



March 18, 2013

## **Black Luon Pants Shortage Expected**

VANCOUVER, British Columbia--(BUSINESS WIRE)-- lululemon athletica inc. [NASDAQ: LULU; TSX: LLL] today notified guests that we expect a shortage in our supply of black Luon pants and crops.

We have determined that certain shipments of product received from our factories and available in store from March 1, 2013 do not meet our technical specifications. The items affected are certain styles of women's bottoms in our signature black Luon fabric. The ingredients, weight and longevity qualities of the pants remain the same but the coverage does not, resulting in a level of sheerness in some of our women's black Luon bottoms that falls short of our very high standards.

Over the past weekend we pulled all of the affected black Luon women's bottoms from our stores, showrooms and e-commerce site and are working with our supplier to replace the fabric and our other manufacturers to replace these key items as quickly as possible. We believe the affected items represented approximately 17% of all women's bottoms in our stores and for the near term there will be a shortage of these styles available to our guests.

"We regret any inconvenience this has caused for our guests. It is always our first priority to protect the quality of our fabrics that keep our guest so loyal to our products. We will accept nothing less than the very highest quality we are known for," said lululemon CEO Christine Day.

We have used the same manufacturing partner on key fabrics since 2004. This event is not the result of changing manufacturers or quality of ingredients. We are working closely with them to understand what happened during the period this fabric was made.

Guests who purchased black Luon pants after March 1st, either online or in stores, and believe they have affected product are welcome to return the product for a full refund or exchange. Please contact our Guest Education Center at 1-877-263-9300 with questions as to how to return items purchased through our e-commerce site.

We expect this issue will have a significant impact on our financial results. Up to March 17, 2013, we were tracking to a comparable-store sales percentage increase of 11% on a constant dollar basis and expected revenue guidance to be in a range of \$350 million to \$355 million for the first quarter of 2013. We now expect a comparable-store sales percentage increase in the range of 5% to 8% for the first quarter of 2013, resulting in an expected revenue range of \$333 million to \$343 million. We are working to determine the impact on our earnings in the first quarter as well as expected impact for the balance of 2013. We will provide further information during our regularly scheduled earnings call Thursday March 21st.

The company has posted a FAQ document on its Investor Relations website under the webcasts, events & presentations link. Please refer to this document for all questions regarding today's press release, as the company remains in its quiet period until fourth quarter, 2012 earnings are reported on March 21, 2013.

### **About lululemon athletica inc.**

lululemon athletica (NASDAQ:LULU; TSX:LLL) is a yoga-inspired athletic apparel company that creates components for people to live long, healthy and fun lives. By producing products that help keep people active and stress free, lululemon believes that the world will be a better place. Setting the bar in technical fabrics and functional designs, lululemon works with yogis and athletes in local communities for continuous research and product feedback. For more information, visit [www.lululemon.com](http://www.lululemon.com).

### **Non-GAAP Financial Measure**

Constant-dollar net revenue changes, which exclude the impact of changes in foreign exchange rates, is not a United States Generally Accepted Accounting Principle ("GAAP") performance measure. We provide constant-dollar net revenue changes because we use the measure to understand the underlying growth rate of revenue excluding the impact on a quarter-by-quarter basis of changes in foreign exchange rates, which are not under management's direct control. We believe that disclosing net revenue changes on a constant-dollar basis is useful to investors because it enables them to better understand the level of growth of our business.

### **Forward-Looking Statements:**

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks, uncertainties and assumptions, such as statements regarding the effect of shipments of products that fail to comply with our technical specifications or that fail to conform to our quality control standards, the duration of any shortage of products available for sale in our stores or for delivery to guests or our ability to obtain replacement products in a timely manner, any expected loss of net revenue resulting from the inability to sell those products and related increased administrative and shipping costs, and our future financial condition or results of operations. In many cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "outlook," "believes," "intends," "estimates," "predicts," "potential" or the negative of these terms or other comparable terminology. These forward-looking statements are based on management's current expectations but they involve a number of risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of risks and uncertainties, some of which are described below. You should be aware that our success depends on the value and reputation of the lululemon athletica brand. Negative publicity regarding any of our products or our the production methods of any of our suppliers or manufacturers, including the shipments of defective product discussed above, could adversely affect our reputation and sales and force us to locate alternative suppliers or manufacturing sources. Our expectation regarding the impact of these shipments of products that fail to comply with our technical specifications may not be correct and the impact on our revenue and results of operations may be much greater. Furthermore, our results of operation could be materially harmed if we experience or become aware of additional shipments of products that fail to comply with our technical specifications or that fail to conform to our quality standards, or if we experience a shortage of products available for sale in our stores or for delivery to guests unless we are able to obtain replacement products in a timely manner. We also risk the loss of net revenue resulting from the inability to sell those products and related increased administrative and shipping costs. Additionally, if defects in the manufacture of our products are not discovered until after such products are purchased by our guests, our guests could lose confidence in the technical attributes of our products and our results of operations could suffer and our business could be harmed. If we need to replace an existing supplier or manufacturer, we may be unable to locate additional supplies of fabrics or raw materials or additional manufacturing capacity on terms that are acceptable to us, or at all, or we may be unable to locate any supplier or manufacturer with sufficient capacity to meet our requirements or to fill our orders in a timely manner. Any delays, interruption or increased costs in the supply of fabric or manufacture of our products caused by shipments of defective products could have an adverse effect on our ability to meet customer demand for our products and our results in lower net revenue and income from operations both in the short and long term. Additional risk factors are detailed in our Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 2012, and in our Annual Report on Form 10-K for the fiscal year ended February 3, 2013, to be filed with the Securities and Exchange Commission and which will be available at [www.sec.gov](http://www.sec.gov). You are urged to consider these factors carefully in evaluating the forward-looking statements contained herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. The forward-looking statements made herein speak only as of the date of this press release and the company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

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