

III. MAILING INSTRUCTIONS

Please mail or fax this completed Claim Form to the Claims Administrator at the address or facsimile number listed below. Your completed Claim Form must be postmarked on or before **July 29, 2010** or faxed on or before that date, or else you will forfeit your benefits under this Settlement. Even if you file an objection to the Settlement, you must submit this Claim Form by the deadline in order to receive any benefits under the Settlement if your objection is overruled. The address, telephone and facsimile numbers of the Claims Administrator are:

Lululemon USA, Inc. Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8060
San Rafael, CA 94912-8060
Telephone: (866) 261-5927
Fax: (415) 256-9756

Claims Administrator will not be liable for fax transmission errors, unreadable, illegible, unclear faxes or the like. Please keep proof of successful transmission.

IV. PLEASE SIGN BELOW.

Dated: _____

(Signature)

(Print Name)

To prevent the filing of fraudulent claims, enter the first 5 digits of your Social Security Number here:

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If you have any questions about completing this Claim Form, please call the Claims Administrator at Telephone: (866) 261-5927.



NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

A proposed settlement (the "Settlement") has been reached in the class action lawsuit entitled *Stephens, et al. v. Lululemon USA, Inc.*, San Diego County Superior Court Case No. BC 37-2009-00086684-CU-OE-CTL (the "Litigation"). Because your rights will be affected by this Settlement, it is extremely important that you read this Notice carefully.

As explained in more detail below, if you are a "Former Employee" of Lululemon, you must complete and mail or fax the enclosed GREEN claim form by July 29, 2010 to receive a portion of the Settlement. If you fail to mail or fax a timely and valid claim, you will receive nothing under the Settlement, but you will still be bound by the release of claims and dismissal described in this Notice.

If you are "Currently Employed" by Lululemon as of the date of this Notice, you are not required to return the Claim Form, as a claim on your behalf has been automatically made for your share of the Settlement. If you do not wish to participate in this Settlement, you must submit a timely request for exclusion (opt out) as instructed below.

A. PURPOSE OF THIS NOTICE

The San Diego County Superior Court has certified, for settlement purposes, a Class of current and former employees of Lululemon USA, Inc. ("Lululemon"):

All current and former California based salaried store employees who worked at any time from April 3, 2005 to November 1, 2009 at any retail store in the State of California owned, operated and/or acquired by Defendant and (a) who have not executed a written release of overtime claims in conjunction with a prior disbursement of overtime wages in 2006-2007 (Subclass 1(a)); or (b) who have executed a written release of overtime wages in conjunction with a prior disbursement of overtime wages in 2006-2007 (Subclass 1(b)).

All current and former persons who have been employed in any California stores owned, operated and/or acquired by Defendant within the four years preceding the filing of this action to the present.

According to Lululemon's records, you are a member of this class ("Class Member").

The purpose of this Notice is to inform you about the proposed Settlement and to explain your rights and options with respect to the Litigation and the Settlement.

B. DESCRIPTION OF THE LITIGATION

In Case No. BC 37-2009-00086684-CU-OE-CTL, Plaintiffs Mia Stephens, Lucero Smith, and Kelly Busken ("Plaintiffs") filed a lawsuit against Lululemon on April 3, 2009, claiming that Lululemon failed to indemnify Plaintiffs for clothing and accessories purchased by Plaintiffs from Lululemon in order to allegedly comply with Lululemon's dress-code policies, that Lululemon's policies required Plaintiffs to patronize Lululemon's stores, that Lululemon compensated Plaintiffs with gift cards, that Lululemon misclassified some of its California employees, and thus failed to pay them overtime compensation and provide meal and rest periods, failed to timely pay wages due and owing at the time of termination, and engaged in unfair competition. Plaintiffs sought to recover through a class action unpaid wages, pre-judgment interest, attorneys' fees and costs of litigation, as well as various penalties on behalf of themselves and similarly situated other current and former Lululemon employees.

Lululemon denied and continues to deny Plaintiffs' claims and contends that Lululemon has not violated any laws and that members of the Class were properly paid all wages, overtime compensation and penalties due. Lululemon also contended that the Litigation was not suitable for Class Action treatment.

This Settlement is the result of arm's-length negotiations between Plaintiffs and Lululemon. Both sides agree that, in light of the risks and expenses associated with continued litigation, this Settlement is fair and appropriate under the circumstances. Please be advised that the San Diego Superior Court has not ruled on the merits of Plaintiffs' claims or Lululemon's defenses.

The attorneys for the Class in the Litigation ("Class Counsel") are:

Matthew Righetti
John Glugoski
Righetti Law Firm, P.C.
456 Montgomery Street, Suite 1400
San Francisco, CA 94104
Tel: 415.983.0900 or 1-800-447-5549
Fax: 415.397.9005
matt@righettilaw.com
jglugoski@righettilaw.com

The attorneys for Lululemon are:

Merrill F. Storms, Jr.
Nick S. Pujji
DLA Piper LLP (US)
401 B Street, Suite 1700
San Diego, CA 92101-4297
Tel: 619.699.2700
Fax: 619.699.2701

On April 30, 2010, the Court granted preliminary approval of the proposed Settlement. The Court will decide whether to give final approval to the proposed Settlement at a hearing scheduled for September 17, 2010. See Paragraph H below for details.

C. SUMMARY OF TERMS OF THE PROPOSED SETTLEMENT

Subject to Court approval, the essential terms of the Settlement are as follows:

1. Lululemon will pay \$2.1 million for: (a) the valid and timely claims of Class Members; (b) Class Counsel's fees and litigation costs; (c) enhancement awards to the named Plaintiffs; and (d) the costs of administering the Settlement, as described below.
2. Each Class Member who submits a timely and valid Claim Form (enclosed with this Notice) will receive a Settlement Payment.
3. The amount of your Total Minimum Settlement Payment, as well as information used to calculate your entitlement, is pre-printed on your Green Claim Form. The period used for calculating shares is April 3, 2005 to November 1, 2009. Tax Treatment of Claim Share Portion of Settlement Payments: The settlement payment to each Class member will be allocated as 1/3 payment of wages, 1/3 payment of penalties, and 1/3 payment of interest.
4. If not all formerly employed Class Members make claims, the unclaimed portion of the Settlement payment will revert back to Lululemon for Class Members who are no longer employed by Lululemon.
5. Class Counsel will ask the Court to award attorneys' fees equal to \$525,000 (25% of \$2.1 million), and litigation costs not to exceed \$5,000. In addition, Class Counsel will ask the Court to authorize enhanced awards to each individual Plaintiff (Mia Stephens, Lucero Smith, and Kelly Busken) in the amount of \$7,500 each and the payment to the claims administrator of the costs of administering the Settlement of up to \$50,000.
6. Upon final approval by the Court, the Settlement Class, and each Class Member who has not submitted a timely and valid written request to be excluded from the Settlement, will release, to the extent permitted by law, Lululemon USA, Inc. and any of its parent, subsidiary, affiliate, predecessors or successors, and all agents, employees, officers, directors and attorneys thereof, from any and all claims, debts, liabilities,

demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action contingent or accrued for, asserted or which could have been asserted in the Lawsuit which arise from, or are connected to the factual allegations and factual claims asserted in the Lawsuit, including without limitation, any claims under the California Labor Code or Business & Professions Code (including Section 17200 *et seq.*), claims for restitution and other equitable relief, liquidated damages, punitive damages, waiting time penalties, penalties of any nature whatsoever, or any other benefit claimed on account of the allegations asserted in the Lawsuit arising on or before November 1, 2009 (the "Released Claims").

7. Upon Final Approval the Court will enter a Judgment of Dismissal with prejudice, but will retain jurisdiction to enforce the terms of the Settlement.

D. TO RECEIVE A SETTLEMENT PAYMENT

To receive a payment under the Settlement, you must complete, sign and mail or fax the enclosed Green Claim Form to the Claims Administrator at the address or fax number listed below. **Your Claim Form must be postmarked or faxed no later than July 29, 2010. Late or incomplete Claim Forms will not be honored.**

The Claims Administrator is:

Lululemon USA, Inc. Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8060
San Rafael, CA 94912-8060
Telephone: (866) 261-5927
Fax: (415) 256-9756

Claims Administrator will not be liable for fax transmission errors, unreadable, illegible, unclear faxes or the like. Please keep proof of successful transmission.

E. TO REQUEST EXCLUSION FROM THE SETTLEMENT

If you do not want to participate in the Settlement, you must submit a written statement requesting exclusion from the Settlement ("Request for Exclusion"). The Request for Exclusion must contain your full name, current home (or mailing) address, and first five digits of your Social Security number, and must include the statement "I wish to be excluded from the Settlement of the case entitled Stephens, et al. v. Lululemon USA, Inc., Case No. BC 37-2009-00086684-CU-OE-CTL." The Request for Exclusion must be signed and returned by mail to the Claims Administrator at the address listed above. In order to be valid, the Request for Exclusion must be postmarked no later than **July 29, 2010**.

If you submit a timely and valid Request for Exclusion, you will not be eligible to receive any of the benefits under the Settlement. You will, however, retain whatever legal rights you may have against Lululemon with regard to the Released Claims. If you submit a timely valid Claim Form and a timely valid Request for Exclusion, the Claim Form will be honored and the Request for Exclusion will be void.

F. TO OBJECT TO THE SETTLEMENT

If you believe the proposed Settlement is unfair or inadequate in any respect, you may object to the Settlement, either personally or through an attorney, by filing a written objection with the Court and mailing a copy of your written objection to Class Counsel, Counsel for Lululemon, and the Claims Administrator at their respective addresses listed above.

All objections must be signed and set forth your address, telephone number, and the name of the Litigation (*Stephens, et al. v. Lululemon USA, Inc.*, Case No. BC 37-2009-00086684-CU-OE-CTL). All objections must be filed with the Court, and postmarked to Class Counsel, Counsel for Lululemon and the Claims Administrator, no later than **July 29, 2010**. If you submit a timely objection, you may appear, either personally or through an attorney, at your own expense, at the final approval hearing, discussed below. Your objection should clearly explain why you object to the

proposed Settlement and must state whether you or someone on your behalf intend to appear at the Final Approval Hearing.

Any member of the Class who does not object in the manner described above shall be deemed to have waived any objections, and shall forever be foreclosed from objecting to the fairness or adequacy of the proposed Settlement, the payment of attorneys' fees, litigation costs, the enhancement awards to the Plaintiffs, the claims process, and any and all other aspects of the Settlement. If the Settlement is not approved by the Court, the Litigation will continue with a contested class certification motion, and possibly trial or other judicial resolution.

Regardless of whether you file an objection, you must submit a timely and valid Claim Form in order to receive any proceeds under the Settlement. If the objection is denied by the Court, you will be bound by the settlement and failure to submit a Claim Form will result in your claims being barred and you will not receive any of the settlement proceeds.

G. IF YOU DO NOTHING

If you are a former employee and do nothing in response to this Notice, you will not receive any proceeds under the Settlement, and you will be deemed to have released all of the Released Claims against Lululemon. If you are a current employee of Lululemon as of the date of this Notice, you will be deemed to have filed a claim unless you take appropriate steps to opt out of the Settlement.

H. FINAL APPROVAL HEARING ON PROPOSED SETTLEMENT

The Final Approval Hearing on the fairness and adequacy of the proposed Settlement, the plan of distribution, Class Counsel's request for attorneys' fees and costs, the administrative costs, and the enhanced awards to Plaintiffs, will be held on **September 17, 2010 at 8:30 a.m.** in Department C-65 of the San Diego County Superior Court, located at 330 W. Broadway, San Diego, CA 92101. The Final Approval Hearing may be continued without further notice.

I. ADDITIONAL INFORMATION

This Notice only summarizes the Litigation, the Settlement, and other related matters. For more information, you may review the Court's files at the records office of the San Diego County Superior Court, located at located at 330 W. Broadway, San Diego, CA 92101, from 8:30 a.m. to 3:30 p.m., Monday through Friday, except every third Wednesday of every month. Any questions regarding this Notice or the Claim Form should be sent to the Claims Administrator at the above address and telephone number. Alternatively, you may contact Class Counsel at the addresses and telephone numbers set forth above. If your address changes, or is different from the one on the envelope enclosing this Notice, please promptly notify the Claims Administrator.

J. REMINDER AS TO TIME LIMITS

If you are a **former** employee of Lululemon and you wish to submit a claim and receive a portion of the Settlement fund, you must complete and return the enclosed Green Claim Form to the Claims Administrator. **Your Claim Form must be postmarked or faxed on or before July 29, 2010.**

If you are a **current** employee of Lululemon as of the date of this Notice, you are deemed to have filed a claim and therefore are not required to submit the enclosed Class Form.

**EXCEPT TO OBJECT AS SET FORTH AT PARAGRAPH F,
PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE**

BY ORDER OF THE SUPERIOR COURT