, Retail Operations, from January 2008 through April 2008, and was appointed to the offices of President and Chief Operating Officer, and was named our Chief Executive Officer designate, in April 2008. Ms. Day previously worked with Starbucks Corporation, a leading roaster and retailer of specialty coffee, where she served as President, Asia Pacific Group from July 2004 through February 2007. From July 2003 to October 2003, Ms. Day served as Co-President for Starbucks. From 1987 to 2003, Ms. Day served in various capacities at Starbucks, including Senior Vice President, North American Finance & Administration; and Vice President of Sales and Operations for Business Alliances. Ms. Day is a member of the board of directors of Select Comfort Corporation, a provider of adjustable-firmness beds and other sleep-related accessory products. Ms. Day received a B.A. in Administrative Management from Central Washington University and is a graduate of Harvard Business School's Advanced Office Management Program.

Class II Directors Continuing in Office until the 2009 Annual Meeting of Stockholders

Steven J. Collins has been a member of our Board since 2005. Mr. Collins is currently a Managing Director of Advent International Corporation, one of our principal stockholders. Mr. Collins joined Advent International Corporation in 1995 and has been a principal of that firm since 2000. Mr. Collins is a member of the board of directors of Kirkland's, Inc., a specialty retailer of home décor, and serves on the board of several privately held businesses. Mr. Collins received a B.S. from the Wharton School of the University of Pennsylvania and an M.B.A. from the Harvard Business School.

Rhoda M. Pitcher has been a member of our Board since 2005. For the past ten years she has been the founder and Chief Executive Officer of Rhoda M. Pitcher Inc., a management consulting firm providing services in organizational strategy and the building of executive capability to Fortune 500 corporations, institutions, start-ups and non-profits. From 1978 to 1997, Ms. Pitcher co-founded, built and sold two international consulting firms. Ms. Pitcher holds a Masters of Organization Development from University Associates.

Class III Directors Continuing in Office until the 2010 Annual Meeting of Stockholders

David M. Mussafer has been a member of our Board since 2005. Mr. Mussafer is currently a Managing Director of Advent International Corporation, one of our principal stockholders, and is responsible for Advent International Corporation's North American private equity operations. Mr. Mussafer joined Advent International Corporation in 1990 and has been a principal of the firm since 1993 and is a member of Advent's executive committee and board of directors. Mr. Mussafer is a member of the board of directors of Kirkland's, Inc., a specialty retailer of home décor and Shoes for Crews Inc, a designer and marketer of footwear. Mr. Mussafer received a B.S.M. from Tulane University and an M.B.A. from the Wharton School of the University of Pennsylvania.

Thomas G. Stemberg has been a member of our Board since 2005. Since March 2007, he has been the managing general partner of Highland Consumer Partners, a venture capital firm. From February 2005 until March 2007, Mr. Stemberg was a venture partner with Highland Capital Partners. Mr. Stemberg co-founded Staples, Inc., an office supplies retailer, serving as its Chairman from 1988 to 2005, and as its Chief Executive Officer from 1986 until 2002. Mr. Stemberg serves on the board of directors of CarMax, Inc., a retailer of used cars and PETSMART, Inc., a retailer

of pet supplies and products. Mr. Stenberg received an A.B. in Physical Science from Harvard University and an M.B.A. from the Harvard Business School.

Dennis J. Wilson founded our company in 1998 and has served as the Chairman of our Board since 1998 and currently also serves as our Chief Product Designer. Prior to serving as our Chairman and Chief Product Designer, Mr. Wilson served as our Chief Executive Officer from 1998 until 2005. In 1980, Mr. Wilson founded Westbeach Snowboard Ltd., a surf, skate and snowboard vertical retailer, and served as its Chief Executive Officer from 1980

until 1995 and as its Head of Design and Production from 1995 until 1997. Mr. Wilson received a B.A. in Economics from the University of Calgary.

Mr. Casey, who was appointed to our Board following our July 2007 initial public offering, was recommended for appointment to our Board by a non-management director.

The Board Unanimously Recommends a Vote FOR the Election of the three Class I Director Nominees and the one Class II Director Nominee.

CORPORATE GOVERNANCE

Independence of the Board

Pursuant to the listing standards of The Nasdaq Stock Market, or NASDAQ, a majority of the members of our Board must qualify as independent, as affirmatively determined by the Board. The Board consults with our outside legal counsel to ensure that the Board's determinations are consistent with relevant securities and other laws and regulations regarding the definition of independent, including those set forth in the NASDAQ listing standards in effect at the time of the determination.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and lululemon, our senior management and our independent auditors, the Board has affirmatively determined that the following six directors are independent directors within the meaning of the applicable NASDAQ listing standards: Michael Casey, Steven J. Collins, RoAnn Costin, R. Brad Martin, David M. Mussafer and Thomas G. Stemberg. In making this determination, the Board found that none of these directors had a material or other disqualifying relationship with the company. Dennis J. Wilson, our Chairman of the Board and our Chief Product Designer, and Robert Meers, our current Chief Executive Officer, are not independent directors by virtue of their current employment with lululemon. Rhoda M. Pitcher is not currently an independent director by virtue of a prior consulting arrangement with the company.

Executive Sessions

Non-management directors meet in an executive session without management present each time the Board holds its regularly scheduled meetings. Mr. Martin has been designated by the Board to act as the Lead Director for such executive sessions of non-management directors.

Committees and Meeting Attendance

The Board has an Audit Committee, a Compensation Committee and a Nominating and Governance Committee. Each of these committees operates under a written charter adopted by the Board. Copies of these charters are available on our website at www.lululemon.com. The Board held nine meetings during the fiscal year ended February 3, 2008. Each of the standing committees of the Board held the number of meetings indicated below. During the last fiscal year, each of our directors attended at least 75% of the total number of meetings of the Board and all of the committees of the Board on which such director served during that period. Directors are encouraged to attend our annual meetings of stockholders. Because we became a public company in July 2007, we have not yet held an annual meeting of stockholders as a public company.

The following table sets forth the three standing committees of the Board, the members of each committee during the last fiscal year and the number of meetings held by each committee:

| Name of Director | Audit | Compensation | Nominating and Governance |
|------------------------------------|--------------|---------------------|----------------------------------|
| Michael Casey | Chair | | |
| Steven J. Collins | | Member | Member(1) |
| RoAnn Costin | Member | | |
| R. Brad Martin | Member | | |
| David M. Mussafer | | Chair | Member |
| Thomas G. Stemberg | | Member | Chair |
| Number of Meetings in Fiscal 2007: | 5 | 3 | 3 |

- (1) Mr. Collins was appointed to the Nominating and Governance Committee in April 2008, and resigned from the Audit Committee in April 2008.

Audit Committee

The Audit Committee is appointed by the Board to assist the Board in fulfilling its financial oversight responsibilities by overseeing the accounting and financial reporting processes of lululemon and audits of our financial statements. The Audit Committee's primary duties and responsibilities include:

Appointing and retaining our independent registered public accounting firm, approving all audit, review, and other services to be provided by our independent registered public accounting firm and determining the compensation to be paid for such services;

Overseeing the integrity of our financial reporting process and systems of internal controls regarding accounting and finance;

Overseeing the qualifications, independence, and performance of our independent registered public accounting firm;

Reviewing and, if appropriate, approving any related party transactions;

Reviewing lululemon's Code of Business Conduct and Ethics applicable to all directors, officers, and employees, and monitoring and approving any modifications or waivers of such code;

Providing a means for processing complaints and anonymous submissions by employees of concerns regarding accounting or auditing matters; and

Monitoring compliance with legal and regulatory requirements.

The members of the Audit Committee are Michael Casey (chairperson), RoAnn Costin and R. Brad Martin. The Board has determined that all members of the Audit Committee meet the independence requirements of both NASDAQ and the SEC and that Michael Casey qualifies as an Audit Committee Financial Expert, as defined in Item 407(d)(5) of Regulation S-K promulgated by the SEC. There were five Audit Committee meetings in fiscal 2007.

Steven Collins was a member of the Audit Committee until his resignation from that committee in April 2008.

Compensation Committee

The Compensation Committee has been delegated authority by the Board to oversee all significant aspects of lululemon's compensation policies and programs, including:

Reviewing and approving the compensation and annual performance objectives and goals of all of our executive officers;

Reviewing, approving, and administering incentive-based and equity-based compensation plans in which our executive officers participate;

Reviewing and recommending to the Board new executive compensation programs; and

Reviewing and recommending to the Board proposed changes in director compensation.

The members of the Compensation Committee are David M. Mussafer (chairperson), Steven J. Collins and Thomas G. Stemberg. The Board has determined that all members of the Compensation Committee meet the independence requirements of NASDAQ. The Compensation Committee held three meetings during fiscal 2007.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for matters relating to the corporate governance of our company and the nomination of members of the Board and committees thereof. The members of the Nominating and Governance Committee are Thomas G. Stemberg (chairperson), Steven J. Collins and David M. Mussafer. The Board has determined that all members of the Nominating and Governance Committee meet the independence requirements of NASDAQ.

Director Nominations

The Nominating and Governance Committee considers nominees recommended by directors, officers, employees, stockholders, and others based upon each candidate's qualifications, including whether a candidate possesses any of the specific qualities and skills desirable in certain members of the Board. Evaluations of candidates generally involve a review of background materials, internal discussions, and interviews with selected candidates, as appropriate. Upon selection of a qualified candidate, the Nominating and Governance Committee recommends the candidate to the Board. The Nominating and Governance Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

Nominees for the Board must be committed to enhancing long-term stockholder value and possess a high level of personal and professional ethics, sound business judgment, appropriate experience and achievements, personal character and integrity. Board members are expected to understand our business and the industry in which we operate, regularly attend Board and committee meetings, participate in meetings and decision making processes in an objective and constructive manner and be available to advise our officers and management.

The company believes that the continuing service of qualified incumbents promotes stability and continuity in the board room, contributing to the Board's ability to work as a collective body while giving the company the benefit of the familiarity and insight into the company's affairs that the directors have accumulated during their tenure. Accordingly, the Nominating and Governance Committee will first evaluate and consider incumbent directors whose terms expire at the upcoming meeting and who wish to continue their service on the Board. The committee will assess the performance of each incumbent director and determine whether there exist any special, countervailing considerations against renomination of the director. If the incumbent director continues to be qualified and has satisfactorily performed his or her duties, and there exists no reason why, in the committee's view, the incumbent should not be renominated, the committee will nominate the director for reelection.

The Nominating and Governance Committee will consider director candidates recommended by stockholders. The Nominating and Governance Committee will evaluate director candidates in light of several factors, including the minimum criteria set forth above. Stockholders who wish to recommend individuals for consideration by the Nominating and Governance Committee to become nominees for election to the Board at an annual meeting of stockholders must do so in accordance with the procedures set forth in "Stockholder Proposals to be Presented at the 2009 Annual Meeting of Stockholders" section of this proxy statement and in compliance with our bylaws. Each

submission must set forth: the name and address of the stockholder on whose behalf the submission is made; the number of our shares that are owned beneficially by such stockholder as of the date of the submission and the time period for which such shares have been held; a statement from the record holder of the shares verifying the holdings; the full name of the proposed candidate; a description of the proposed candidate's business experience for at least the previous five years; complete biographical information for the proposed candidate; a description of the proposed candidate's qualifications as a director; and any other information described in our bylaws and in our Guidelines and Procedures for Identifying and Evaluating Candidates for Director, which is available on our website at

www.lululemon.com. To date, the Nominating and Governance Committee has not received a director nomination from a stockholder or stockholders holding more than 5% of our voting stock.

Communications with Directors

Stockholders may communicate with lululemon directors by transmitting correspondence by mail, facsimile or email, addressed as follows:

Corporate Secretary
c/o lululemon athletica inc.
2285 Clark Drive
Vancouver, British Columbia
Canada V5N 3G9

The Secretary will, as appropriate, forward communication to the Board or to any individual director, directors, or Board committee to whom the communication is directed.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of the officers, directors and employees of lululemon and its subsidiaries. The most current version is available on our web site at www.lululemon.com. If we make any substantive amendments to the code or grant any waiver from a provision of the code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on our website, as well as via any other means required by NASDAQ rules or applicable law.

Compensation Committee Interlocks and Insider Participation

Two of the members of our Compensation Committee, Steven J. Collins and David M. Mussafer, briefly served as corporate officers of lululemon and a subsidiary during part of fiscal 2007 prior to our initial public offering in July 2007. The third member of the Compensation Committee, Thomas G. Stemberg, has never served as one of our officers or employees. None of our executive officers currently serves, or in fiscal 2007 served, as a member of the board or compensation committee of any entity that has one or more executive officers who serve on our Board or Compensation Committee. Messrs. Collins and Mussafer are members of a group of persons that exercise voting and investment power over the shares beneficially owned by Advent International Corporation. See Certain Relationships and Related Party Transactions below.

Executive Officers

Our executive officers and their ages as of February 3, 2008 were as follows:

| Name | Age | Positions | Officer Since |
|----------------------------|-----|--|---------------|
| Robert Meers(1) | 64 | Chief Executive Officer | 2005 |
| Dennis J. Wilson | 52 | Chief Product Designer | 1998 |
| John E. Currie | 52 | Chief Financial Officer | 2007 |
| Christine M. Day(2) | 46 | President and Chief Operating Officer; Chief Executive Officer Designate | 2008 |
| Michael J. Tattersfield(3) | 41 | Executive Vice President, Retail Logistics and Sourcing | 2006 |

- (1) Mr. Meers will resign as our Chief Executive Officer as of June 30, 2008.
- (2) Ms. Day will become our Chief Executive Officer on June 30, 2008.
- (3) Mr. Tattersfield's employment with the company terminated in April 2008.

Robert Meers has served as a member of our Board and as our Chief Executive Officer since December 2005. Mr. Meers was employed by Reebok International from 1984 to 1999, where he served as President and Chief Executive Officer of the Reebok brand from 1996 until 1999. Mr. Meers' other positions at Reebok included

President of the Rockport shoe division, President of the Greg Norman sportswear brand, and Executive Vice President of Reebok USA and Reebok International. Prior to joining us, Mr. Meers served since 2002 as the President and Chief Executive Officer of Syratech Corporation, a designer, manufacturer, importer and distributor of a variety of tabletop and home decoration products. In February 2005, Syratech Corporation filed a voluntary petition for protection pursuant to Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the District of Massachusetts. From 1999 until 2002 Mr. Meers served as Chairman of BBM Holding, Inc., a specialty retailer and an importer/exporter in the food industry. Mr. Meers graduated from the University of Massachusetts at Amherst's School of Hotel, Restaurant, and Travel Administration. Mr. Meers will resign from the company effective June 30, 2008, at which time Christine M. Day will become the company's Chief Executive Officer.

Dennis J. Wilson's biographical summary is included under Proposal No. 1 Election of Directors.

John E. Currie has served as our Chief Financial Officer since January 2007. Prior to joining us, Mr. Currie worked for Intrawest Corporation, a provider of destination resorts and leisure travel, from 1989 to 2006, including as Chief Financial Officer from 2004 to 2006 and Senior Vice President, Financing & Taxation from 1997 to 2004. Prior to joining Intrawest he held senior financial positions within the BCE Group, a telecommunications service provider, and was a specialist in international taxation with a major accounting firm. Mr. Currie is a member of the board of directors of Hathor Exploration Limited, a resource exploration company. Mr. Currie, a Chartered Accountant, received a Bachelor of Commerce degree from the University of British Columbia.

Christine M. Day's biographical summary is included under Proposal No. 1 Election of Directors.

Mike J. Tattersfield joined us in November 2006 and served as our Chief Operating Officer until January 2008 and as Executive Vice President, Retail Logistics and Sourcing, until April 2008. From 2005 until joining us, Mr. Tattersfield served as the Vice President and Head of Store Operations for Limited Brands, an international apparel company. From 1992 until 2005, Mr. Tattersfield held various roles at Yum Restaurants International (former division of Pepsico). His roles increased in scope and level of responsibility from Mexico Director of Operations from 1992 until 1997, to Mexico Chief Financial Officer and Director of Development from 1997 until 1998, to Chief Executive Officer and Managing Director of Puerto Rico/USVI and Venezuela from 1998 until 2003, to lastly President of A&W Restaurants worldwide from 2003 until 2005. Mr. Tattersfield is a member of the board of directors of Peter Piper Pizza, a restaurant chain. Mr. Tattersfield received a B.S. in Accounting from Indiana University and an M.B.A. from the Harvard Business School. Mr. Tattersfield resigned from the company effective April 4, 2008.

PROPOSAL NO. 2

**RATIFICATION OF APPOINTMENT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has selected PricewaterhouseCoopers LLP, or PwC, as our independent registered public accounting firm to audit the consolidated financial statements of lululemon for the fiscal year ending February 1, 2009. PwC has acted in such capacity since its appointment in fiscal 2006. A representative of PwC is expected to be present at the Annual Meeting, with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions.

The following table sets forth the aggregate fees billed to lululemon for the fiscal years ended February 3, 2008 and January 31, 2007 by PwC:

| | Fiscal 2007 | Fiscal 2006 |
|-----------------------|--------------------|--------------------|
| Audit Fees(1) | \$ 1,503,460 | \$ 275,295 |
| Audit-Related Fees(2) | \$0 | \$0 |
| Tax Fees(3) | \$0 | \$0 |
| All Other Fees(4) | \$0 | \$107,745 |

- (1) Audit Fees consist of fees billed for professional services rendered for the audit of the company's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by PwC in connection with statutory and regulatory filings or engagements, including issuance of comfort letters to underwriters and consent procedures in connection with our initial public offering and other public filings in fiscal 2007.
- (2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the company's consolidated financial statements and are not reported under Audit Fees.
- (3) Tax Fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.
- (4) All Other Fees consist of fees for products and services other than the services reported above. In fiscal 2006, this category included fees related to consulting services in connection with implementing non-financial customer relations software.

None of the services related to Audit-Related Fees, Tax Fees or All Other Fees described above was approved by the Audit Committee pursuant to the waiver of pre-approval provisions set forth in applicable rules of the SEC. The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by our independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent

registered public accounting firm in accordance with this pre-approval. The chair of the Audit Committee is also authorized, pursuant to delegated authority, to pre-approve additional services of up to \$25,000 per engagement on a case-by-case basis, and such approvals are communicated to the full Audit Committee at its next meeting.

Vote Required and Board Recommendation

Approval of this proposal requires the affirmative vote of a majority of the votes cast affirmatively or negatively on the proposal at the Annual Meeting, as well as the presence of a quorum representing a majority of all outstanding shares of our Common Stock, either in person or by proxy. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum but will not have any effect on the outcome of the proposal.

The Board unanimously recommends a vote FOR the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2009.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees lululemon's financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process, including internal control systems. Our independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for expressing an opinion as to the conformity of our audited financial statements with generally accepted accounting principles.

The Audit Committee consists of three directors, each of whom, in the judgment of the Board, is an independent director as defined in the listing standards for The Nasdaq Stock Market. The Audit Committee acts pursuant to a written charter that has been adopted by the Board. A copy of this charter is available on our website at www.lululemon.com.

The Audit Committee has reviewed and discussed the audited financial statements with management. The Audit Committee has discussed and reviewed with the auditors all matters required to be discussed Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee has met with PricewaterhouseCoopers LLP, with and without management present, to discuss the overall scope of PricewaterhouseCoopers LLP's audit, the results of its examinations, and the overall quality of its financial reporting.

The Audit Committee has received from the auditors a formal written statement describing all relationships between the auditors and lululemon that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), discussed with the auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors' independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that lululemon's audited financial statements be included in lululemon's Annual Report on Form 10-K for the fiscal year ended February 3, 2008.

AUDIT COMMITTEE

Michael Casey (Chairman)

RoAnn Costin

R. Brad Martin

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

The primary goals of our executive compensation program are to:

attract, retain, motivate and reward talented executives;

tie annual and long-term compensation incentives to achievement of specified performance objectives inherent in our business strategy;

create long-term value for our stockholders by aligning the interests of our executives with those of our stockholders; and

provide our executives with a total compensation package that recognizes individual contributions, as well as overall business results.

To achieve these goals, we intend to maintain compensation plans that tie a substantial portion of our executives overall compensation to the achievement of key strategic, operational and financial goals and appreciation in our stock price.

Our Compensation Committee and Board evaluate individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development operating in the retail apparel industry. In connection with setting appropriate levels of compensation, our Compensation Committee and Board base their decisions on their general business and industry knowledge and experience and publicly available information of high growth retailers, branded athletic apparel companies, and comparable companies based in Vancouver and elsewhere in Canada, while also taking into account our relative performance and strategic goals. We intend to continue to conduct an annual review of the aggregate level of our executive compensation as part of our annual budget review and annual performance review processes. As part of this review, we will determine the operating metrics and non-financial elements used to measure our performance and to compensate our executive officers. This review is based on our knowledge of how other retail apparel companies measure their executives' performance and on the key operating metrics that are critical in our effort to increase the value of our company.

Role of Executive Officers in Executive Compensation

Our Compensation Committee determines the compensation for our executive officers, based in part on recommendations from our Chief Executive Officer.

Elements of Compensation

Our executive officer compensation consists of the following components:

base salary;

annual cash incentives linked to corporate and individual performance;

long-term incentive awards in the form of equity-based compensation; and

other benefits such as reimbursement of relocation and moving expenses, temporary housing, and tax consulting services.

Our Compensation Committee's policies with respect to each of these elements, including the basis for the compensation awarded to our executive officers, are discussed below. In addition, while each element of compensation described below is considered separately, our Compensation Committee takes into account the full compensation package for each individual in determining total compensation.

Base Salary

The base salary established for each of our executive officers is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by our Compensation Committee and Board. Base salary is also designed to provide our executive officers with steady cash flow during the course of the fiscal year that is not contingent on short-term variations in our operating performance. We believe that executive base salaries targeted at, or slightly above, market is a key factor in attracting and retaining the services of qualified executives. Our Compensation Committee determines market level based on our executives' experience in the industry with reference to the base salaries of similarly situated executives in other companies of similar size and stage of development operating in the retail apparel industry, as provided in publicly available documents.

In considering whether to adjust base salary from year to year, our Compensation Committee considers the following:

corporate performance and the performance of each individual executive officer;

new responsibilities delegated to each executive officer during the year;

any contractual agreements with our executive officers; and

the competitive marketplace for executive talent, including a comparison of base salaries for comparable positions at other similarly situated companies operating in the retail apparel industry.

To help guide the components and levels of our executive compensation, the Compensation Committee engaged the Hay Group in January 2008. The Hay Group assisted the Compensation Committee with development of a peer group of companies, and reviewed compensation practices of this peer group to assist the Compensation Committee with development of the primary elements of our executive compensation program. The Compensation Committee has based fiscal 2008 executive compensation in part on the analysis conducted by the Hay Group.

With these principles in mind, base salaries are reviewed at least annually by our Compensation Committee and the Board, and may be adjusted from time to time based on the results of this review.

Fiscal 2007 and 2008 Base Salaries

For fiscal 2007, no increases were made to the annual base salaries of Messrs. Meers, Tattersfield, Currie and Wilson.

The following table sets forth the fiscal 2007 and 2008 base salaries (in Canadian dollars) for each of our executive officers:

| Name | Fiscal 2007 Base Salary (\$) | Fiscal 2008 Base Salary (\$) |
|-------------------------|---|---|
| Robert Meers(1) | 600,000 | 600,000 |
| Christine M. Day(2) | 365,000 | 365,000 |
| Mike J. Tattersfield(3) | 392,111 | |
| John E. Currie | 325,000 | 375,000 |
| Dennis J. Wilson | 250,000 | 250,000 |

- (1) Mr. Meers will retire from the company effective June 30, 2008.
- (2) Does not reflect Ms. Day's compensation as Chief Executive Officer, which is currently under discussion.
- (3) Mr. Tattersfield's employment terminated effective April 4, 2008.

Annual Cash Incentives

Annual Discretionary Cash Performance Bonus. Our Board has the authority and discretion to award annual performance bonuses to our executive officers. The annual performance bonuses are intended to compensate officers for achieving financial, operational and strategic goals and for achieving individual annual performance

objectives. These annual bonus amounts are intended to reward both overall company and individual performance during the year and, as such, can be highly variable from year to year. Cash bonuses, as opposed to equity grants, are designed to more immediately reward annual performance against key short-term performance metrics. We believe that establishing cash bonus opportunities is an important factor in both attracting and retaining the services of qualified and highly skilled executives.

Pursuant to the terms of their employment agreement or offer letter with us, each of Messrs. Meers, Wilson, Currie, and Ms. Day are eligible to receive annual bonuses of up to 75%, 75%, 60% and 60%, respectively, of their base salaries, if specified corporate and individual performance goals, as established by our Compensation Committee, are met for the year. Mr. Tattersfield's employment with lululemon terminated in April 2008.

During the first quarter of each fiscal year, our Compensation Committee reviews our performance relative to the achievement of our financial, operational and strategic goals established at the beginning of the preceding fiscal year and each executive's individual performance and contribution to achieving those goals in order to determine the amount of discretionary bonus, if any, payable to our executive officers. In making its determination, the Compensation Committee may make adjustments to the corporate and individual performance goals to take into account certain extraordinary and/or non-recurring events such as acquisitions, dispositions, and other corporate transactions that could have an effect on our operating budget during the preceding fiscal year.

In March 2007, our Compensation Committee adopted formal bonus plans for our executive and management level employees. We paid performance bonuses in March 2008 to our executive and management level employees pursuant to these bonus plans with respect to performance during fiscal 2007.

2008 Executive Bonus Plan. In April 2008, our Compensation Committee adopted our 2008 Executive Bonus Plan for our executive officers (in positions of Executive Vice President and above) with respect to performance during fiscal 2008, or the 2008 Plan. Set forth below is a summary of the material terms of the 2008 Plan.

Administration. The 2008 Plan will be administered by the Compensation Committee. Among other things, the Compensation Committee has the authority to select participants in the 2008 Plan from among the company's executive officers and to determine the performance goals, target amounts and other terms and conditions of awards under the 2008 Plan. The Compensation Committee, in conjunction with the company's Vice President, People Resources, Chief Financial Officer and Chief Executive Officer, also has the authority to establish and amend rules and regulations relating to the administration of the 2008 Plan. All decisions made by the Compensation Committee in connection with the 2008 Plan will be made in the Compensation Committee's sole discretion and will be final and conclusive.

Eligibility. The company's employees serving in positions of Executive Vice President and above, and other senior officers of the company, as designated by the Compensation Committee, are eligible to participate in the 2008 Plan. The Chief Executive Officer has the authority to recommend participants. The Compensation Committee has the sole authority to designate participants. Eligibility to participate in the 2008 Plan will cease upon termination of the participant's employment, withdrawal of designation by the Compensation Committee, transfer of the participant to a position compensated otherwise than as provided in the 2008 Plan, termination of the plan by the company, or if the participant engaged, directly or indirectly, in any activity which is competitive with any company activity.

Terms of Awards. Awards under the 2008 Plan will be payable upon the achievement during fiscal 2008 of specified financial and individual performance goals. After the end of the performance period, the Compensation Committee will certify the extent to which the performance goals are achieved and determine the amount of any bonuses that are payable; provided that the Compensation Committee will have the discretion to determine that the actual amount paid with respect to an award will be less than (but not greater than) the payout calculated under the 2008 Plan.

Financial Performance Goals. Pursuant to the terms of the 2008 Plan, the Compensation Committee will evaluate the company's overall financial performance against the following four financial performance goals for fiscal 2008: diluted earnings per share; comparable store sales; operating margin; and inventory levels. The Compensation Committee has set performance goals for each participant based on the financial performance goals, together with related target awards. The Compensation Committee believes that the approved financial goals are reasonable in light of the company's historic growth and current business strategy, and as such the committee anticipates achievement levels consistent with those achieved historically.

Individual Performance Goals. The 2008 Plan provides further that the remaining portion of the total bonus payout available to participants is based on achievement with individual performance goals. Individual performance goals may differ from participant to participant.

Target Bonus Amounts. Pursuant to the terms of the 2008 Plan, the Compensation Committee has determined the amount of the target bonuses that will be paid to each plan participant if the financial performance goals and individual performance goals are met, and the method by which such amounts will be calculated. The terms of the 2008 Plan permit bonus payouts in excess of the target bonus amount, up to a maximum of 120% of the target bonus amount.

As reported in the company's Current Report on Form 8-K filed with the SEC on May 6, 2008, the Compensation Committee approved the weighting of the financial performance goals and individual performance goals so that 90% of the target bonus is based on the achievement of financial performance goals and 10% is based on the achievement of individual performance goals. Any bonuses paid under the 2008 Plan will be paid within approximately 75 days after the company's fiscal year end.

Equity-Based Compensation. We believe that equity awards are an important component of our executive compensation program and that providing a significant portion of our executive officers' total compensation package in equity-based compensation aligns the incentives of our executives with the interests of our stockholders and with our long-term success. Additionally, we believe that equity-based awards enable us to attract, motivate, retain and adequately compensate executive talent. To that end, we award equity-based compensation in the form of options to purchase our Common Stock. Our Compensation Committee believes stock options provide executives with a significant long-term interest in our success by only rewarding the creation of stockholder value over time.

Generally, each executive officer is provided with a stock option grant when they join our company based upon their position with us and their relevant prior experience. These inducement grants generally vest in four equal annual installments beginning on the first anniversary of the date of grant to encourage executive longevity and to compensate our executive officers for their contribution over a period of time.

Stock options are granted with an exercise price equal to the closing price of our Common Stock on the date of grant.

Our Compensation Committee determines the size and terms and conditions of option grants to our executive officers in accordance with the terms of the applicable plan. Equity grants made to our executive officers are recommended by our Compensation Committee and approved by our Board.

Severance Arrangements. We have entered into employment agreements or offer letters with each of Messrs. Meers, Wilson, Tattersfield and Ms. Day that provide certain severance rights. These agreements were made in order to attract and retain the services of these particular executives. The agreements were the result of negotiations between the parties, which we believe resulted in severance rights that are commercially reasonable and typical of the rights afforded to similarly situated executives in other companies of similar size and stage of development operating in the retail apparel industry.

In each case, the severance payments are contingent on the occurrence of certain termination (or constructive termination) events and, with respect to Messrs. Meers and Wilson, require the executive to execute a release of claims in our favor. These severance arrangements are intended to provide the executive with a sense of security in making the commitment to dedicate his or her professional career to our success. These severance rights do not differ based on whether or not we experience a change in control. The specific terms of these arrangements are discussed in detail below under the heading **Agreements with Named Executive Officers.**

Other Compensation. By virtue of the cross-border nature of our operations, our executives may be required to travel extensively for business purposes and may therefore also incur tax obligations in multiple jurisdictions. In addition, certain of our named executives have relocated their principal residence in order to accept employment with us. Accordingly, in order to encourage such business travel and relocation, we provide certain of our executive officers with reasonable automobile, temporary housing allowances and reimbursement of relocation expenses and tax consulting services.

The value of these perquisites is identified below in the Summary Compensation Table under the column entitled All Other Compensation.

We have no current plans to make changes to the employment agreement of our Chief Product Designer or to the offer letters of our Chief Financial Officer or Chief Operating Officer (except as required by law or as required to clarify the benefits to which our executive officers are entitled as set forth herein) or to levels of benefits and perquisites provided to our executive officers.

Tax and Accounting Considerations Affecting Executive Compensation

We structure our compensation program in a manner that is consistent with our compensation philosophy and objectives. However, while it is our Compensation Committee's general intention to design the components of our executive compensation program in a manner that is tax efficient for both us and our executives, there can be no assurance that our Compensation Committee will always approve compensation that is tax advantageous for us. Additionally, we do not currently maintain a committee of outside directors for the purposes of Section 162(m) under the Internal Revenue Code and, accordingly, any compensation we grant over a \$1 million threshold will be subject to a deduction limitation.

Similarly, we endeavor to design our equity incentive awards conventionally, so that they are accounted for under standards governing equity-based arrangements and, more specifically, so that they are afforded fixed treatment under those standards.

SUMMARY COMPENSATION TABLE

The following table sets forth summary information concerning compensation of our principal executive officer and principal financial officer and each of the next three most highly compensated current executive officers during fiscal 2005, 2006 and 2007. We refer to these persons as our named executive officers. The dollar amounts shown were converted to U.S. dollars from Canadian dollars using the average of the exchange rates on the last business day of each month during the applicable fiscal year. Applying this formula to fiscal 2007, 2006 and 2005, CDN\$1.00 was equal to US\$0.947, US\$0.882 and US\$0.834, respectively.

| Name and Principal Position | Fiscal Year | Salary (\$) | Bonus (\$)(1) | Option Awards (\$)(2) | Non-Equity Incentive | | Total (\$) |
|---|-------------|-------------|---------------|-----------------------|------------------------|--------------------------------|------------|
| | | | | | Plan Compensation (\$) | All Other Compensation (\$)(3) | |
| Robert Meers, Chief Executive Officer(4) | 2007 | 568,200 | | 997,548 | 477,288 | 44,349 | 2,087,385 |
| | 2006 | 529,200 | 188,572 | 624,996 | | 41,331 | 1,384,099 |
| | 2005 | 41,700 | 83,400 | | | 6,107 | 131,207 |
| Christine M. Day, President and Chief Operating Officer(5) | 2007 | 27,934 | | 41,406 | | | 69,340 |
| John E. Currie, Chief Financial Officer(6) | 2007 | 307,775 | | 722,628 | 208,671 | | 1,239,074 |
| | 2006 | 20,580 | | 55,434 | | | 76,014 |
| | 2005 | | | | | | |

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Dennis J. Wilson,
Chairman and Chief Product
Designer(7)

| | | | | | | |
|------|---------|------------|--|---------|--------|------------|
| 2007 | 236,750 | | | 198,870 | | 435,620 |
| 2006 | 220,500 | 70,736 | | | 36,929 | 328,164 |
| 2005 | 521,250 | 12,809,142 | | | 3,023 | 13,333,415 |

Mike Tattersfield,
former Chief Operating
Officer(8)

| | | | | | | |
|------|---------|---------|---------|---------|--------|-----------|
| 2007 | 371,224 | | 843,072 | 227,189 | 17,273 | 1,458,758 |
| 2006 | 28,820 | 106,449 | 80,842 | | 12,882 | 228,993 |
| 2005 | | | | | | |

- (1) For fiscal 2006, bonuses consist of: (a) payments made pursuant to discretionary performance bonuses to the following individuals in the following amounts: Mr. Meers \$188,572, Mr. Wilson \$70,736, and Mr. Tattersfield \$34,398; and (b) payments made pursuant to a signing bonus to Mr. Tattersfield \$72,051. For fiscal 2005, bonuses consist of: (a) a signing bonus paid to Mr. Meers in the amount of \$83,400; and (b) a bonus paid to Mr. Wilson in the amount of \$12,809,142 that is equal to our Canadian taxable income for that year above a particular threshold.
- (2) This column reflects the dollar amount recognized for financial accounting reporting purposes for the fiscal year in accordance with SFAS 123(R). See the Grants of Plan Based Awards Table for information on stock options granted to our named executive officers in fiscal 2007. These amounts reflect our annual accounting expense for these awards, and do not correspond to the actual value that will be realized by the executive officer. See the notes to our financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 3, 2008 for a discussion of all assumptions made by us in determining the SFAS 123(R) values of our equity awards.
- (3) For fiscal 2007, all other compensation consists of: (a) payments made on behalf of Mr. Meers for housing and other living expenses in the amount of \$28,960 and for expenses associated with a vehicle lease in the amount of \$15,389; and (b) payments made on behalf of Mr. Tattersfield for housing and other living expenses in the amount of \$17,273.

For fiscal 2006, all other compensation consists of: (a) payments made on behalf of Mr. Meers for housing and other living expenses in the amount of \$28,823 and for expenses associated with a vehicle lease in the amount of \$12,508; (b) imputed interest in connection with an interest free loan we made to Mr. Wilson in the amount of \$36,917; (c) payments made on behalf of Mr. Tattersfield for housing and other living expenses in the amount of \$12,747 and for a Canadian work permit in the amount of \$132; and (d) life insurance premiums paid on behalf of the following individuals in the following amounts: Mr. Wilson \$12 and Mr. Tattersfield \$3.

For fiscal 2005, all other compensation consists of: (a) payments made on behalf of Mr. Meers for housing and other living expenses in the amount of \$5,208 and for expenses associated with a vehicle lease in the amount of \$899; (b) imputed interest in connection with an interest free loan we made to Mr. Wilson in the amount of \$3,007; and (c) life insurance premiums paid on behalf of Mr. Wilson \$16.

- (4) Mr. Meers joined us as our Chief Executive Officer in December 2005 and his employment will terminate on June 30, 2008.
- (5) Ms. Day joined us as our Executive Vice President, Retail Operations, in January 2008 and currently serves as our President and Chief Operating Officer, and Chief Executive Officer designate. She will become our Chief Executive Officer on June 30, 2008.
- (6) Mr. Currie joined us as our Chief Financial Officer in January 2007.
- (7) Mr. Wilson's bonus in 2005 was equal to our Canadian taxable income for that year above a particular threshold. In 2006, his bonus decreased dramatically because under the terms of Mr. Wilson's sale of 48% of his interest in lululemon to a group of private equity investors he was no longer given a stockholder bonus. His 2007 and 2006 bonuses related solely to a discretionary performance bonus.
- (8) Mr. Tattersfield became our Chief Operating Officer in November 2006 and his employment terminated in April 2008.

2007 GRANTS OF PLAN-BASED AWARDS

The following table sets forth each grant of an award made to a named executive officer for the fiscal year ended February 3, 2008.

| Name | Grant Date | Estimated Future Payouts Under Equity Incentive Plan Awards Target (#) | Exercise or Base Price of Option Awards (\$/Sh) | Grant Date Fair Value of Stock and Option Awards (\$)(2) |
|---------------------|-------------------|---|--|---|
| Christine M. Day(1) | 01/18/08 | 125,000 | 33.66 | 1,987,475 |

(1) Ms. Day's options will vest in 25% installments on each of January 7, 2009, 2010, 2011 and 2012.

(2) This column reflects the fair value of the option granted in accordance with SFAS 123(R). See the notes to our financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 3, 2008 for a discussion of all assumptions made by us in determining the SFAS 123(R) values of our equity awards.

2007 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth unexercised stock options, stock that has not yet vested and equity incentive plan awards for each named executive officer outstanding as of the fiscal year ended February 3, 2008.

| Name | Grant Date | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date |
|----------------------|-------------------|--|--|-----------------------------------|-------------------------------|
| Robert Meers | 07/03/06(1) | 264,450 | 237,352 | 0.49 | 01/26/16 |
| | 07/03/06(1) | 1,204,550 | 1,080,872 | 0.60 | 01/26/16 |
| Christine M. Day | 01/18/08(2) | | 125,000 | 33.66 | 01/18/18 |
| John E. Currie | 01/03/07(3) | 16,084 | 48,249 | 0.49 | 01/03/17 |
| | 01/03/07(3) | 73,251 | 219,751 | 0.60 | 01/03/17 |
| Mike J. Tattersfield | 12/26/06(4) | 18,752(4) | | 0.49 | 12/26/16 |
| | 12/26/06(4) | 85,459(4) | | 0.60 | 12/26/16 |
| Dennis J. Wilson | | | | | |

(1) Mr. Meers' performance-vested options vested in part in February 2008 pursuant to the achievement of certain return multiples in connection with sales by certain of our stockholders.

- (2) Ms. Day's options will vest in 25% installments on each of January 7, 2009, 2010, 2011 and 2012.
- (3) Mr. Currie's options vested 25% on January 3, 2008, and will vest in additional 25% installments on each of January 3, 2009, 2010 and 2011.
- (4) Mr. Tattersfield's employment terminated in April 2008 at which time 25% of his options were vested. His remaining unvested options were terminated in accordance with their terms.

2007 OPTION EXERCISES

None of our named executive officers exercised stock options in fiscal 2007.

DIRECTOR COMPENSATION**General Description of Director Compensation**

To help guide the levels of our director compensation, we engaged the Hay Group in January 2008. The Hay Group assisted us in developing our director compensation structure for fiscal 2008. Each of our non-employee directors receives compensation for participating on our Board comprised of annual retainers and fees for each meeting attended based on the following schedule:

| | Fiscal 2007 | Fiscal 2008 |
|------------------------------|--------------------|--------------------|
| Meeting Attendance | | |
| In-person | \$ 1,000 | \$ 1,000 |
| Telephonic | 500 | 500 |
| Committee | 500 | 500 |
| Retainers | | |
| All directors | 30,000 | 30,000 |
| Additional Retainers | | |
| Chairman | 10,000 | 30,000 |
| Audit Committee Chair | 7,500 | 20,000 |
| Compensation Committee Chair | 10,000 | 10,000 |
| Lead Director | | 20,000 |

In addition to the amounts set forth in the table above, each non-employee director shall be entitled to equity compensation consisting of (1) an annual grant of restricted stock awards under our 2007 Equity Incentive Plan having a fair value at the time of grant equal to \$30,000, subject to one-year vesting and (2) an annual option grant under our 2007 Equity Incentive Plan having a fair value at the time of grant equal to \$80,000 subject to annual four-year vesting on each anniversary of the grant date. Such annual non-employee director grants will be made at the conclusion of each annual meeting of stockholders if the director is then a member of our Board. Stock option grants will have a 10-year term and an exercise price equal to the fair market value on the date of grant. The first equity grants under the policy were made on July 26, 2007 with an exercise price equal to \$18.00 per share.

The following table sets forth the amount of compensation we paid to each of our directors for fiscal 2007. The dollar amounts shown were converted to U.S. dollars from Canadian dollars using the average of the exchange rates on the last business day of each month during fiscal 2007. Applying this formula to fiscal 2007, CDN\$1.00 was equal to US\$0.947.

| Name | Fees Earned or Paid in Cash (\$) | Stock Awards (\$)(1) | Option Awards (\$)(2) | Total (\$) |
|-------------------|---|-------------------------------------|--------------------------------------|-----------------------|
| Steven J. Collins | 27,000 | 17,493 | 11,662 | 56,155 |
| RoAnn Costin | 20,000 | 17,493 | 11,662 | 49,155 |

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| | | | | |
|--------------------|--------|--------|--------|--------|
| R. Brad Martin | 21,500 | 17,493 | 11,662 | 50,655 |
| David M. Mussafer | 27,500 | 17,493 | 11,662 | 56,655 |
| Rhoda M. Pitcher | 31,000 | 17,493 | 11,662 | 60,155 |
| Thomas G. Stenberg | 27,500 | 17,493 | 11,662 | 56,655 |
| Michael Casey | 7,653 | 7,772 | 5,188 | 20,613 |
| Susanne Conrad(3) | | | | |

(1) The amounts in this column represent the expense recognized in 2007 in accordance with SFAS 123(R). See the notes to our financial statements contained in our Annual Report on Form 10-K for the fiscal year ended

February 3, 2008 for a discussion of all assumptions made by us in determining the SFAS 123(R) values of our stock awards.

- (2) The amounts in this column represent the expense recognized in 2007 in accordance with SFAS 123(R). See the notes to our financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 3, 2008 for a discussion of all assumptions made by us in determining the SFAS 123(R) values of our equity awards.
- (3) Ms. Conrad served as our director from December 2005 until March 2007. Mr. Wilson, our Chairman and Chief Product Designer, is Ms. Conrad's brother-in-law.
- (4) The following table summarizes director options and restricted shares as of and for the fiscal year ended February 3, 2008.

| Name | Securities | Securities | Grant Date Fair |
|--------------------|----------------|------------------|----------------------|
| | Underlying | Underlying | Value of Securities |
| | Option Granted | Restricted Stock | Underlying Options |
| | During Fiscal | Award Granted | and Restricted Stock |
| | 2007 | During Fiscal | Awards Granted |
| | (#) | 2007 | During Fiscal |
| | | (#) | 2007(1) |
| | | | (\$) |
| Steven J. Collins | 7,721 | 1,666 | 110,000 |
| RoAnn Costin | 7,721 | 1,666 | 110,000 |
| R. Brad Martin | 7,721 | 1,666 | 110,000 |
| David M. Mussafer | 7,721 | 1,666 | 110,000 |
| Rhoda M. Pitcher | 7,721 | 1,666 | 110,000 |
| Thomas G. Stemberg | 7,721 | 1,666 | 110,000 |
| Michael Casey | 2,143 | 462 | 85,545 |

- (1) The amounts in this column represent the fair value of the options and restricted stock awards granted in fiscal 2007 in accordance with SFAS 123(R). See the notes to our financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 3, 2008 for a discussion of all assumptions made by us in determining the SFAS 123(R) values of our equity awards.

Agreements with Named Executive Officers

Robert Meers

On May 6, 2008, we entered into a Retirement, Transaction and Release Agreement with our current Chief Executive Officer, Robert Meers, pursuant to which Mr. Meers will retire as Chief Executive Officer of the company effective June 30, 2008 and resign as a Class II director immediately prior to the Annual Meeting.

Under his retirement agreement, Mr. Meers will consult with the company upon the company's request through January 31, 2009, and releases the company from any claims he may have related to his employment with the company and any of its affiliates. The company also releases Mr. Meers from any claims related to Mr. Meers

employment by the company. Mr. Meers will be entitled to receive a special cash bonus based on the company's financial performance and Mr. Meers' performance during fiscal year 2008 pursuant to the terms of the 2008 Plan, in an amount not to exceed CDN\$219,113, on April 1, 2009. The company will also accelerate the vesting of 209,042 options under non-qualified stock options currently held by Mr. Meers. Consistent with applicable tax regulations, the company has extended the exercise date for such options to a date between approximately January 1, 2009 and March 15, 2009.

Mr. Meers will remain obligated, for 24 months following his resignation, not to:

participate in a company that competes against us in the United States or Canada;

become interested in a company that competes against us;

influence or attempt to influence any of our employees, consultants, suppliers, licensors, licensees, contractors, agents, strategic partners, distributors, customers or other persons to terminate or modify such person's agreement or arrangement with us or any of our affiliates; or

solicit for employment or employ or retain (or arrange to have any other person or entity employ or retain) any person who has been employed or retained by us or any of our affiliates within the prior 12 months.

Mr. Meers will also remain obligated to maintain the confidentiality of our proprietary information. In addition, Mr. Meers agrees that all rights to our proprietary information and intellectual property are and will remain our sole and exclusive property.

Until June 30, 2008, Mr. Meers will continue to receive a pro rated amount of his annual base salary of CDN\$600,000.

Christine M. Day

Under the terms of her offer letter, Ms. Day will receive an annual base salary of CDN\$365,000. Ms. Day is also eligible to receive an annual performance bonus of at least 60% of her base salary for the applicable fiscal year, if specified corporate and individual performance goals are met for that year. Pursuant to the terms of her offer letter, the company granted Ms. Day options to purchase 125,000 shares of Common Stock in connection with her initial hire, and will grant her options to purchase 41,667 shares of Common Stock on the first and second anniversary of her employment start date and options to purchase 41,666 shares of Common Stock on the third anniversary of her employment start date. All options will have a fair market value exercise price and will vest 25% per year for four years on each anniversary of the effective grant date of the option.

Ms. Day will also be reimbursed for up to US\$80,000 of reasonable relocation expense incurred by her, a temporary housing allowance up to CDN\$1,500 per month for six months and CDN\$4,500 of tax services for the 2008 tax filing year. Ms. Day is also entitled to participate in the employee benefit arrangements generally available to our employees.

In addition, Ms. Day will be entitled to 12 months of base salary if her employment with lululemon is terminated without cause within her first 12 months of employment, and she will be entitled to severance based on British Columbia, Canada employment and labor standards if her employment is terminated without cause after 12 months of employment with lululemon, provided that Ms. Day executes an appropriate non-disparagement and non-compete agreement with us.

Dennis J. Wilson

On December 5, 2005, we entered into an Employment and Restrictive Covenant Agreement with Dennis J. Wilson, our Chairman and Chief Product Designer. The term of Mr. Wilson's employment agreement continues until either he or we terminate his employment. Under his employment agreement, Mr. Wilson receives a minimum annual base salary of CDN\$250,000, which is subject to annual review and adjustment. Beginning in 2006, he became eligible for an annual bonus of up to 75% of his base salary for the applicable fiscal year, if specified corporate and individual performance goals, as determined by our Board, are met for that year.

Mr. Wilson is entitled to participate in health insurance, term life insurance, long term disability insurance and other employee benefit arrangements generally available to our employees, as well as to vacation time and reimbursement of his reasonable business expenses.

If we terminate Mr. Wilson's employment without cause, he will be entitled, provided he agrees to a mutually acceptable release, to:

payment of all accrued and unpaid base salary through the date of such termination;

payment for all unused vacation and personal days accrued through the date of such termination;

monthly severance payments equal to one-twelfth of his base salary as of the date of such termination for a period of twenty-four months; and

payment of any otherwise unpaid annual bonus payable with respect to the fiscal year ending prior to the date of such termination.

For purposes of Mr. Wilson's employment agreement with us, termination for cause will be deemed to have occurred upon the happening of the following:

theft, embezzlement, fraud, or similar acts of misconduct or misappropriation by Mr. Wilson;

a material breach of any agreement with or duty owed to us;

a refusal to perform the lawful and reasonable directives of our Board;

any other conduct that would constitute just cause at common law.

If Mr. Wilson's employment is otherwise terminated, including for cause or as a result of his death or disability, then we will only be obligated to pay him accrued and unpaid base salary through the date of such termination.

Mr. Wilson is obligated, for 24 months following his termination, not to:

participate in a company that competes against us in the United States or Canada;

become interested in a company that competes against us;

influence or attempt to influence any of our employees, consultants, suppliers, licensors, licensees, contractors, agents, strategic partners, distributors, customers or other persons to terminate or modify such person's agreement or arrangement with us or any of our affiliates; or

solicit for employment or employ or retain (or arrange to have any other person or entity employ or retain) any person who has been employed or retained by us or any of our affiliates within the prior 12 months.

Mr. Wilson is also obligated to maintain the confidentiality of our proprietary information. In addition, Mr. Wilson agrees that all rights to our proprietary information and intellectual property are and will remain our sole and exclusive property.

John E. Currie

On December 20, 2006, we entered into an offer letter with John E. Currie, our Chief Financial Officer. Mr. Currie's employment with us began on January 3, 2007. Under his offer letter, Mr. Currie receives a minimum annual base salary of CDN\$325,000, which is subject to annual review and adjustment. Mr. Currie's base salary for fiscal 2008 is \$375,000. Mr. Currie is also eligible to receive an annual performance bonus of at least 60% of his base salary for the applicable fiscal year, if specified corporate and individual performance goals, as determined by our Board or Compensation Committee, are met for that year. We also granted Mr. Currie options to purchase 357,335 shares of our Common Stock at a weighted average exercise price of \$0.58 per share to vest 25% per year for four years on each anniversary of grant date of the option.

Mr. Currie is entitled to participate in health insurance, term life insurance, long term disability insurance and other employee benefit arrangements generally available to our employees.

Mike J. Tattersfield

In connection with his termination of employment in April 2008, the company has agreed to continue to pay Mr. Tattersfield's base salary of CDN\$392,111 for the 12-month period following April 5, 2008. Mr. Tattersfield will also be eligible to participate in the company's tax equalization program in an amount not to exceed US\$35,000 and will be entitled to family medical benefits coverage for the 12-month period following April 5, 2008. In consideration of these payments and benefits, Mr. Tattersfield entered into a release agreement pursuant to which Mr. Tattersfield provided the company a general release and agreed to certain restrictive covenants, including confidentiality, non-disparagement, non-competition and non-solicitation provisions for a period of 12 months after April 5, 2008.

Potential Payments upon Termination of Employment and Change in Control

The following tables set forth the payments and benefits that would be due to each of Mr. Meers, Ms. Day, Mr. Currie, Mr. Wilson and Mr. Tattersfield upon the termination of his or her employment without cause (as that

term is defined above with respect to the discussion of each named executive officer's employment agreement or offer letter and in the company's 2007 Equity Incentive Plan). The amounts provided in the tables below assume that each termination or change in control was effective as of February 3, 2008 (the last day of our fiscal year). These are merely illustrative of the impact of hypothetical events, based on the terms of arrangements then in effect. The amounts to be payable upon an actual termination of employment or change in control can only be determined at the time of such event, based on the facts and circumstances then prevailing. Our agreements with these executives do not contain tax gross-up provisions.

As discussed elsewhere in this proxy statement, we entered into a Retirement, Transaction and Release Agreement with Mr. Meers on May 6, 2008, pursuant to which Mr. Meers will resign as a Class II director immediately prior to the Annual Meeting, and will retire as Chief Executive Officer of the company effective June 30, 2008. Under the terms of this retirement agreement, and based on the company's financial performance during fiscal year 2008, the Compensation Committee may approve the payment to Mr. Meers of a cash bonus of up to CDN\$219,113 on April 1, 2009. Mr. Meers will also be entitled to accelerated vesting of certain options under non-qualified stock options currently held by him. The retirement agreement supersedes in full any other agreements between Mr. Meers and the company, and all other contractual benefits to which Mr. Meers would otherwise be entitled are terminated.

In compliance with applicable SEC rules, we are also providing the following disclosure that shows the estimated value of the payments and benefits Mr. Meers would have been entitled to receive had one of the following events occurred on February 3, 2008:

| | Salary Continuation (CDN\$) | Intrinsic Value of Time-Vested Options Subject to Acceleration (\$) |
|---------------------------|--|--|
| Termination Without Cause | 1,700,000(1) | |
| Change in Control | | 66,959,860(2)(3)(4) |

- (1) This amount represents Mr. Meers' monthly base salary for a period of 34 months (i.e., February 3, 2008 to December 5, 2010). Such amount will be payable over a 34-month period.
- (2) This amount represents the value as of February 3, 2008 of the time-vested portion of Mr. Meers' stock options that would become vested on an accelerated basis upon a Change in Control. For purposes of this calculation, we have determined the value based on the difference between the option exercise price and an assumed Change in Control price equal to the closing price of our Common Stock on February 3, 2008.
- (4) Because the amounts actually realized with respect to any option grant will depend on the price of our Common Stock on the date the award is exercised, the amount may or may not ultimately reflect the actual value that could be realized by Mr. Meers with respect to this award.

Assuming that Mr. Wilson was terminated without cause on February 3, 2008, his payments would have had an estimated value of:

Salary

**Continuation
(CDN\$)**

Termination Without Cause

500,000(1)

(1) This amount represents Mr. Wilson's monthly base salary for a period of 24 months. Such amount will be payable over a 24-month period.

As described elsewhere in this proxy statement, Mr. Tattersfield resigned in April 2008, and will continue to receive a base salary of CDN\$392,111 for the 12-month period following April 5, 2008. Mr. Tattersfield will also be eligible to participate in the company's tax equalization program in an amount not to exceed U.S. \$35,000 and will be entitled to family medical benefits coverage for the 12-month period following April 5, 2008.

In compliance with applicable SEC rules, we are also providing the following disclosure that shows the estimated value of the payments and benefits Mr. Tattersfield would have been entitled to receive had he been terminated without cause on February 3, 2008:

| | Salary Continuation (CDN\$) | Continuation of Medical Benefits (CDN\$) |
|---------------------------|--|---|
| Termination Without Cause | 392,112(1) | 9,994(2) |

(1) This amount represents Mr. Tattersfield's monthly base salary for a period of 12 months. Such amount will be payable in either a lump sum or monthly at our (1) discretion.

(2) This amount represents the estimated cost to us to provide Mr. Tattersfield with medical benefits for a period of 12 months.

Assuming that Ms. Day was terminated without cause on February 3, 2008, her payments and benefits would have had an estimated value of:

| | Salary Continuation (CDN\$) |
|---------------------------|--|
| Termination Without Cause | 365,000(1) |

(1) This amount represents Ms. Day's monthly base salary for a period of 12 months. Such amount will be payable in either a lump sum or monthly at our discretion.

Assuming that Mr. Currie was terminated without cause on February 3, 2008, he would not be entitled to receive any other payments or benefits.

Compensation Committee Report

We, the Compensation Committee of the Board, have reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on such review and discussion, we have recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and in lululemon's Annual Report on Form 10-K for the fiscal year ended February 3, 2008.

COMPENSATION COMMITTEE

David M. Mussafer (Chairman)

Steven J. Collins

Thomas G. Stemberg

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Person Transactions for Fiscal 2007

Other than compensation agreements and other arrangements which are described under Compensation Discussion and Analysis and the transactions described below, since January 31, 2007, there has not been, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party in which the amount involved exceeded or will exceed \$120,000 and in which any of our directors, executive officers, holders of more than 5% of any class of our voting securities or any member of the immediate family of the foregoing persons had or will have a direct or indirect material interest. We believe that we have executed all of the transactions set forth below on terms no less favorable to us than we could have obtained from unaffiliated third parties.

Franchise Agreement

Mr. Wilson's sister-in-law and her husband hold a 100% interest in the two Victoria, British Columbia franchises. In fiscal 2007, the company sold merchandise to the franchises totaling \$4,891,590 and received royalties from the franchises totaling \$1,955,940. In addition, at February 3, 2008, the company held amounts payable to the Victoria franchises totaling \$167,188 as deposits on the purchase of merchandise.

Loans to and from Oyoyo Holdings, Inc.

In December 2004, lululemon canada inc., or Lulu Canada, made a loan in the principal amount of CDN\$2,342,299 to Oyoyo Holdings, Inc., an entity controlled by Mr. Wilson. The remaining outstanding balance of US\$9,329 on such loans was repaid in April 2007.

Agreement and Plan of Reorganization

Prior to the completion of our initial public offering, or IPO, on July 26, 2007, we did not own 100% of our operating subsidiaries, Lulu Canada and Lulu USA. In connection with the IPO, we entered into an agreement of reorganization with certain of our affiliates which included our existing stockholders, Lulu Canada, Lulu Canadian Holding, LIPO Canada, LIPO USA and Mr. Wilson, in his individual capacity and in his capacity as trustee pursuant to a trust arrangement established for the benefit of the minority stockholders of LIPO USA and LIPO Canada, pursuant to which Lulu Canada and Lulu USA in effect became our direct or indirect wholly-owned subsidiaries. In connection with this corporate reorganization, we issued shares of our Common Stock to our existing stockholders and to Slinky Financial ULC, a company controlled by Mr. Wilson which owned shares of LIPO Canada. Slinky offered those shares of our Common Stock in the IPO. In addition, Lulu Canadian Holding issued exchangeable shares to other holders of common shares of LIPO Canada, including Mr. Wilson. We also issued special voting shares to all the holders of exchangeable shares. Pursuant to the terms of the reorganization agreement, we also agreed to provide Advent International GPE V Limited Partnership, Advent International GPE V-A Limited Partnership, Advent International GPE V-B Limited Partnership, Advent International GPE V-G Limited Partnership, Advent International GPE V-I Limited Partnership, Advent Partners III Limited Partnership, Advent Partners GPE V Limited Partnership, Advent Partners GPE V-A Limited Partnership, Advent Partners GPE V-B Limited Partnership, Brooke Private Equity Advisors Fund I-A, Limited Partnership, Brooke Private Equity Advisors Fund I (D), Limited Partnership, Highland Capital Partners VI Limited Partnership, Highland Capital Partners VI-B Limited Partnership and Highland Entrepreneurs Fund VI Limited Partnership certain audited and unaudited financial and budget information, subject to their agreement to keep such information confidential. Prior to the completion of the IPO, we and the selling stockholders also entered into a contribution agreement. Pursuant to the terms of the contribution agreement, in the event that any of the selling stockholders incurs any losses, claims, damages or liabilities under the Securities Act,

Canadian securities laws or otherwise, insofar as such losses (or actions in respect thereof) arise out of or are based upon a determination that such selling stockholder is an underwriter within the meaning of the Securities Act, we and the other selling stockholders will contribute to such losses on a pro rata basis.

Procedures for Approval of Related Person Transactions

In April 2007, we adopted a written statement of policy with respect to related party transactions, which is administered by our Audit Committee. Under our related party transaction policy, a Related Party Transaction is any transaction, arrangement or relationship between us or any of our subsidiaries and a Related Person not including any transactions involving less than \$60,000 when aggregated with all similar transactions, or transactions that have received pre-approval of our Audit Committee. A Related Person is any of our executive officers, directors or director nominees, any stockholder beneficially owning in excess of 5% of our stock or securities exchangeable for our stock, any immediate family member of any of the foregoing persons, and any firm, corporation or other entity in which any of the foregoing persons is an executive officer, a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest in such entity.

Pursuant to our related party transaction policy, a Related Party Transaction may only be consummated or may only continue if:

Our Audit Committee approves or ratifies such transaction in accordance with the terms of the policy; or

the chair of our Audit Committee pre-approves or ratifies such transaction and the amount involved in the transaction is less than \$100,000, provided that for the Related Party Transaction to continue it must be approved by our Audit Committee at its next regularly scheduled meeting.

If advance approval of a Related Party Transaction is not feasible, then that Related Party Transaction will be considered and, if our Audit Committee determines it to be appropriate, ratified, at its next regularly scheduled meeting. If we decide to proceed with a Related Party Transaction without advance approval, then the terms of such Related Party Transaction must permit termination by us without further material obligation in the event our Audit Committee ratification is not forthcoming at our Audit Committee's next regularly scheduled meeting.

Transactions with Related Persons, though not classified as Related Party Transactions by our related party transaction policy and thus not subject to its review and approval requirements, may still need to be disclosed if required by the applicable securities laws, rules and regulations.

PRINCIPAL STOCKHOLDERS AND STOCK OWNERSHIP BY MANAGEMENT

The following table sets forth information concerning the beneficial ownership of our common stock by (i) those persons who we know to beneficially own more than 5% of our outstanding common stock, (ii) our directors, (iii) the named executive officers listed in the Summary Compensation Table on page 19, and (iv) all of our current directors and executive officers as a group. Beneficial ownership is a concept which takes into account shares that may be acquired within 60 days (such as by exercising vested stock options) and shares as to which the named person has or shares voting and/or investment power. Information provided for Mr. Wilson, Advent International Corporation, Fidelity Management and Research, Capital World Investors, and Morgan Stanley is based on the latest Schedules 13D or 13G, as applicable, such individual or entity had filed with the SEC as of the date of this proxy statement. Information for all other persons is provided as of April 24, 2008. Except as otherwise noted, the beneficial owners listed have sole voting and investment power with respect to shares beneficially owned.

| Beneficial Owner(1) | Number of Shares Beneficially Owned (#) | Percent |
|---|--|----------------|
| Dennis J. Wilson(2) c/o lululemon athletica inc. 2285 Clark Drive Vancouver, British Columbia V5N 3G9 | 25,452,925 | 37.6% |
| Advent International Corporation(3) 75 State Street Boston, MA 02109 | 7,564,956 | 11.2% |
| Morgan Stanley(4) 1585 Broadway New York, NY 10036 | 5,010,309 | 7.4% |
| Fidelity Management and Research(5) 82 Devonshire Street Boston, MA 02109 | 4,583,119 | 6.8% |
| Capital World Investors(6) 333 South Hope Street Los Angeles, CA 90071 | 3,623,410 | 5.4% |
| David Mussafer(7) c/o lululemon athletica inc. 2285 Clark Drive Vancouver, British Columbia V5N 3G9 | 7,582,566 | 11.2% |
| Steven J. Collins(8) c/o lululemon athletica inc. 2285 Clark Drive Vancouver, British Columbia V5N 3G9 | 7,566,622 | 11.2% |
| RoAnn Costin | 24,166 | * |
| Rhoda Pitcher(9) | 130,021 | * |
| R. Brad Martin | 46,666 | * |
| Thomas G. Stemberg(10) | 930 | * |
| Michael Casey | 10,462 | * |

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| | | |
|--|------------|-------|
| Robert Meers(11) | 1,951,057 | 2.9% |
| Christine M. Day | | * |
| John E. Currie(12) | 99,333 | * |
| Michael J. Tattersfield | 10,000 | * |
| Directors and executive officers as a group (10 persons)(2);(7)-(12) | 41,661,893 | 61.5% |

* Less than 1%.

- (1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table.
- (2) Based on a Schedule 13G filed by Mr. Wilson with the SEC on February 14, 2008. Includes 18,972,728 shares of Common Stock issuable upon the exchange of exchangeable shares of Lulu Canadian Holding, Inc. held by Mr. Wilson, 120,253 shares of Common Stock issuable upon the exchange of exchangeable shares of Lulu Canadian Holding, Inc. held by Mr. Wilson's wife, 6,092,171 shares of Common Stock held by LIPO Investments (USA), Inc., an entity which Mr. Wilson controls, 265,280 shares of Common Stock issuable upon the exchange of exchangeable shares of Lulu Canadian Holding, Inc. held by Mr. Wilson as trustee and 2,493 shares of Common Stock issuable upon the exchange of exchangeable shares of Lulu Canadian Holding, Inc. held by Five Boys Investments ULC, an entity which Mr. Wilson controls. Lulu Canadian Holding, Inc. is an indirect wholly-owned subsidiary of the company. Exchangeable shares of Lulu Canadian Holding, Inc. may be exchanged on a one-for-one basis for shares of the company's Common Stock.
- (3) Based on a Schedule 13D/A filed by Advent International Corporation with the SEC on February 22, 2008. Includes 2,029,806 shares owned by Advent International Limited Partnership, 53,111 shares owned by GPE V Dollar ALP, 53,038 shares owned by GPE V Euro ALP, 708,151 shares owned by Advent International GPE V Limited Partnership, 1,758,787 shares owned by Advent International GPE V-A Limited Partnership, 1,486,087 shares owned by Advent International GPE V-B Limited Partnership, 1,135,298 shares owned by Advent International GPE V-G Limited Partnership, 170,375 shares owned by Advent International GPE V-I Limited Partnership, 26,616 shares owned by Advent Partners III Limited Partnership, 71,573 shares owned by Advent Partners GPE V Limited Partnership, 26,616 shares owned by Advent Partners GPE V-A Limited Partnership and 45,498 shares owned by Advent Partners GPE V-B Limited Partnership (collectively, the Advent Funds). The Advent Funds collectively purchased their interest in shares of our capital stock on December 5, 2005. Advent International Corporation is the managing member of Advent International LLC which is the general partner of GPE GP Limited Partnership which is the general partner of each of Advent International GPE V Limited Partnership, Advent International GPE V-A Limited Partnership, Advent International GPE V-B Limited Partnership, Advent International GPE V-G Limited Partnership and Advent International GPE V-I Limited Partnership. Advent International Corporation is the managing member of Advent International LLC which is the general partner of each of Advent Partners III Limited Partnership, Advent Partners GPE V Limited Partnership, Advent Partners GPE V-A Limited Partnership and Advent Partners GPE V-B Limited Partnership. Advent International Corporation exercises voting and investment power over the shares held by each of these entities and may be deemed to have beneficial ownership of these shares. With respect to the shares of our Common Stock held by the Advent Funds, a group of persons currently composed of Steven J. Collins, David M. Mussafer and Steven M. Tadler exercises voting and investment power over the shares beneficially owned by Advent International Corporation. Each of Mr. Collins, Mr. Mussafer and Mr. Tadler disclaims beneficial ownership of the shares held by the Advent Funds, except to the extent of their respective pecuniary interest therein.
- (4) Based on a Schedule 13G/A filed by Morgan Stanley with the SEC on April 10, 2008.
- (5) Based on a Schedule 13G filed by FMR LLC with the SEC on February 14, 2008.
- (6) Based on a Schedule 13G filed by Capital World Investors with the SEC on February 11, 2008.
- (7) Mr. Mussafer, as a member of a group of persons that exercises voting and investment power over the shares beneficially owned by Advent International Corporation, may be deemed to beneficially own the shares held

by the Advent Funds. Mr. Mussafer disclaims beneficial ownership of all shares held by the Advent Funds, except to the extent of his pecuniary interest therein. Includes 17,610 shares of our Common Stock held by Mr. Mussafer.

- (8) Mr. Collins, as a member of a group of persons that exercises voting and investment power over the shares beneficially owned by Advent International Corporation, may be deemed to beneficially own the shares held by the Advent Funds. Mr. Collins disclaims beneficial ownership of all shares held by the Advent Funds, except to the extent of his pecuniary interest therein. Includes 1,666 shares of our Common Stock held by Mr. Collins.

- (9) Includes 116,027 shares and 13,994 shares of our Common Stock issuable upon exercise of options held by Ms. Pitcher that may be exercised within 60 days of April 24, 2008.
- (10) Consists of securities owned in trust and received by such trust in a distribution made on a pro rata basis from Highland Entrepreneurs Fund VI, Limited Partnership and from Highland Management Partners VI Limited Partnership for no consideration in a transaction exempt under Rule 16a-9(a).
- (11) Consists of 1,951,057 shares of our Common Stock issuable upon exercise of options held by Mr. Meers that may be exercised within 60 days of April 24, 2008.
- (12) Includes 10,000 shares and 89,333 shares of our Common Stock issuable upon exercise of options held by Mr. Currie that may be exercised within 60 days of April 24, 2008.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who beneficially own more than 10% of our Common Stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and greater-than-10% stockholders were complied with, except that Mr. Wilson filed one late report with respect to one transaction.

TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, the Board knows of no other business that will be conducted at the 2008 Annual Meeting other than as described in this Proxy Statement. If any other matter or matters are properly brought before the meeting or any adjournment or postponement of the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

STOCKHOLDER PROPOSALS TO BE PRESENTED AT THE 2009 ANNUAL MEETING OF STOCKHOLDERS

Stockholder proposals to be included in our proxy statement for our 2009 Annual Meeting of Stockholders must be received by the Secretary of lululemon no later than January 5, 2009. Notices must be delivered to the Secretary at our executive offices at 2285 Clark Drive, Vancouver, British Columbia, V5N 3G9. If we change the date of the 2009 Annual Meeting of Stockholders by more than 30 days from June 4, 2009, then the deadline is a reasonable time before we begin to print and send our proxy materials for the 2009 Annual Meeting of Stockholders.

Stockholders wishing to submit a proposal (including a nomination for election as a director) for consideration at the 2009 Annual Meeting of Stockholders, but which will not be included in the proxy statement for such meeting, must do so in accordance with the terms of the advance notice provisions in our bylaws. These advance notice provisions require that, among other things, the stockholder give timely written notice to the Secretary of lululemon not less 60 days nor more than 90 days prior to the first anniversary of the date of the prior year's annual meeting of stockholders. For the 2009 Annual Meeting of Stockholders, a stockholder's notice of a proposal will be considered timely if received no earlier than March 4, 2009 and no later than April 3, 2009. However, if we change the date of the 2009 Annual Meeting of Stockholders by more than 60 days from June 4, 2009, the notice by the stockholder must be received not earlier than the 90th day prior to the 2009 Annual Meeting of Stockholders and not later than the later of the 60th day prior to the 2009 Annual Meeting of Stockholders or the 15th day following the day on which public announcement of the date of the meeting is first made by us.

ANNUAL REPORT AND FORM 10-K

A copy of our combined annual report to stockholders and Annual Report on Form 10-K for the year ended February 3, 2008 accompanies this proxy statement. If you did not receive a copy, you may obtain one without charge by writing or calling Investor Relations, lululemon athletica inc., 2285 Clark Drive, Vancouver, British Columbia, V5N 3G9.

By order of the Board of Directors,

Dennis J. Wilson
Chairman of the Board of Directors

May 7, 2008

Whether or not you plan to attend the 2008 Annual Meeting, please complete, sign and date the enclosed proxy card and return it promptly in the enclosed postage-prepaid envelope, or vote using the telephone or Internet voting procedures described on the proxy card. You may revoke your proxy at any time prior to the 2008 Annual Meeting. If you decide to attend the 2008 Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the meeting.

**Proxy for the Annual Meeting of Stockholders
To be held on June 4, 2008
Solicited by the Board of Directors**

The undersigned hereby appoints Robert Meers and John E. Currie, and each of them, with full power of substitution, to represent the undersigned and to vote all of the shares of stock in lululemon athletica inc., a Delaware corporation (the Company), which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held at 10:00 a.m. local time, in the Malaspina room at Fairmont Waterfront Hotel located at 900 Canada Place Way, Vancouver, British Columbia, and at any adjournment or postponement thereof (1) as hereinafter specified upon the proposals listed on the reverse side and as more particularly described in the Proxy Statement of the Company dated May 7, 2008 (the Proxy Statement), receipt of which is hereby acknowledged, and (2) in their discretion upon such other matters as may properly come before the meeting.

THE SHARES REPRESENTED HEREBY SHALL BE VOTED AS SPECIFIED. IF NO SPECIFICATION IS MADE, SUCH SHARES SHALL BE VOTED FOR PROPOSALS 1 AND 2.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, YOU ARE URGED TO SIGN AND PROMPTLY MAIL THIS PROXY IN THE RETURN ENVELOPE SO THAT YOUR STOCK MAY BE REPRESENTED AT THE MEETING.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

**SEE REVERSE
SIDE**

PROPOSAL NO. 1

A vote **FOR** the following proposal is recommended by the Board of Directors:

Election of Directors. To elect three (3) Class I directors, Michael Casey, RoAnn Costin and R. Brad Martin, and, subject to the resignation of Robert Meers prior to the annual meeting, one (1) Class II director, Christine M. Day, to the Company's Board of Directors to serve until the annual meeting of stockholders in 2011 and 2009, respectively, and until their respective successors are elected and qualified:

.. **FOR** all nominees listed below (except as marked to the contrary below).

.. **WITHHOLD AUTHORITY** to vote for all nominees listed below.

(INSTRUCTION: To withhold authority to vote for any individual nominee, strike a line through that nominee's name in the list below.)

- Michael Casey (Class I Director)**
- RoAnn Costin (Class I Director)**
- R. Brad Martin (Class I Director)**
- Christine M. Day (Class II Director)**

PROPOSAL NO. 2

REGISTERED PUBLIC ACCOUNTING FIRM. A vote **FOR** the following proposal is recommended by the Board of Directors:

To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending February 1, 2009:

.. **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP

.. **WITHHOLD AUTHORITY** to vote to ratify the appointment of PricewaterhouseCoopers LLP

**MARK HERE
FOR ADDRESS
CHANGE AND
NOTE AT
LEFT**

.. **MARK HERE
IF YOU PLAN
TO ATTEND
THE
MEETING**

Please sign here. If shares of stock are held jointly, both or all of such persons should sign. Corporate or partnership proxies should be signed in full corporate or partnership name by an authorized person. Persons signing in a fiduciary capacity should indicate their full titles in such capacity.

Signature:

Date:

Signature:

Date: