

**The Merriam Report** LULU 1/30/11 LULULEMON ATHLETICA INC.

All amounts in millions except for earnings per share

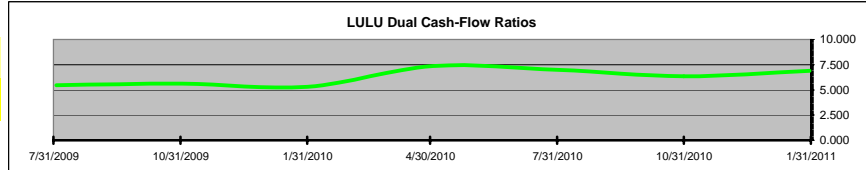
Quarterly period ending:	2	3	4	1	2	3	4	Averages
	8/2/2009	11/1/2009	1/31/2010	5/2/2010	8/1/2010	10/31/2010	1/30/2011	
Earnings Per Share (Incl. Ext. Items)	\$ 0.130	\$ 0.200	\$ 0.400	\$ 0.270	\$ 0.30000	\$ 0.360	\$ 0.760	\$ 0.346
% Change in E.P.S. (from prev. qtr.)		53.8%	100.0%	-32.5%	11.1%	20.0%	111.1%	43.9%
Total Revenues	9772.1	11289.1	16060.6	13829.7	15220.8	17580.0	24539.9	15470.3
% Change in Revenues (from prev. qtr.)		15.5%	42.3%	-13.9%	10.1%	15.5%	39.6%	18.2%
Cost of Revenues	5255.7	56553.0	74046.0	63940.0	71910.0	78968.0	101939.0	64658.8
Accounts Receivable:	578.9	651.5	823.8	917.7	785.1	912.1	911.6	797.2
% Change in Receivables (from prev. qtr.)		12.5%	26.4%	11.4%	-14.4%	16.2%	-0.1%	8.7%
DSO's (# of days it took customers to pay)	5.4	5.3	4.7	6.0	4.7	4.7	3.4	4.9
Inventories:	4654.2	5210.3	4407.0	5075.0	6652.0	7302.3	5746.9	5578.2
% Change in Inventory (from prev. qtr.)		11.9%	-15.4%	15.2%	31.1%	9.8%	-21.3%	5.2%
Inventory as a % of Sales	47.6%	46.2%	27.4%	36.7%	43.7%	41.5%	23.4%	38.08%
Prepaid Expenses:	660.40	561.80	452.90	587.60	650.70	479.80	640.80	576.3
Other Current Assets:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property,Plant& Equip. (net):	6126.5	5990.0	6159.1	6384.4	6460.9	6745.7	7095.4	6423.1
% Change in P,P& E (from prev. qtr.)		-2.2%	2.8%	3.7%	1.2%	4.4%	5.2%	2.5%
Accounts Payable:	307.3	586.6	1102.8	801.9	727.5	927.5	665.9	731.4
% Change in Payables (from prev. qtr.)		90.9%	88.0%	-27.3%	-9.3%	27.5%	-28.2%	23.6%
Quarterly period ending:	8/2/2009	11/1/2009	1/31/2010	5/2/2010	8/1/2010	10/31/2010	1/30/2011	
Total Liabilities:	4874.7	5416.9	7415.0	6529.4	7434.2	9682.3	10891.3	7463.4
Shareholder equity:	17707.9	19259.9	23310.8	26779.6	28935.4	32214.9	39038.9	26749.6
Retained Earnings (Accum. Deficit)	2529.0	3935.8	6780.9	8739.7	10918.9	13489.0	18965.6	9337.0
Operating Cash Flow (OCF)	19383.3	22368.9	29285.6	34708.6	37379.5	43053.7	55292.0	34495.9
OCF as % of Revenues	198.4%	198.1%	182.3%	251.0%	245.6%	244.9%	225.3%	220.80%
Balance Sheet Cash Flow (BSCF)	4874.5	5416.7	7414.8	6529.2	7434.0	9682.1	10891.1	7463.2
BSCF as % of Revenues	49.9%	48.0%	46.2%	47.2%	48.8%	55.1%	44.4%	48.51%
Spread between OCF & BSCF	14508.8	16952.2	21870.9	28179.4	29945.5	33371.6	44400.9	27032.8
Ratios								
Spread to Revenues	148.47%	150.16%	136.18%	203.76%	196.74%	189.83%	180.93%	1.723
Spread to OCF	3.976	4.130	3.950	5.316	5.028	4.447	5.077	4.560
MR Dual Cash-Flow Figure	5.461	5.631	5.311	7.354	6.996	6.345	6.886	6.283

**The Merriam Report**

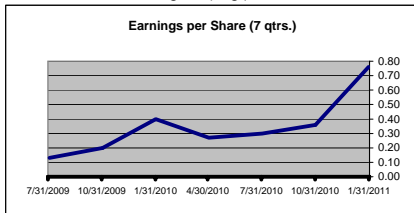
Quarterly period ending:	8/2/09	11/1/09	1/31/10	5/2/10	8/1/10	10/31/10	1/30/11
MR Dual Cash-Flow Figure	5.461	5.631	5.311	7.354	6.996	6.345	6.886

Merriam Report Signals:

Recent Bullish  
Confirmed Bullish



MR Dual Cash-Flow Figure (avg.) 6.283

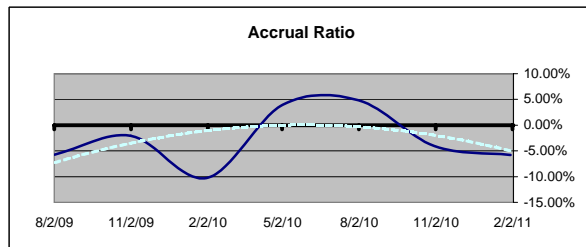


P/E	35.44	44.07	34.02	36.88	34.57	32.59	39.89	36.78
P/S	3.37	4.51	4.42	5.29	5.28	5.08	6.93	4.983
P/FCF	33.321	36.0844	19.5544	21.0857	24.0444	20.6596	32.9799	26.8185
PEG	-2.1264	-5.4647	0.6931	0.3996	0.2542	0.2444	0.376	-0.803
Earnings Yield	0.0282	0.0227	0.0294	0.0271	0.0289	0.0307	0.0251	0.027
Cash-to-Total-Asse	0.3711	0.4127	0.5193	0.5213	0.4899	0.5365	0.6335	0.498
Debt-to-Assets	0	0	0	0	0	0	0	0.000

	8/2/09	11/1/09	1/31/10	5/2/10	8/1/10	10/31/10	1/30/11
Accrual Ratios	-5.72%	-2.05%	-10.30%	3.95%	4.85%	-4.07%	-5.82%
Average Accruals							

Revenue Metrics (as % of Sales)

	Recent Qtr.	Combined Avg.
Research & Development	0.00%	0.00%
Cost of Sales	41.54%	46.16%
S/G/A	28.68%	29.90%
Payables	2.71%	4.73%
Capital Productivity		
Inventory / Revenues	\$ 0.234	\$ 0.361
Receivables / Revenues	\$ 0.0371	\$ 0.0515
Inventory & Receivables / Revenues	\$ 0.271	\$ 0.412
P,P&E / Revenues	\$ 0.289	\$ 0.415



4.62% 1.21%

## Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

Recent Bullish

Confirmed Bullish

Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

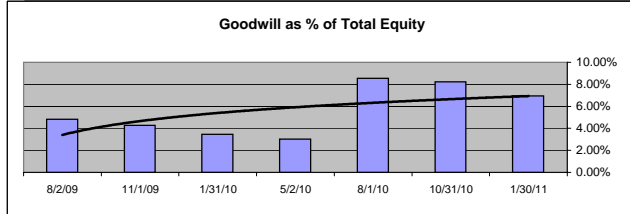
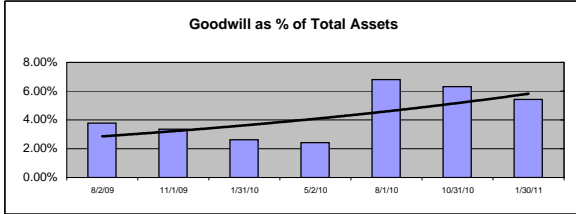
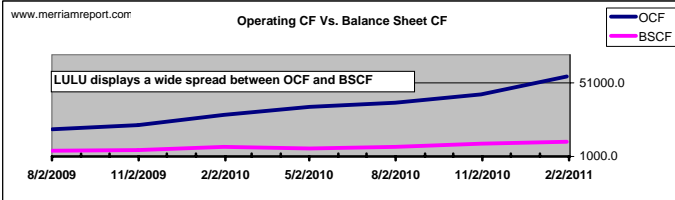


	8/2/09	11/1/09	1/31/10	5/2/10	8/1/10	10/31/10	1/30/11
OCF	19383.3	22368.9	29285.6	34708.6	37379.5	43053.7	55292.0
BSCF	4874.5	5416.7	7414.8	6529.2	7434.0	9682.1	10891.1

### Comparison of Recent Quarter Changes to Average

EPS  
Revenues  
Accounts Receivable  
Days Sales Outstanding  
Inventory  
Accounts Payable  
Accrual Ratios

Bullish



	8/2/09	11/1/09	1/31/10	5/2/10	8/1/10	10/31/10	1/30/11	AVG.	
Goodwill as % of Total Assets	3.78%	3.35%	2.62%	2.43%	6.80%	6.32%	5.43%	4.39%	-1
Goodwill as % of Total Equity	4.81%	4.29%	3.45%	3.02%	8.55%	8.22%	6.94%	5.61%	-1
	1.28	1.28	1.32	1.24	1.26	1.30	1.28	1.28	1
									-1

Dual Cash Flow Trend	2
Financial Ratios (conventional)	-4
Balance Sheet and Income Statement	9
Accrual Ratios	1.2
Revenue Metrics and Capital Productivity	7
Goodwill Trends	-1
<b>Merriam Report Score</b>	<b>14.2</b>

<b>LULULEMON ATHLETICA INC.</b>	<b>1/30/2011</b>	<b>4/18/2011</b>
Ending Period Share Price	<b>68.61</b>	<b>\$ 100.26</b>
Estimated Fair Value	<b>\$ 82.52</b>	
End Price to Est. FV	<b>-1.63%</b>	<b>21.49%</b>

SHORT CANDIDATE  
AVOID   
HOLD  
BUY  
STRONG BUY

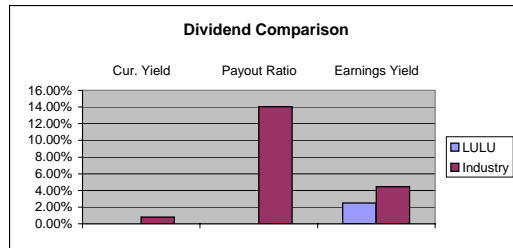
Valuation  
**OVERVALUED**  
Earnings Quality  
A+  
A-  
B+  
B-  
C+  
C-

Apparel/Accessories  
Consumer Cyclical  
Apparel & Other Finishd Prods of Fabrics & Similar Matl

Adustments (Payables)	\$	5.16
Adjustments (Receivables)	\$	0.87
Adustments (DSO)	\$	3.06
Adjustments (OCF)	\$	0.20
Adjustments (BSCF)	\$	0.85
Adjustments (Inventory)	\$	2.64
<b>Total Adjustments</b>	<b>\$</b>	<b>12.78</b>

Next Earnings N/A

	LULU	Industry
Cur. Yield	0.00%	0.82%
Payout Ratio	0.00%	14.03%
Earnings Yield	2.51%	4.44%



DISCLAIMER: This worksheet and its contents are provided for illustrative and display purposes only. Although financial statement information included in this report was obtained from third party sources believed to be reliable, there is no guarantee to the accuracy of information provided.

Copyright © 2011 Merriam Report Investment Research. All Rights Reserved.  
Created by Jason S. Merriam and merriamreport.com