
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 3, 2010

ULTA SALON, COSMETICS & FRAGRANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other
Jurisdiction
of Incorporation)

001-33764
(Commission
File Number)

36-3685240
(IRS Employer
Identification No.)

**1000 Remington Blvd., Suite 120
Bolingbrook, Illinois 60440**
(Address of Principal Executive Offices)
(Zip Code)

Registrant's telephone number, including area code: (**630**) **410-4800**

Not Applicable

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On June 3, 2010, Ulta Salon, Cosmetics & Fragrance, Inc. issued a press release regarding its financial results for the first quarter ended May 1, 2010. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information in this report, including the Exhibit attached hereto, is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <i>Exhibit No.</i> | <i>Description</i> |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1 | Press release issued by Ulta Salon, Cosmetics & Fragrance, Inc. on June 3, 2010 announcing financial results for the first quarter ended May 1, 2010 furnished herewith. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ULTA SALON, COSMETICS & FRAGRANCE, INC.

Date: June 3, 2010

By: /s/ Robert S. Guttman
Robert S. Guttman
Senior Vice President, General Counsel
and Secretary

EXHIBIT INDEX

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Company Contact:
Gregg Bodnar
Chief Financial Officer
(630) 410-4633

Investors/Media Contacts:
ICR, Inc.
Allison Malkin/Alecia Pulman
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ULTA ANNOUNCES FIRST QUARTER 2010 RESULTS
First Quarter Comparable Store Sales Increase 10.8%
First Quarter Diluted EPS of \$0.23, a 187% Increase
Expects 2Q Comparable Store Sales Increase of 7% to 9%

Bolingbrook, IL — June 3, 2010 — Ulta Salon, Cosmetics & Fragrance, Inc. [NASDAQ:ULTA], today announced financial results for the thirteen week period (“First Quarter”) ended May 1, 2010, which compares to the same period ended May 2, 2009.

For the First Quarter:

- Net sales increased 19.1% to \$320.2 million from \$268.8 million in the first quarter of fiscal 2009;
 - Comparable store sales (sales for stores open at least 14 months) increased 10.8% compared to a decrease of 2.3% in the first quarter of fiscal 2009;
 - Pre-opening expenses decreased \$0.7 million to \$0.5 million in the first quarter fiscal 2010 due to the planned decrease in the Company’s first quarter new store openings;
 - Operating income increased 160.6% to \$23.3 million compared to \$9.0 million in the first quarter of fiscal 2009;
 - Net income increased 177.7% to \$13.7 million compared to \$4.9 million in the first quarter of fiscal 2009;
 - Income per diluted share increased to \$0.23, compared to \$0.08 in the first quarter of fiscal 2009.
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Lyn Kirby, CEO of Ulta stated: “We are very pleased to report an excellent start to fiscal 2010. Our first quarter performance, which included a 10.8% comparable store sales increase and a 19.1% total sales increase, accelerated from our strong fourth quarter growth and exceeded our expectations. We attribute our ongoing strength to the success of our strategies including increasing profitable market share by capitalizing on the advantages of our business model with dynamic marketing, compelling brands and providing our customers with the preferred beauty shopping experience. Our sales growth was balanced across all major categories and our comparable store sales included increases in both customer counts and average ticket. We also accomplished this with a 70 basis point increase in merchandise margin and 40 basis points of leverage in marketing. These operating improvements, along with our continued discipline in managing our cost structure, led to a more than doubling in our operating earnings and a nearly three-fold increase in earnings per share for the quarter.”

“In the second quarter, as outlined in our guidance, we expect to continue to see strong customer response to our topline strategies and expect to continue to deliver strong earnings growth,” Ms Kirby continued. “During the second quarter, we will introduce the Philosophy skincare line, as we continue to expand our prestige offerings. Our new store expansion and remodel program for 2010 remains on track. Further, our expense and balance sheet management initiatives position us to continue to generate free cash flow while investing in support of our long term growth. Following quarter end, Chuck Rubin joined Ulta as President and COO. We are delighted to have Chuck on board and are progressing toward his transition to CEO over the next few months. We continue to believe we have developed a solid foundation to achieve sustained long term growth and believe fiscal 2010 will represent another strong year for Ulta, delivering increased value for our shareholders.”

Balance Sheet and Cash Flow

Merchandise inventories at the end of the first quarter totaled \$228.1 million, compared to \$230.3 million at the end of first quarter fiscal 2009, representing a decrease of \$2.2 million. The decrease is due to an 8.7% decrease in average inventory per store driven by management initiatives offset by the addition of 27 net new stores opened since May 2, 2009.

The Company did not utilize its credit facility during the quarter and ended the quarter with no borrowings outstanding.

Store Expansion

During the first quarter, the Company opened 2 stores located in Port Orange, FL and Yorkville, IL and relocated 1 store in South Aurora, CO. In addition, the Company closed 1 store. The Company ended the first quarter with 347 stores and square footage of 3,632,021, which represents a 9% increase compared to the first quarter of fiscal 2009.

Outlook

For the second quarter of fiscal 2010, the Company currently expects net sales in the range of \$311 million to \$317 million, compared to actual net sales of \$273.5 million in the second quarter of fiscal 2009. This assumes comparable stores sales increase 7% to 9%, compared to a decrease of 1.7% in the second quarter last year.

Income per diluted share for the second quarter of fiscal 2010 is estimated to be in the range of \$0.16 to \$0.18, which includes \$0.03 per share of incremental compensation expense related to the recently announced addition of the Company's President and COO. Adjusted income per diluted share, which excludes the incremental compensation expense, is estimated in the range of \$0.19 to \$0.21. This compares to income per diluted share for second quarter fiscal 2009 of \$0.10.

For fiscal 2010, the Company continues to plan to:

- open approximately 46 new stores, remodel 13 stores and relocate 6 stores;
 - incur capital expenditures of approximately \$100 million, compared to \$68.1 million in fiscal 2009;
 - reduce inventory by approximately 5% on an average per store basis by year end 2010
 - permanently reduce expenses by \$5 million; and
 - generate free cash flow.
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Conference Call Information

A conference call to discuss third quarter results is scheduled for today, June 3, 2010, at 5:00 p.m. Eastern Time. Investors and analysts interested in participating in the call are invited to dial (877) 407-0784 approximately ten minutes prior to the start of the call. The conference call will also be web-cast live at <http://ir.ulta.com> and remain available for 90 days. A replay of this call will be available until 11:59 p.m. (ET) on June 10, 2010 and can be accessed by dialing (877) 660-6853 and entering account number 3055 and conference ID number 350912.

About Ulta

Ulta is the largest beauty retailer that provides one-stop shopping for prestige, mass and salon products and salon services in the United States. Ulta provides affordable indulgence to its customers by combining the product breadth, value and convenience of a beauty superstore with the distinctive environment and experience of a specialty retailer. Ulta offers a unique combination of over 21,000 prestige and mass beauty products across the categories of cosmetics, fragrance, haircare, skincare, bath and body products and salon styling tools, as well as salon haircare products. Ulta also offers a full-service salon in all of its stores. The Company currently operates 350 retail stores across 38 states and also distributes its products through the Company's website: www.ulta.com.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, which reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward-looking statements by the use of forward-looking words such as "outlook," "believes," "expects," "plans," "estimates," or other comparable words. Any forward-looking statements contained in this press release are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties, which include, without limitation: the impact of weakness in the economy; changes in the overall level of consumer spending; changes in the wholesale cost of our products; the possibility that we may be unable to compete effectively in our highly competitive markets; the possibility that our continued opening of new stores could strain our resources and have a material adverse effect on our business and financial performance; the possibility that new store openings and existing locations may be impacted by developer or co-tenant issues; the possibility that the capacity of our distribution and order fulfillment infrastructure may not be adequate to support our recent growth and expected future growth plans; the possibility of material disruptions to our information systems; weather conditions that could negatively impact sales and other risk factors detailed in our public filings with the Securities and Exchange Commission (the "SEC"), including risk factors contained in our Annual Report on Form 10-K for the year ended January 30, 2010 and our Quarterly Report on Form 10-Q for the quarterly period ended May 1, 2010. Our filings with the SEC are available at www.sec.gov. The Company does not undertake to publicly update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

Ulta Salon, Cosmetics & Fragrance, Inc.
Statements of Income
(In thousands, except per share amounts)

| | 13 Weeks Ended | | 13 Weeks Ended | |
|---------------------------------------------|------------------|-------------|-----------------|-------------|
| | May 1, 2010 | | May 2, 2009 | |
| | (Unaudited) | | (Unaudited) | |
| Net sales | \$320,196 | 100.0% | \$268,825 | 100.0% |
| Cost of sales | 215,661 | 67.4% | 189,283 | 70.4% |
| Gross profit | 104,535 | 32.6% | 79,542 | 29.6% |
| Selling, general and administrative expense | 80,729 | 25.2% | 69,393 | 25.8% |
| Pre-opening expenses | 474 | 0.1% | 1,195 | 0.4% |
| Operating income | 23,332 | 7.3% | 8,954 | 3.3% |
| Interest expense | 118 | 0.0% | 671 | 0.2% |
| Income before income taxes | 23,214 | 7.2% | 8,283 | 3.1% |
| Income tax expense | 9,553 | 3.0% | 3,363 | 1.3% |
| Net income | <u>\$ 13,661</u> | <u>4.3%</u> | <u>\$ 4,920</u> | <u>1.8%</u> |
| Net income per common share: | | | | |
| Basic | \$ 0.23 | | \$ 0.09 | |
| Diluted | \$ 0.23 | | \$ 0.08 | |
| Weighted average common shares outstanding: | | | | |
| Basic | 58,306 | | 57,743 | |
| Diluted | 60,276 | | 58,750 | |

Ulta Salon, Cosmetics & Fragrance, Inc.
Condensed Balance Sheets
(In thousands)

| | May 1, 2010 (Unaudited) | January 30, 2010 | May 2, 2009 (Unaudited) |
|---------------------------------------------|-------------------------------|---------------------|-------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 8,670 | \$ 4,017 | \$ 3,840 |
| Receivables, net | 8,051 | 13,477 | 12,392 |
| Merchandise inventories, net | 228,082 | 206,948 | 230,286 |
| Prepaid expenses and other current assets | 29,134 | 30,272 | 24,200 |
| Prepaid income taxes | — | — | 5,890 |
| Deferred income taxes | 8,060 | 8,060 | 8,195 |
| Total current assets | 281,997 | 262,774 | 284,803 |
| Property and equipment, net | 285,766 | 290,861 | 286,140 |
| Total assets | <u>\$ 567,763</u> | <u>\$ 553,635</u> | <u>\$ 570,943</u> |
| Liabilities and stockholders' equity | | | |
| Current liabilities: | | | |
| Current portion — notes payable | \$ — | \$ — | \$ 12,534 |
| Accounts payable | 60,693 | 56,387 | 53,500 |
| Accrued liabilities | 54,789 | 59,189 | 43,757 |
| Accrued income taxes | 6,740 | 10,781 | — |
| Total current liabilities | 122,222 | 126,357 | 109,791 |
| Notes payable — less current portion | — | — | 88,047 |
| Deferred rent | 114,051 | 113,718 | 104,168 |
| Deferred income taxes | 20,952 | 20,952 | 17,616 |
| Total liabilities | 257,225 | 261,027 | 319,622 |
| Commitments and contingencies | | | |
| Total stockholders' equity | 310,538 | 292,608 | 251,321 |
| Total liabilities and stockholders' equity | <u>\$ 567,763</u> | <u>\$ 553,635</u> | <u>\$ 570,943</u> |

Ulta Salon, Cosmetics & Fragrance, Inc.
Statements of Cash Flows
(In thousands)

| | 13 Weeks Ended | |
|-----------------------------------------------------------------------------------|----------------|----------------|
| | May 1, 2010 | May 2, 2009 |
| | (Unaudited) | |
| Operating activities | | |
| Net income | \$ 13,661 | \$ 4,920 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 15,918 | 15,365 |
| Non-cash stock compensation charges | 1,735 | 1,295 |
| Excess tax benefits from stock-based compensation | (724) | — |
| Loss on disposal of property and equipment | 197 | 39 |
| Change in operating assets and liabilities: | | |
| Receivables | 5,426 | 5,876 |
| Merchandise inventories | (21,134) | (16,684) |
| Prepaid expenses and other assets | 1,138 | 94 |
| Income taxes | (3,317) | 2,738 |
| Accounts payable | 4,306 | 5,689 |
| Accrued liabilities | (7,722) | (4,255) |
| Deferred rent | 333 | 2,880 |
| Net cash provided by operating activities | 9,817 | 17,957 |
| Investing activities | | |
| Purchases of property and equipment | (7,698) | (12,320) |
| Net cash used in investing activities | (7,698) | (12,320) |
| Financing activities | | |
| Proceeds on long-term borrowings | — | 284,284 |
| Payments on long-term borrowings | — | (289,750) |
| Proceeds from issuance of common stock under stock plans | 1,810 | 31 |
| Excess tax benefits from stock-based compensation | 724 | — |
| Net cash provided by (used in) financing activities | 2,534 | (5,435) |
| Net increase in cash and cash equivalents | 4,653 | 202 |
| Cash and cash equivalents at beginning of period | 4,017 | 3,638 |
| Cash and cash equivalents at end of period | \$ 8,670 | \$ 3,840 |

2010 Store Expansion

| Fiscal 2010 | Total stores open at beginning of the quarter | Number of stores opened during the quarter | Number of stores closed during the quarter | Total stores open at end of the quarter |
|-------------------------|------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------|
| 1 st Quarter | 346 | 2 | 1 | 347 |
| Fiscal 2010 | Total gross square feet at beginning of the quarter | Gross square feet for stores opened or expanded during the quarter | Gross square feet for stores closed during the quarter | Total gross square feet at end of the quarter |
| 1 st Quarter | 3,613,840 | 28,977 | 10,796 | 3,632,021 |