Sprouts Farmers Market, Inc.
Form 424B7
August 13, 2014
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Filed Pursuant to Rule 424(b)(7)

Registration No. 333-198039

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Number of Shares to be Registered(1)	Maximum Offering Price per Share	Maximum Aggregate Offering Price	Amount of Registration Fee(2)(3)
Common Stock, $0.001 par value per share	17,250,000	$30.00	$517,500,000	$66,654.00

(1) Assumes exercise in full of the underwriters option to purchase additional shares.
(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.
(3) This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the Company s Registration Statement on Form S-3 (File No. 333-198039) in accordance with Rules 456(b) and 457(r) under the Securities Act.

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PROSPECTUS SUPPLEMENT

TO PROSPECTUS DATED AUGUST 11, 2014

15,000,000 Shares

Common Stock

The selling stockholders of Sprouts Farmers Market, Inc. identified in this prospectus supplement are offering shares of our common stock. We are not selling any shares in this offering and will not receive any of the proceeds. We will bear all of the offering expenses other than the underwriting discounts and commissions.

Our common stock is listed on the NASDAQ Global Select Market under the symbol SFM. On August 12, 2014, the last reported sale price of our common stock was $30.31 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-13 of this prospectus supplement, as well as those contained in the accompanying prospectus and the documents incorporated herein and therein, for a discussion of factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$ 30.000	$ 450,000,000
Underwriting discount(1)	$ 0.975	$ 14,625,000
Proceeds to the selling stockholders	$ 29.025	$ 435,375,000

(1) We have agreed to reimburse the underwriters for certain FINRA-related expenses. See Underwriting.

The underwriters have the option to purchase up to an additional 2,250,000 shares from the selling stockholders at the public offering price less the underwriting discount. They may exercise that option for 30 days.

The underwriters expect to deliver the shares of common stock against payment in New York, New York on or about August 18, 2014.

Goldman, Sachs & Co. **Credit Suisse**

Apollo Global Securities **Deutsche Bank Securities** **Guggenheim Securities** **UBS Investment Bank** **Wolfe Research Securities**

Prospectus Supplement dated August 12, 2014

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None of us, the selling stockholders, or the underwriters has authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectuses we have prepared. We, the selling stockholders and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus is an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus is current only as of its respective date.

Persons who come into possession of this prospectus supplement, the accompanying prospectus and any such free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus supplement, the accompanying prospectus and any such free writing prospectus applicable to that jurisdiction.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document has two parts, a prospectus supplement and an accompanying prospectus dated August 11, 2014. This prospectus supplement and the accompanying prospectus are part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission (referred to as the SEC) as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended (referred to as the Securities Act). Under the automatic shelf registration process, the selling stockholders named in one or more prospectus supplements may offer and sell, from time to time, shares of our common stock.

The accompanying prospectus provides you with a general description of the common stock any selling stockholder may offer. This prospectus supplement contains specific information about the terms of this offering of shares of our common stock. We may also authorize one or more free writing prospectuses to be provided to you that may contain material information relating to this offering. This prospectus supplement and any related free writing prospectus may also add to, update or change information contained in the accompanying prospectus or in any documents that we have incorporated by reference into this prospectus supplement or the accompanying prospectus and, accordingly, to the extent inconsistent, information in the accompanying prospectus is superseded by the information in this prospectus supplement or any related free writing prospectus.

This prospectus supplement and the accompanying prospectus do not contain all of the information included in the registration statement. The registration statement filed with the SEC includes or incorporates by reference exhibits that provide more details about the matters discussed in this prospectus supplement and the accompanying prospectus. You should carefully read this prospectus supplement, the accompanying prospectus and the related exhibits filed with the SEC, together with the additional information described below under the headings Where You Can Find Additional Information and Incorporation of Documents by Reference.

No offer of these securities will be made in any jurisdiction where the offer is not permitted.

As used in this prospectus supplement, unless the context otherwise requires, references to the Company, Sprouts, we, us and our refer to Sprouts Farmers Market, Inc. and, where appropriate, its subsidiaries.

Basis of Presentation

We report our results of operations on a 52- or 53-week fiscal year ending on the Sunday closest to December 31, with each fiscal quarter generally divided into three periods consisting of two four-week periods and one five-week period. Our last three completed fiscal years ended on January 1, 2012, December 30, 2012 and December 29, 2013. For ease of reference, we identify our fiscal years in this prospectus supplement by reference to the calendar year ending closest to the last day of such fiscal year. For example, we refer to our fiscal years ended January 1, 2012, December 30, 2012 and December 29, 2013 as fiscal 2011, fiscal 2012 and fiscal 2013, respectively.

Trademarks and Trade Names

This prospectus supplement includes our trademarks and service marks, SPROUTS FARMERS MARKET®, SPROUTS® and HEALTHY LIVING FOR LESS!®, which are protected under applicable intellectual property laws and are the property of Sprouts. This prospectus supplement also contains trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this

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prospectus supplement may appear without the ® or ™ symbols. We do not intend our use or display of other parties trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

Market, Industry and Other Data

Unless otherwise indicated, information contained or incorporated by reference in this prospectus supplement concerning our industry and the markets in which we operate is based on information from independent industry and research organizations, such as Buxton Company, and other third-party sources (including the *Nutrition Business Journal*, the *Progressive Grocer s 80th Annual Report of the Grocery Industry* (referred to as *Progressive Grocer*), and other industry publications, surveys and forecasts), and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of our industry and markets, which we believe to be reasonable. In addition, projections, assumptions and estimates of the future performance of our industry and our future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risk Factors in this prospectus supplement and the accompanying prospectus, as well as those contained in the documents incorporated by reference herein. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Recent Transactions

In 2002, Sprouts Farmers Markets, LLC, an Arizona limited liability company (referred to as Sprouts Arizona) opened the first Sprouts Farmers Market store in Chandler, Arizona. In 2011, we were formed when Sprouts Arizona combined with Henry s Holdings, LLC (referred to as Henry s), which operated 35 Henry s Farmers Markets stores and eight Sun Harvest Market stores (referred to as the Henry s Transaction). The Henry s Transaction was led by investment funds affiliated with, and co-investment vehicles managed by, Apollo Management VI, L.P. (referred to as the Apollo Funds). The Apollo Funds are affiliates of Apollo Global Management, LLC (together with its subsidiaries, referred to as Apollo). In May 2012, we acquired Sunflower Farmers Market, Inc., which operated 37 Sunflower Farmers Market stores (referred to as Sunflower). We refer to this as the Sunflower Transaction. The Henry s Transaction and the Sunflower Transaction are collectively referred to as the Transactions.

Effective as of April 23, 2013, we entered into a credit agreement with Credit Suisse AG, Cayman Islands Branch, as administrative agent, and certain lenders (referred to as the Credit Facility), providing for a $700.0 million senior secured term loan (referred to as the Term Loan), and a $60.0 million senior secured revolving credit facility. A portion of the proceeds of the Term Loan was used to repay in full the outstanding balance of $403.1 million under our prior credit facility (referred to as the Former Credit Facility). We used the remaining proceeds of the Term Loan, together with cash on hand, to make a distribution to our equity holders, to make payments to vested option holders and to pay transaction fees and expenses. We refer to the transactions through which we entered into the Credit Facility and applied the proceeds as described above as the April 2013 Refinancing. We used a portion of the net proceeds of our IPO (as defined below) to repay $340.0 million of outstanding indebtedness under the Term Loan. In addition, we voluntarily paid down $40.0 million of outstanding indebtedness under the Term Loan during the fourth quarter of 2013.

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Corporate Conversion

On July 29, 2013, Sprouts Farmers Markets, LLC, a Delaware limited liability company, converted into Sprouts Farmers Market, Inc., a Delaware corporation and the issuer of the shares of common stock offered by this prospectus supplement, pursuant to a statutory conversion (referred to as the corporate conversion). As used in this prospectus supplement, unless the context otherwise requires, references to the Company, Sprouts, we, us and our refer to Sprouts Farmers Markets, LLC and after the corporate conversion to Sprouts Farmers Market, Inc and, where appropriate, its subsidiaries. In the corporate conversion, each unit of Sprouts Farmers Markets, LLC was converted into 11 shares of common stock of Sprouts Farmers Market, Inc., and each option to purchase units of Sprouts Farmers Markets, LLC was converted into an option to purchase 11 shares of common stock of Sprouts Farmers Market, Inc. For the convenience of the reader, except as the context otherwise requires, all information contained or incorporated by reference in this prospectus supplement is presented giving effect to the corporate conversion.

Comparable Store Sales

As used in this prospectus supplement, the term comparable store sales growth refers to the percentage change in our comparable store sales as compared to the prior comparable period. Our practice is to include sales from a store in comparable store sales beginning on the first day of the 61st week following the store s opening and to exclude sales from a closed store from comparable store sales beginning on the day of closure. We include sales from an acquired store in comparable store sales on the later of (i) the day of acquisition or (ii) the first day of the 61st week following the store s opening. This practice may differ from the methods that other retailers use to calculate comparable store sales.

In this prospectus supplement we discuss our pro forma comparable store sales growth for fiscal 2011 through fiscal 2013 and for the twenty-six weeks ended June 30, 2013 and June 29, 2014. We compute pro forma comparable store sales growth giving effect to (i) the 2011 combination of Sprouts Arizona with Henry s in the Henry s Transaction and (ii) our 2012 acquisition of Sunflower in the Sunflower Transaction, in each case as if such Transactions occurred on the first day of fiscal 2007. Stores acquired in these transactions have been rebranded as Sprouts Farmers Market stores. See Prospectus Supplement Summary Summary Consolidated Historical and Pro Forma Financial and Other Data for reconciliation of historical sales to pro forma net sales and a presentation of pro forma comparable store sales growth for fiscal 2011 through fiscal 2013 and for the twenty-six weeks ended June 30, 2013 and June 29, 2014.

In addition, in this prospectus supplement we refer to pro forma comparable store sales growth on a two-year stacked basis, which is computed by adding the pro forma comparable store sales growth of the period referenced and the pro forma comparable store sales growth of the same fiscal period ended twelve months prior.

We believe pro forma comparable store sales growth provides investors with helpful information with respect to our operating performance.

Pro Forma Information

This prospectus supplement contains unaudited pro forma financial information prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma condensed consolidated statement of operations for fiscal 2013 gives pro forma effect to:

the April 2013 Refinancing; and

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- the issuance of 18,888,889 shares of common stock in our IPO (as defined below) (excluding the remaining 1,588,326 shares of common stock issued in that offering, which were deemed to have been used to pay underwriting discounts, offering expenses in such offering and general corporate expenses) and the application of $340.0 million of the proceeds to us from the sale of such shares by us to repay certain indebtedness;

in each case as if such transactions had been consummated on December 31, 2012, the first day of fiscal 2013. See Unaudited Pro Forma Condensed Consolidated Financial Information.

Non-GAAP Financial Measures

To supplement our financial information presented in accordance with U.S. generally accepted accounting principles (referred to as GAAP), we use the following additional measures to clarify and enhance an understanding of past performance:

- Adjusted EBITDA, which is defined as earnings (net income or loss) before interest, taxes, depreciation, amortization and accretion, further adjusted to eliminate the effects of items management does not consider in assessing our ongoing performance; and

- Adjusted EBIT, which is defined as earnings (net income or loss) before interest and taxes, further adjusted to eliminate the effects of items management does not consider in assessing ongoing performance.

See Prospectus Supplement Summary Summary Consolidated Historical and Pro Forma Financial and Other Data for further discussion and a reconciliation of adjusted EBITDA and adjusted EBIT.

Adjusted EBITDA and adjusted EBIT are performance measures that provide supplemental information we believe is useful to analysts and investors to evaluate our ongoing results of operations, when considered alongside other GAAP measures such as net income, net income per share, operating income and gross profit. These non-GAAP measures exclude the financial impact of items management does not consider in assessing our ongoing operating performance, and thereby facilitate review of our operating performance on a period-to-period basis. Other companies may have different capital structures or different lease terms, and comparability to our results of operations may be impacted by the effects of acquisition accounting on our depreciation and amortization. As a result of the effects of these factors and factors specific to other companies, we believe adjusted EBITDA and adjusted EBIT provide helpful information to analysts and investors to facilitate a comparison of our operating performance to that of other companies. We also use adjusted EBITDA, as further adjusted for additional items defined in our Credit Facility, for board of director and bank compliance reporting.

These non-GAAP measures are intended to provide additional information only and do not have any standard meanings prescribed by GAAP. Use of these terms may differ from similar measures reported by other companies. Because of their limitations, these non-GAAP measures should not be considered as measures of discretionary cash available to use to reinvest in growth of our business, or as measures of cash that will be available to meet our obligations. These non-GAAP measures have their limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement or incorporated by reference into this prospectus supplement from our Annual Report on Form 10-K for the year ended December 29, 2013 (referred to as our Form 10-K), our subsequent Quarterly Reports on Form 10-Q (referred to as our Forms 10-Q) and our other filings with the SEC listed in the section of this prospectus supplement entitled Incorporation of Documents by Reference and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this prospectus supplement, the accompanying prospectus and any related free writing prospectus, together with the information incorporated by reference herein and therein in their entirety, including the section entitled Risk Factors in this prospectus supplement and in our Form 10-K and our consolidated financial statements and related notes included in our Form 10-K and our other filings with the SEC.

Who We Are

Sprouts Farmers Market operates as a healthy grocery store that offers fresh, natural and organic food that includes fresh produce, bulk foods, vitamins and supplements, grocery, meat and seafood, bakery, dairy, frozen foods, body care and natural household items catering to consumers growing interest in eating and living healthier. Since our founding in 2002, we have grown rapidly, significantly increasing our sales, store count and profitability. With fiscal 2013 net sales of $2.4 billion and 182 stores in ten states as of August 12, 2014, we are one of the largest specialty retailers of fresh, natural and organic food in the United States. According to research conducted for us by Buxton Company, a customer analytics research firm, we have significant growth opportunities in existing and new markets across the United States with the potential for approximately 1,200 locations operating under our current format.

The cornerstones of our business are fresh, natural and organic products at compelling prices, an attractive and differentiated shopping experience, and knowledgeable team members who we believe provide best-in-class customer service and product education. These attributes have positioned us to deliver strong financial results, as evidenced by the following:

- Stores under our management have achieved positive comparable store sales growth for 29 consecutive quarters, including throughout the recent economic downturn;

- Pro forma comparable store sales growth of 10.7% in fiscal 2013 and 9.7% in fiscal 2012, or 20.4% on a two-year stacked basis through fiscal 2013, and pro forma comparable store sales growth of 11.1% for the twenty-six weeks ended June 29, 2014 and 9.4% for the twenty-six weeks ended June 30, 2013, or 20.5% on a two-year stacked basis for the twenty-six weeks ended June 29, 2014;

- Net sales of $2.4 billion in fiscal 2013, representing an increase of 36% from net sales of $1.8 billion in fiscal 2012, and an increase of 22% from pro forma net sales of $2.0 billion in fiscal 2012, and net sales of $1.5 billion for the twenty-six weeks ended June 29, 2014, representing an increase of 23% from net sales for the twenty-six weeks ended June 30, 2013;

- Adjusted EBITDA of $195.2 million in fiscal 2013, and adjusted EBITDA of $146.6 million for the twenty-six weeks ended June 29, 2014, representing an increase of 40% from adjusted EBITDA for the twenty-six weeks ended June 30, 2013; and

- Net income of $51.3 million in fiscal 2013, an increase of $31.8 million from fiscal 2012 net income of $19.5 million. Net income was $63.9 million for the twenty-six weeks ended June 29, 2014, representing an increase of $33.3 million from net income for the twenty-six weeks ended June 30, 2013.

Healthy Living for Less. We offer high-quality, fresh, natural and organic products at attractive prices in every department. Consistent with our farmers market heritage, our offering begins with fresh produce, which we source, warehouse and distribute in-house and sell at prices we believe to be significantly below those of other food retailers. In addition, our scale, operating structure and deep industry relationships position us to consistently deliver Healthy Living for Less throughout the store. Based on our experience, we believe we attract a broad customer base, including conventional supermarket customers, and appeal to a much wider demographic than other specialty retailers of natural and organic food. We believe that over time, our compelling prices and product offering convert many trial customers into loyal lifestyle customers who shop Sprouts with greater frequency and across an increasing number of departments.

Attractive, Differentiated Shopping Experience. In a convenient, small-box format (average store size of 27,500 sq. ft.), our stores have a farmers market feel, with a bright, open-air atmosphere to create a comfortable and engaging in-store experience. We strive to be our customers everyday healthy grocery store. We feature fresh produce and bulk foods at the center of the store surrounded by a complete grocery offering, including vitamins and supplements, grocery, meat and seafood, bakery, dairy, frozen foods, beer and wine, body care and natural household items. Consistent with our fresh, natural and organic offering, we choose not to carry most of the traditional, national branded consumer packaged goods generally found at conventional grocery retailers (*e.g.,* Doritos, Tide and Lucky Charms). Instead, we offer high-quality alternatives that emphasize our focus on fresh, natural and organic products at great values.

Customer Service & Education. We are dedicated to our mission of Healthy Living for Less, and we attract team members who share our passion for educating and serving our customers with the goal of making healthy eating easier and more accessible. We believe our well-trained and engaged team members help our customers increasingly understand that they can purchase a wide selection of high-quality, healthy and great tasting food for themselves and their families at attractive prices by shopping at Sprouts.

Our Industry

We operate in the $600 billion U.S. supermarket industry and, based on our industry experience, we believe we are capturing significant market share from conventional supermarkets and other food retailers. We believe interest in healthy eating, an increasing focus on preventative health measures, and the rising costs of healthcare have driven significant growth in natural and organic food consumption. According to the *Nutrition Business Journal*, spending on natural and organic food experienced a compound annual growth rate (referred to as CAGR) of 12% from 1997 to 2013, reaching an estimated $54 billion in the United States, and is expected to continue to grow to $113 billion in 2020, representing a CAGR of 11.2% from 2013 to 2020.

What Makes Us Different

We believe the following competitive strengths position Sprouts to capitalize on two powerful, long-term consumer trends a growing interest in health and wellness and a focus on value:

Comprehensive fresh, natural and organic product offering at great value. We feature an expansive offering of high-quality, fresh, natural and organic products at compelling value. In particular, we position Sprouts to be a value leader in fresh produce in order to drive trial visits to our stores by new customers. We believe that, over time, our differentiated product offering and strong value proposition converts many trial customers into loyal, lifestyle customers.

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Resilient business model with strong financial performance. We achieved positive, pro forma comparable store sales growth of 2.6%, 2.3%, 5.1%, 9.7%,10.7% and 11.1% in fiscal 2009, 2010, 2011, 2012, 2013 and the twenty-six weeks ended June 29, 2014, respectively. We believe the consistency of our performance over time, even through the recent economic downturn from 2008 to 2010, and across geographies and vintages is the result of a number of factors, including our distinctive value positioning and merchandising strategies, product innovation and a well-trained staff focused on customer education and service. In addition, we believe our high volume and low-cost store model enhance our ability to consistently offer competitive prices on a complete assortment of fresh, natural and organic products.

Proven and replicable economic store model. We believe that our store model, combined with our rigorous store selection process and a growing interest in health and wellness, contribute to our attractive new store returns on investment. Our typical store requires an average new store cash investment of approximately $2.8 million, including store buildout (net of contributions from landlords), inventory (net of payables) and cash pre-opening expenses. Based on historical performance, we target pre-tax cash-on-cash returns of 35-40% within three to four years after opening. We believe the consistent performance of our store portfolio across geographies and vintages supports the portability of the Sprouts brand and store model into a wide range of markets.

Significant new store growth opportunity supported by broad demographic appeal. We believe, based on our experience, that our broad product offering and value proposition appeals to a wider demographic than other leading competitors, including higher-priced health food and gourmet food retailers. Sprouts has been successful across a variety of urban, suburban and rural locations in diverse geographies, from California to Georgia, underscoring the heightened interest in eating healthy across markets. Based on research conducted for us, we believe that the U.S. market can support approximately 1,200 Sprouts Farmers Market stores operating under our current format, including 300 in states in which we currently operate. We intend to achieve 14% annual new store growth over at least the next five years, balanced among existing, adjacent and new markets.

The below diagram shows our current store footprint, by state, as of August 12, 2014.

Current Store Locations	**Store Count**

Passionate and experienced management team with proven track record. Since inception, we have been dedicated to delivering Healthy Living for Less. Our passion and commitment is shared by team members throughout the entire organization, from our stores to our corporate office. Our executive management team has extensive grocery and food retail industry experience, and deep roots in organic, natural and specialty food retail. With recent investments in people, systems and other infrastructure, we believe we are well positioned to achieve our future growth plans.

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Growing Our Business

We are pursuing a number of strategies to continue our growth and strong financial performance, including:

Expand our store base. We intend to continue expanding our store base by pursuing new store openings in existing markets, expanding into adjacent markets, and penetrating new markets. From our founding in 2002 through August 12, 2014, we opened 106 new stores while successfully rebranding 43 Henry s and 39 Sunflower stores to the Sprouts banner. On a combined basis, Sprouts, Henry s and Sunflower opened an average of 17 stores per year from fiscal 2008 through fiscal 2013. We opened 19 new stores in fiscal 2013. We expect to continue to expand our store base with 24 store openings planned in fiscal 2014, of which 15 have opened as of August 12, 2014, and we intend to achieve 14% annual new store growth over at least the next five years.

Continue positive comparable store sales. For 29 consecutive quarters, including throughout the recent economic downturn from 2008 to 2010, stores under our management have achieved positive comparable store sales growth. We believe we can continue to grow the number of customer transactions by enhancing our core value proposition and distinctive customer-oriented shopping experience. We aim to grow our average ticket by continuing to expand and refine our fresh, natural and organic product offering, our targeted and personalized marketing efforts and our in-store education. We believe these factors, combined with the continued strong growth in fresh, natural and organic food consumption, will allow Sprouts to gain new customers, increase customer loyalty and, over time, convert single-department trial customers into core, lifestyle customers who shop Sprouts with greater frequency and across an increasing number of departments.

Enhance our operating margins. We believe we can continue to enhance our operating margins though efficiencies of scale, improved systems, continued cost discipline and enhancements to our merchandise offerings. We have made significant investments in management, information technology systems, training, marketing, compliance and other infrastructure to enable us to pursue our growth plans, which we believe will also enhance our margins over time. Furthermore, we expect to achieve economies of scale in sourcing and distribution as we add new stores.

Grow the Sprouts Farmers Market brand. We are committed to supporting our stores, product offerings and brand through a variety of marketing programs, private label offerings and corporate partnerships. In addition, we will continue our community outreach and charity programs to more broadly connect with our local communities with the aim of promoting our brand and educating consumers on healthy choices. We will also continue to expand our innovative marketing and promotional strategy through print, digital and social media platforms, all of which promote our mission of Healthy Living for Less.

Public Offerings of Common Stock

On August 6, 2013, we completed our initial public offering (referred to as our IPO) of 21,275,000 shares of common stock, including 2,775,000 shares of common stock issued as a result of the exercise in full of the underwriters option to purchase additional shares, at a price of $18.00 per share. We sold 20,477,215 shares of common stock, including the additional shares, and certain stockholders sold the remaining 797,785 shares. We received net proceeds from our IPO of approximately $344.1 million, after deducting underwriting discounts and offering expenses. We used the net proceeds to repay $340.0 million of outstanding indebtedness under the Term Loan and the remainder for general corporate purposes.

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On December 2, 2013, certain of our stockholders completed a second public offering of 19,550,000 shares of common stock, including 2,550,000 shares of common stock sold as a result of the exercise in full of the underwriters option to purchase additional shares, at a price of $37.00 per share (referred to as the December Secondary Offering). On April 2, 2014, certain of our stockholders completed a third public offering of 17,250,000 shares of common stock, including 2,250,000 shares of common stock sold as a result of the exercise in full of the underwriters option to purchase additional shares, at a price of $33.75 per share (referred to as the April Secondary Offering). We did not sell any shares in the December Secondary Offering or the April Secondary Offering.

Risks to Consider

Investing in our common stock involves a high degree of risk. You should carefully consider the risks highlighted in the section entitled Risk Factors following this prospectus supplement summary and in our Form 10-K incorporated herein by reference before making an investment decision. These risks include, among others, the following:

- we face intense competition in our industry, and our failure to compete successfully may have a material adverse effect on our business;
- we may be unable to successfully open new stores;
- we may be unable to maintain levels of comparable store sales or generate operating levels in our new stores consistent with our mature stores;
- we may be unable to maintain or improve our operating margins;
- product supply disruptions or interruptions in the operations of our distribution centers or supply chain network may have an adverse effect on our profitability and operating results;
- we may be unable to identify and react to trends and consumer preferences;
- real or perceived food safety and labeling concerns and related unfavorable publicity may adversely affect us;
- unfavorable changes in or our failure to comply with governmental regulation could harm our business;
- disruptions to, or security breaches involving, our information technology systems could adversely affect our business;
- general economic conditions that impact consumer spending could adversely affect our business;
- we may be unable to generate sufficient cash flow to meet our fixed payment obligations, including fixed store leases and debt service obligations; and

covenant restrictions contained in our debt agreements that restrict our operational flexibility may adversely affect our business, results of operations and financial condition.

Corporate Information

Our principal executive offices are located at 11811 N. Tatum Boulevard, Suite 2400, Phoenix, Arizona 85028, and our telephone number is (480) 814-8016. Our website address is *www.sprouts.com*. The information contained on our website is not incorporated by reference into this prospectus supplement, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus supplement or in deciding whether to purchase our common stock.

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The Offering

Common stock offered by the selling stockholders	15,000,000 shares
Common stock outstanding before this offering	149,856,857 shares
Common stock to be outstanding after this offering	150,456,665 shares
Option to purchase additional shares	The underwriters have the option to purchase up to 2,250,000 additional shares from certain of the selling stockholders at the public offering price less the underwriting discount. They may exercise that option for 30 days.
Use of proceeds	The selling stockholders, which include certain of our officers, directors and team members, will receive all of the proceeds from this offering. We will not receive any proceeds from the sale of shares in this offering. See Principal and Selling Stockholders.
Risk factors	See Risk Factors beginning on page S-13 and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Dividend Policy	We have not paid any dividends since our IPO. We do not anticipate declaring or paying, in the foreseeable future, any cash dividends on our capital stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our operating results, financial condition, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant. Our Credit Facility contains covenants that would restrict our ability to pay cash dividends.
Conflicts of Interest	Apollo Global Securities, LLC, an underwriter of this offering, is an affiliate of Apollo, our controlling stockholder. Because Apollo beneficially owns more than 10% of our outstanding common stock, a conflict of interest is deemed to exist under Financial Industry Regulation Authority (referred to as FINRA) Rule 5121(f)(5)(B). In addition, a conflict of interest is also deemed to exist under Rule 5121(f)(5)(C) because affiliates of Apollo Global Securities, LLC will receive more than 5% of the net proceeds of this offering. However, an exception from the

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requirement to use a qualified independent underwriter is available because our common stock has a bona fide public market , as defined in Rule 5121(f)(3). In accordance with Rule 5121, Apollo Global Securities, LLC will not sell our common stock to a discretionary account without receiving written approval from the account holder. See Underwriting Conflicts of Interest.

NASDAQ Global Select Market symbol	SFM

Unless otherwise indicated, all information in this prospectus supplement reflects and assumes:

- The issuance of 599,808 shares to certain selling stockholders upon exercise of stock options in connection with the consummation of this offering, which shares will be sold by such selling stockholders in this offering; and

- no exercise of the underwriters option to purchase up to an additional 2,250,000 shares of common stock.

The number of shares of common stock to be outstanding before and after this offering is based on 149,856,857 shares of our common stock outstanding as of August 12, 2014, which excludes:

- 8,868,391 shares of common stock issuable upon the exercise of stock options outstanding under our Sprouts Farmers Markets, Inc., Option Plan (referred to as the 2011 Option Plan) and 2013 Incentive Compensation Plan (referred to as the 2013 Incentive Plan, and the 2011 Option Plan and 2013 Incentive Plan are collectively referred to as the Incentive Plans) at a weighted average exercise price of $5.26 per share and 107,167 shares of common stock issuable upon vesting of restricted stock units outstanding under the 2013 Incentive Plan; and

- 9,221,380 shares of common stock reserved for future awards under the 2013 Incentive Plan.

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Summary Consolidated Historical and Pro Forma Financial and Other Data

The following tables summarize our consolidated historical and pro forma financial and other data and should be read together with Unaudited Pro Forma Condensed Consolidated Financial Information, included elsewhere in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our Form 10-K and Forms 10-Q incorporated by reference into this prospectus supplement. We have derived the consolidated statements of operations data for fiscal 2011, fiscal 2012 and fiscal 2013 from our audited consolidated financial statements included in our Form 10-K incorporated by reference into this prospectus supplement. Consolidated statements of operations data for the twenty-six weeks ended June 30, 2013 and June 29, 2014 and summary balance sheet data as of June 29, 2014 are derived from our unaudited consolidated financial statements included in our Form 10-Q for the quarterly period ended June 29, 2014 incorporated by reference into this prospectus supplement. These interim statements, in the opinion of management, include all adjustments (inclusive of normal recurring adjustments) necessary for a fair statement. Our historical results set forth below are not necessarily indicative of results to be expected for any future period.

In 2002, Sprouts Arizona opened the first Sprouts Farmers Market store in Chandler, Arizona. In 2011, Sprouts Arizona combined with Henry s, which operated 35 Henry s Farmers Market stores and eight Sun Harvest Market stores, as a part of the Henry s Transaction led by the Apollo Funds. Apollo held a controlling interest in Henry s former parent prior to the Henry s Transaction and continued to hold a controlling interest in the Company afterwards. Due to Apollo s continued controlling interest, the Henry s Transaction resulted in Henry s financial statements becoming the financial statements of the Company, followed immediately by the acquisition by the Company of the Sprouts Farmers Market business. As a result, the Company was determined to be the accounting acquirer, effective April 18, 2011. Accordingly, our consolidated financial statements for the period from January 3, 2011 through April 17, 2011 reflect only the historic results of Henry s prior to the Henry s Transaction. Commencing on April 18, 2011, our consolidated financial statements also include the financial position, results of operations and cash flows of Sprouts Arizona.

In May 2012, we acquired Sunflower in the Sunflower Transaction. Commencing on May 29, 2012, our consolidated financial statements also include the financial position, results of operations and cash flows of Sunflower.

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The April 2013 Refinancing and our IPO had a material impact on our results of operations. Accordingly, we have included pro forma information for fiscal 2013 which gives effect to these transactions, as more fully described in the notes below. See Unaudited Pro Forma Condensed Consolidated Financial Information for unaudited pro forma information for fiscal 2013.

	Fiscal 2011(1)	Fiscal 2012(2)	Fiscal 2013 Actual	Fiscal 2013 Pro Forma Sprouts Farmers Market, Inc. (3)
	(in thousands, except per share data)			
Statements of Operations Data:				
Net sales	$ 1,105,879	$ 1,794,823	$ 2,437,911	$ 2,437,911
Cost of sales, buying and occupancy	794,905	1,264,514	1,712,644	1,712,644
Gross profit	310,974	530,309	725,267	725,267
Direct store expenses	238,245	368,323	496,183	496,183
Selling, general and administrative expenses	58,528	86,364	81,795	81,795
Amortization of Henry s trade names and capitalized software	32,202			
Store pre-opening costs	1,338	2,782	5,734	5,734
Store closure and exit costs	6,382	2,155	2,051	2,051
Income (loss) from operations	(25,721)	70,685	139,504	139,504
Interest expense	(19,813)	(35,488)	(37,203)	(28,239)
Other income	358	562	487	487
Loss on extinguishment of debt		(992)	(18,721)	(1,513)
Income (loss) before income taxes	(45,176)	34,767	84,067	110,239
Income tax (provision) benefit	17,731	(15,267)	(32,741)	(42,948)
Net income (loss)	$ (27,445)	$ 19,500	$ 51,326	$ 67,291
Per Share Data:				
Net income (loss) per share basic(4)	$ (0.28)	$ 0.16	$ 0.38	$ 0.46
Net income (loss) per share diluted(4)	$ (0.28)	$ 0.16	$ 0.37	$ 0.44
Weighted average shares outstanding basic(4)	96,954	119,427	134,622	145,624
Weighted average shares outstanding diluted(4)	96,954	121,781	139,765	151,436
Supplemental Financial Measures:				
Adjusted EBITDA(5)			$ 195,157	
Adjusted EBIT(5)			$ 147,618	

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	Twenty-six weeks ended June 30, 2013	June 29, 2014
	(in thousands, except per share data)	
Statements of Operations Data:		
Net sales	$ 1,196,061	$ 1,466,416
Cost of sales, buying and occupancy	835,114	1,018,509
Gross profit	360,947	447,907
Direct store expenses	237,646	281,386
Selling, general and administrative expenses	37,452	45,579
Store pre-opening costs	4,017	3,367
Store closure and exit costs	1,708	333
Income from operations	80,124	117,242
Interest expense	(21,556)	(12,987)
Other income	244	196
Loss on extinguishment of debt	(8,175)	
Income before income taxes	50,637	104,451
Income tax provision	(20,052)	(40,567)
Net income	$ 30,585	$ 63,884
Per Share Data:		
Net income per share basic(4)	$ 0.24	$ 0.43
Net income per share diluted(4)	$ 0.24	$ 0.42
Weighted average shares outstanding basic(4)	125,963	148,720
Weighted average shares outstanding diluted(4)	129,438	153,670
Supplemental Financial Measures:		
Adjusted EBITDA(5)	$ 104,770	$ 146,568
Adjusted EBIT(5)	$ 82,060	$ 120,211

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Twenty-six weeks ended June 30, 2013	June 29, 2014
Pro forma comparable store sales growth(6)	5.1%	9.7%	10.7%	9.4%	11.1%
Pro forma stores at end of period	138	148	167	160	177
Other Operating Data:					
Stores at beginning of period	43	103	148	148	167
Opened	7	9	19	12	10
Acquired(7)	56	37			
Closed	(3)	(1)			
Stores at end of period	103	148	167	160	177
Gross square feet at end of period	2,721,430	4,064,888	4,582,743	4,389,144	4,867,275
Average store size at end of period (gross square feet)	26,422	27,465	27,442	27,432	27,499

Balance Sheet Data:

	As of June 29, 2014 (in thousands)
Cash and cash equivalents	$ 184,273
Total assets	1,330,928
Total capital and finance lease obligations, including current portion	124,227
Total long-term debt, including current portion	308,332
Total stockholders equity	611,650

(1) The results of operations for the period from January 3, 2011 through April 18, 2011 reflect the sales and expenses directly attributable to Henry s operations and include allocations of expenses from Henry s previous parent company. These expenses were allocated to Henry s on the basis that was considered to reflect fairly or reasonably the utilization of the services provided to, or the benefit obtained by, Henry s. Historical financial statements for Henry s prior to

April 18, 2011 do not reflect the interest expense or debt Henry s might have incurred if it had been a stand-alone entity. Additionally, we would have expected to incur other expenses not reflected in our historical financial statements prior to April 18, 2011, if Henry s had operated as a stand-alone entity. Commencing on April 18, 2011, our consolidated financial statements also include the financial position, results of operations and cash flows of Sprouts Arizona.

(2) For the period from April 18, 2011 to May 28, 2012 our consolidated financial statements include the financial position, results of operations and cash flows of Henry s and Sprouts Arizona. Commencing on May 29, 2012, our consolidated financial statements also include the financial position, results of operations and cash flows of Sunflower.

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(3) The pro forma information gives effect to pro forma adjustments to reflect the April 2013 Refinancing, the issuance of 18,888,889 shares of common stock in our IPO (excluding the remaining 1,588,326 shares of common stock issued in that offering, which were deemed to have been used to pay underwriting discounts, offering expenses in such offering and general corporate expenses) and the application of $340.0 million of the proceeds to us from the sale of such shares by us to repay certain indebtedness under our Credit Facility as if these events had occurred on the first day of fiscal 2013. This is based on net proceeds of our IPO to us of $344.1 million (including the exercise of the underwriters option to purchase additional shares), after deducting $24.5 million of underwriting discounts and commissions and offering expenses. See Unaudited Pro Forma Condensed Consolidated Financial Information for a presentation of such pro forma financial data for fiscal 2013.

(4) Pro forma net income per share (basic and diluted) and weighted average shares outstanding (basic and diluted) give effect to the items described in note 3 above as if they had occurred on the first day of fiscal 2013. See Unaudited Pro Forma Condensed Consolidated Financial Information for a presentation of such pro forma financial data for fiscal 2013.

(5) Adjusted EBITDA is a non-GAAP measure defined as earnings (net income) before interest, taxes, depreciation, amortization and accretion, further adjusted to eliminate the effects of items management does not consider in assessing our ongoing performance. Adjusted EBIT is a non-GAAP measure defined as earnings (net income) before interest and taxes, further adjusted to eliminate the effects of items management does not consider in assessing ongoing performance.

Adjusted EBITDA and adjusted EBIT are performance measures that provide supplemental information we believe is useful to analysts and investors to evaluate our ongoing results of operations, when considered alongside other GAAP measures such as net income, operating income and gross profit. These non-GAAP measures exclude the financial impact of items management does not consider in assessing our ongoing operating performance, and thereby facilitate review of our operating performance on a period-to-period basis. Other companies may have different capital structures or different lease terms, and comparability to our results of operations may be impacted by the effects of acquisition accounting on our depreciation and amortization. As a result of the effects of these factors and factors specific to other companies, we believe adjusted EBITDA and adjusted EBIT provide helpful information to analysts and investors to facilitate a comparison of our operating performance to that of other companies. We also use adjusted EBITDA, as further adjusted for additional items defined in our Credit Facility, for board of director and bank compliance reporting.

These non-GAAP measures are intended to provide additional information only and do not have any standard meanings prescribed by GAAP. Use of these terms may differ from similar measures reported by other companies. Because of their limitations, none of these non-GAAP measures should be considered as a measure of discretionary cash available to use to reinvest in growth of our business, or as a measure of cash that will be available to meet our obligations. Each of these non-GAAP measures has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP.

The following table shows a reconciliation of adjusted EBITDA and adjusted EBIT to net income for fiscal 2013 and the twenty-six weeks ended June 30, 2013 and June 29, 2014:

		Twenty-six weeks ended	
	Fiscal 2013	**June 30, 2013**	**June 29, 2014**
		(in thousands)	
Net income	$ 51,326	$ 30,585	$ 63,884
Add: Income tax provision	32,741	20,052	40,567
Net income before income taxes	84,067	50,637	104,451
Adjustments:			
Costs associated with acquisitions and integration(a)	(15)	(16)	
IPO bonus(b)	3,183		
Loss on extinguishment of debt(c)	18,721	8,175	
Store closure and exit costs(d)	2,051	1,708	333
Loss on disposal of assets(e)	412	6	994
Secondary offering expenses including employment taxes on option exercises(f)	2,014		1,446
Total adjustments	26,366	9,873	2,773
Interest expense, net	37,185	21,550	12,987
Adjusted EBIT	147,618	82,060	120,211
Depreciation, amortization and accretion	47,539	22,710	26,357
Adjusted EBITDA	$ 195,157	$ 104,770	$ 146,568

(a) **Costs associated with integration** represent the costs to integrate the combined businesses resulting from the Transactions. These expenses include professional fees and severance, which we exclude from our adjusted EBITDA and adjusted EBIT to provide period-to-period comparability of our operating results because management believes these costs do not directly reflect the ongoing performance of our store operations.

(b) **IPO bonus** represents bonuses related to the IPO paid to our team members, which are included in selling, general and administrative expenses.

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(c) **Loss on extinguishment of debt** represents the portion of previously recorded deferred financing costs and original issue discounts written off in connection with the refinancing of debt. The amount for fiscal 2013 also includes $0.5 million related to the renegotiation of a store lease that was classified as a financing lease obligation. We exclude losses on extinguishment of debt from our adjusted EBITDA and adjusted EBIT to provide period-to-period comparability of our operating results because management believes these costs do not directly reflect the ongoing performance of our store operations.

(d) **Store closure and exit costs** have been excluded from our adjusted EBITDA and adjusted EBIT. Store closure and exit costs in fiscal 2013 include charges related to the closure of a former Sunflower warehouse, and adjustments to sublease estimates for stores and facilities already closed. For the twenty-six weeks ended June 30, 2013, these consist primarily of the costs to close a former Sunflower warehouse following the Sunflower Transaction and adjustments to sublease estimates for stores and facilities already closed. For the twenty-six weeks ended June 29, 2014, these costs included relocation of one store, the benefit of the write-off of a liability related to our former warehouse and ongoing expenses related to prior closures.

(e) **Loss on disposal of assets** represents the loss recorded in connection with the disposal of property and equipment. We exclude gains and losses on disposals of assets from our adjusted EBITDA and adjusted EBIT to provide period-to-period comparability of our operating results because management believes these costs do not directly reflect the ongoing performance of our store operations.

(f) **Secondary offering expenses including employment taxes on option exercises** represents expenses we incurred in the December Secondary Offering and the April Secondary Offering and employment taxes paid by the Company in connection with options exercised in those offerings. We have excluded these items from our adjusted EBITDA and adjusted EBIT to provide period-to-period comparability of our operating results because management believes these costs do not directly reflect the performance of our store operations.

(6) Pro forma comparable store sales growth reflects comparable store sales growth calculated as if the Transactions had been consummated prior to all reported periods. Our practice is to include net sales from a store in comparable store sales beginning on the first day of the 61st week following the store s opening and to exclude net sales from a closed store from comparable store sales on the day of closure. We include net sales from an acquired store in comparable store sales on the later of (i) the day of acquisition or (ii) the first day of the 61st week following the store s opening. We use pro forma comparable store sales to calculate pro forma comparable store sales growth. A reconciliation of pro forma net sales to net sales and a presentation of pro forma comparable store sales growth are as follows for the periods indicated:

Supplemental Pro Forma Data Net Sales

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Twenty-six weeks ended June 30, 2013	Twenty-six weeks ended June 29, 2014
			(dollars in thousands)		
Net sales actual	$ 1,105,879	$ 1,794,823	$ 2,437,911	$ 1,196,061	$ 1,466,416
Pro forma adjustments(a)	616,776	196,140			
Pro forma net sales	$ 1,722,655	$ 1,990,963	$ 2,437,911	$ 1,196,061	$ 1,466,416
Pro forma comparable store sales growth(b)	5.1%	9.7%	10.7%	9.4%	11.1%

(a) Pro forma adjustments reflect the net sales of Sprouts Arizona and Sunflower for all periods reported.

(b) Pro forma comparable store sales growth is calculated including all stores acquired in the Transactions for all periods reported.

(7) As a result of a change in reporting entity from Henry s to us in fiscal 2011, we acquired 56 Sprouts Arizona stores in the Henry s Transaction. We acquired 37 Sunflower stores in the Sunflower Transaction in fiscal 2012.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and under Risk Factors in our Form 10-K and Forms 10-Q, together with all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including our consolidated financial statements and related notes, before deciding whether to purchase shares of our common stock. Any of these risks could materially and adversely affect our business, operating results, financial condition, or prospects and cause the value of our common stock to decline, which could cause you to lose all or part of your investment.

Risks Related to this Offering and Ownership of our Common Stock

The large number of shares eligible for public sale could depress the market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market, and the perception that these sales could occur may depress the market price. We had 149,856,857 shares of common stock outstanding as of August 12, 2014. Of these shares, the 58,075,000 shares of our common stock sold in the IPO, the December Secondary Offering and the April Secondary Offering are, and all shares sold in this offering will be, freely tradable, except for any shares purchased by our affiliates as defined in Rule 144 under the Securities Act of 1933, as amended (referred to as the Securities Act).

The remaining shares of our common stock outstanding after this offering are subject to the terms of a stockholders agreement by and among us and holders of all of the outstanding shares of our common stock prior to our IPO (referred to as the Stockholders Agreement), and in the case of our executive officers and directors and the selling stockholders, lock-up agreements to be entered into in connection with this offering. Under these agreements, such shares may not be transferred prior to the date that is 60 days after the date of this prospectus supplement, subject to extension in certain circumstances. After the expiration of such restrictions, stockholders who are not affiliates at the time of, and were not affiliates during the 90 days preceding, a sale, may sell in the public markets without restriction. Stockholders who are affiliates at the time of, or were affiliates at any time during the 90 days preceding, a sale, would be subject to Rule 144, including the volume restrictions of Rule 144 (but not the holding period requirement). The Apollo Funds have the ability to require us to register shares of our common stock held by them for resale, and the registration statement of which this prospectus supplement and the accompanying prospectus are part would also be available for future registered offers and sales by the Apollo Funds.

We have registered all shares of common stock that we may issue under our incentive plans. They can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up arrangements described above.

Sales of common stock as restrictions end may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

In the future, we may also issue our securities in connection with a capital raise or acquisitions. The amount of shares of our common stock issued in connection with a capital raise or acquisition could constitute a material portion of our then-outstanding shares of common stock, which would result in dilution.

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Certain underwriters are affiliates of our controlling stockholder and have interests in this offering beyond customary underwriting discounts and commissions.

Apollo Global Securities, LLC, an underwriter of this offering, is an affiliate of Apollo, our controlling stockholder. Because Apollo beneficially owns more than 10% of our outstanding common stock, a conflict of interest is deemed to exist under FINRA Rule 5121(f)(5)(B). In addition, a conflict of interest is also deemed to exist under Rule 5121(f)(5)(C) because affiliates of Apollo Global Securities, LLC will receive more than 5% of the net proceeds of this offering. Accordingly, we intend that this offering will be made in compliance with the applicable provisions of Rule 5121. In particular, pursuant to Rule 5121, the appointment of a qualified independent underwriter is not necessary because our common stock has a bona fide public market as defined in Rule 5121(f)(3). However, in accordance with Rule 5121, Apollo Global Securities, LLC will not sell our common stock to a discretionary account without receiving written approval from the account holder. See Underwriting Conflicts of Interest.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference, including the sections entitled Prospectus Supplement Summary and Risk Factors, contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (referred to as the Exchange Act). All statements other than statements of historical facts contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including statements regarding our future operating results and financial position, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In many cases, you can identify forward-looking statements by terms such as may, should, expects, plans, anticipates, could, intends, target, projects, contemplates, believes, estimates, continue or the negative of these terms or other similar expressions.

The forward-looking statements contained or incorporated by reference in this prospectus supplement or the accompanying prospectus reflect our views as of the dates of such statements about future events and are subject to risks, uncertainties, assumptions, and changes in circumstances that may cause our actual results, performance, or achievements to differ significantly from those expressed or implied in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, performance, or achievements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, without limitation, those factors described in Risk Factors in this prospectus supplement and our Form 10-K and Forms 10-Q incorporated by reference herein and Management s Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K and Forms 10-Q incorporated by reference herein. Some of the key factors that could cause actual results to differ from our expectations include the following:

- the competitive nature of the industry in which we conduct our business;
- our ability to open new stores;
- our ability to maintain or increase comparable store sales;
- the potential for our newly opened stores to negatively impact our financial results in the short or long term;
- our ability to maintain or improve operating margins;
- disruptions in the supply of produce or fresh, natural and organic products;
- our ability to identify market trends and react to changing consumer preferences;
- the impact of quality or food safety concerns;
- our exposure to lawsuits relating to the products we sell;
- our ability to maintain our brand value and reputation;

the geographic concentration of our stores;

disruption of significant supplier relationships;

significant interruptions in the operations of our distribution centers or supply chain network;

the effects of government regulation;

liabilities arising out of our nutrition-oriented educational activities;

the failure of our information technology systems;

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general economic conditions affecting consumer spending;

the occurrence of a widespread health epidemic;

increased commodity prices and lack of availability;

increased energy costs;

increases in the cost of our marketing, advertising, and promotional activities;

our inability to protect our intellectual property;

changes in accounting standards;

the outcome of litigation against us;

our ability to accurately estimate claims under our insurance plans;

our high level of fixed lease obligations;

our ability to satisfy our lease obligations;

the retention of key management;

our ability to attract, train and retain store team members;

the effect of increased labor costs;

union organization activities;

our ability to raise additional capital to finance the growth of our business;

our ability to service our debt obligations;

- restrictions in our debt agreements;
- increased costs as the result of being a public company;
- the limited experience of our management in managing a public company;
- our ability to maintain effective internal control over financial reporting; and
- the potential for our goodwill to become impaired.

Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on these forward-looking statements. All of the forward-looking statements we have included or incorporated by reference in this prospectus supplement or the accompanying prospectus are based on information available to us on the date of such statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as otherwise required by law.

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USE OF PROCEEDS

The selling stockholders will receive all of the net proceeds from the sale of the shares offered hereby. We will not receive any proceeds from this offering. Certain of the selling stockholders will exercise options to purchase all or a portion of the shares they are offering hereby. Any proceeds we receive from the exercise of such options will be used by us for general corporate purposes.

In connection with this offering, we will incur certain issuance costs, consisting of various registration, printing and professional services fees. We will expense these costs as incurred.

MARKET PRICE RANGE OF COMMON STOCK

Our common stock began trading on the NASDAQ Global Select Market under the symbol SFM on August 1, 2013. Prior to that date, there was no public market for our common stock. The price range per share of common stock presented below represents the highest and lowest sales prices for our common stock on the NASDAQ Global Select Market for each quarterly period since our IPO.

	High	Low
2013		
Third quarter	$ 46.31	$ 33.00
Fourth quarter	$ 49.45	$ 35.58
2014		
First quarter	$ 40.09	$ 33.92
Second quarter	$ 38.35	$ 25.73
Third quarter (through August 12, 2014)	$ 33.18	$ 29.11

The closing price of our common stock as of August 12, 2014 was $30.31 per share, and the number of stockholders of record of our common stock as of August 12, 2014 was 529. This number excludes stockholders whose stock is held in nominee or street name by brokers.

DIVIDEND POLICY

We do not anticipate declaring or paying in the foreseeable future, any cash dividends on our capital stock. Any future determination as to the declaration and payment of dividends, if any, will be at the discretion of our board of directors and will depend on then existing conditions, including our operating results, financial condition, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant. Our Credit Facility contains covenants that would restrict our ability to pay cash dividends.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 29, 2014.

In connection with this offering we will incur certain issuance costs, consisting of various registration, printing and professional services fees. We will expense these costs as incurred.

You should read this table together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our Form 10-K and Forms 10-Q incorporated by reference into this prospectus supplement or the accompanying prospectus.

	As of June 29, 2014 (in thousands, except share data)	
Cash and cash equivalents	$	184,273
Capital and finance lease obligations, including current portion	$	124,227
Long-term debt, including current portion		308,332
Stockholders equity:		
Undesignated preferred stock, $0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding		
Common stock, $0.001 par value; 200,000,000 shares authorized; 149,743,668 shares issued and outstanding		149
Additional paid-in capital		513,120
Retained earnings		98,381
Total stockholders equity		611,650
Total capitalization	$	1,044,209

In connection with the closing of this offering, selling stockholders will exercise 599,808 stock options to acquire newly-issued shares of common stock to be sold in this offering. If the underwriters option to acquire up to 2,250,000 additional shares is exercised in full, an additional 108,802 shares of common stock will be issued upon the exercise of stock options and sold in the offering.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information presents the unaudited pro forma condensed consolidated statement of operations for fiscal 2013 after giving effect to the transactions and adjustments as described in the accompanying notes.

The unaudited pro forma condensed consolidated financial information includes our historical results of operations after giving pro forma effect to our April 2013 Refinancing and the issuance of 18,888,889 shares of common stock in our IPO (excluding the remaining 1,588,326 shares of common stock issued in that offering, which were deemed to have been used to pay underwriting discounts, offering expenses in such offering and general corporate expenses) and the application of $340.0 million of the proceeds to us from the sale of such shares by us to repay certain indebtedness as described herein (referred to collectively as the Pro Forma Offering and presented as Pro Forma Sprouts Farmers Market, Inc. in the unaudited pro forma condensed consolidated financial information). The unaudited pro forma condensed consolidated statement of operations for fiscal 2013 reflects the Pro Forma Offering as if it occurred on December 31, 2012, the first day of fiscal 2013.

The historical financial information has been adjusted to give pro forma effect to events that are directly attributable to the Pro Forma Offering, have an ongoing effect on our statement of operations and are factually supportable. Our unaudited pro forma condensed consolidated financial information and explanatory notes present how our financial statements may have appeared had our capital structure reflected the above transactions as of the dates noted above.

The unaudited pro forma condensed consolidated financial information was prepared in accordance with Article 11 of Regulation S-X, using the assumptions set forth in the notes to the unaudited pro forma condensed consolidated financial information. The following unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and does not purport to reflect the results the consolidated company may achieve in future periods or the historical results that would have been obtained had the above transactions been completed as of December 31, 2012. The unaudited pro forma condensed consolidated statement of operations does not include certain nonrecurring charges and the related tax effects which result directly from the Pro Forma Offering as described in the notes to the unaudited pro forma condensed consolidated financial information.

The unaudited pro forma condensed consolidated financial information is derived from and should be read in conjunction with our historical financial statements and related notes incorporated by reference from our Form 10-K into this prospectus supplement and the accompanying prospectus.

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SPROUTS FARMERS MARKET, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

For the Fiscal Year Ended December 29, 2013

(in thousands, except per share amounts)

	Historical Sprouts Farmers Market, Inc.(1)	Pro Forma Adjustment for Pro Forma Offering(2)	Notes	Pro Forma Sprouts Farmers Market, Inc.(2)
Net sales	$ 2,437,911	$		$ 2,437,911
Cost of sales, buying and occupancy	1,712,644			1,712,644
Gross profit	725,267			725,267
Direct store expenses	496,183			496,183
Selling, general and administrative expenses	81,795			81,795
Store pre-opening costs	5,734			5,734
Store closure and exit costs	2,051			2,051
Income from operations	139,504			139,504
Interest expense	(37,203)	8,964	(2)(a)	(28,239)
Other income	487			487
Loss on extinguishment of debt	(18,721)	17,208	(2)(b)	(1,513)
Income before income taxes	84,067	26,172		110,239
Income tax (provision) benefit	(32,741)	(10,207)	(2)(c)	(42,948)
Net income	$ 51,326	$ 15,965		$ 67,291
Per Share Information:				
Net income basic	$ 0.38		(2)(d)	$ 0.46
Net income diluted	$ 0.37		(2)(d)	$ 0.44
Weighted Average Shares:				
Basic	134,622		(2)(d)	145,624
Diluted	139,765		(2)(d)	151,436

The accompanying notes are an integral part of, and should be read in conjunction with, this unaudited pro forma condensed consolidated financial information.

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SPROUTS FARMERS MARKET, INC.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Presentation and Description of Transactions

In April 2013, we completed the April 2013 Refinancing, which consisted of a refinancing of our debt, a distribution to our equity holders of $282 million and payments to vested option holders of $13.9 million. In conjunction with our IPO, we used proceeds received in the offering to repay $340.0 million of our existing indebtedness, which is further reflected in these unaudited pro forma condensed consolidated financial statements. For further information about the April 2013 Refinancing and the $340.0 million repayment, see Note 13 to our audited consolidated financial statements included in our Form 10-K incorporated by reference into this prospectus supplement.

The historical Sprouts Farmers Market, Inc. results of operations for fiscal 2013 are derived from our audited consolidated financial statements included in our Form 10-K incorporated by reference into this prospectus supplement.

2. Pro Forma Sprouts Farmers Market, Inc.

The Pro Forma Sprouts Farmers Market, Inc. condensed consolidated statement of operations data for fiscal 2013 reflects the pro forma effect of the April 2013 Refinancing and the issuance of 18,888,889 shares of common stock in our IPO (excluding the remaining 1,588,326 shares of common stock issued in that offering, which were deemed to have been used to pay underwriting discounts, offering expenses in such offering and general corporate expenses) and the application of $340.0 million of the proceeds to us from the sale of such shares by us to repay certain indebtedness as described herein as if these events had occurred on the first day of fiscal 2013, as follows:

(a) The pro forma adjustment to interest expense represents the decrease in pro forma interest expense on the Credit Facility related to the repayment on our Credit Facility. The pro forma adjustment of $9.0 million is based on an effective interest rate of 4.0%, which reflects the 0.5% reduction in the applicable interest rate upon completion of our IPO.

(b) The pro forma adjustment to loss on extinguishment of debt includes $8.2 million related to our April 2013 Refinancing and $9.0 million related to the $340.0 million repayment discussed above.

(c) The pro forma adjustment to income tax (provision) benefit is derived by applying a blended federal and state statutory tax rate of 39.0% to the pro forma adjustment to interest expense and loss on extinguishment of debt described above.

(d) Pro forma net income per weighted average basic and diluted shares outstanding gives effect to the issuance of 18,888,889 shares of common stock in our IPO (excluding the remaining 1,588,326 shares of common stock issued in that offering, which were deemed to have been used to pay underwriting discounts, offering expenses in such offering and general corporate expenses).

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of August 12, 2014 by the following:

- each of our directors and named executive officers;
- all of our directors and executive officers as a group;
- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock; and
- each selling stockholder.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she, or it possesses sole or shared voting or investment power of that security, including options that are currently exercisable or exercisable within 60 days of August 12, 2014. Shares issuable pursuant to options are deemed outstanding for computing the percentage of the person holding such options, but are not outstanding for computing the percentage of any other person. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown that they beneficially own, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose.

The information contained in the table below assumes no exercise by the underwriters of their option to purchase an additional 2,250,000 shares of common stock from the selling stockholders.

Our calculation of the percentage of beneficial ownership is based on 149,856,857 shares of common stock outstanding as of August 12, 2014. The percentage beneficially owned after the offering gives effect to the issuance of 599,808 shares to certain selling stockholders upon exercise of stock options in connection with the consummation of this offering, which shares are being sold by such selling stockholders in this offering.

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Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Sprouts Farmers Market, Inc., 11811 N. Tatum Boulevard, Suite 2400, Phoenix, Arizona 85028 and the address of each selling stockholder and each person who may be deemed a beneficial owner of the shares held thereby is c/o Weiss Brown PLLC, 6263 N. Scottsdale Road, Suite 340, Scottsdale, Arizona 85250, Attn: Scott K. Weiss.

Name of Beneficial Owner	Number of Shares Beneficially Owned Before the Offering(1)	Percentage Beneficially Owned Before the Offering	Number of Shares to be Sold in the Offering(1)	Percentage Beneficially Owned to be Sold in the Offering	Number of Shares Beneficially Owned After the Offering(1)	Percentage Beneficially Owned After the Offering
Named Executive Officers and Directors:						
J. Douglas Sanders(2)	1,863,921	1.2%			1,863,921	1.2%
Amin N. Maredia (3)	459,066	*	105,760	*	353,306	*
James L. Nielsen(4)	380,691	*	105,760	*	274,931	*
Brandon F. Lombardi(5)	156,298	*			156,298	*
Stephen D. Black(6)	61,666	*	28,676	*	32,990	*
Andrew S. Jhawar						
Shon A. Boney(7)	1,539,368	1.0%			1,539,368	1.0%
Joseph Fortunato(8)	46,310	*			46,310	*
Terri Funk Graham(9)	8,810	*			8,810	*
George G. Golleher(10)	452,905	*	54,780	*	398,125	*
Lawrence P. Molloy(11)	28,810	*			28,810	*
Steven H. Townsend(12)	43,810	*			43,810	*
All directors and executive officers as a group (14 persons)	5,120,626	3.3%	294,976	*		