

Ulta Salon, Cosmetics & Fragrance, Inc.

Form 10-Q

December 05, 2013

[Table of Contents](#)

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended November 2, 2013**

or

.. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____**

Commission File Number: 001-33764

ULTA SALON, COSMETICS & FRAGRANCE, INC.

(Exact name of Registrant as specified in its charter)

Delaware
**(State or other jurisdiction of
incorporation or organization)**

36-3685240
**(I.R.S. Employer
Identification No.)**

1000 Remington Blvd., Suite 120

Bolingbrook, Illinois
(Address of principal executive offices)

60440
(Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock, par value \$0.01 per share, outstanding as of November 26, 2013 was 64,232,412 shares.

Table of Contents

ULTA SALON, COSMETICS & FRAGRANCE, INC.

TABLE OF CONTENTS

Part I - Financial Information

Item 1. Financial Statements

Consolidated Balance Sheets 3

Consolidated Statements of Income 5

Consolidated Statements of Cash Flows 6

Consolidated Statement of Stockholders' Equity 7

Notes to Consolidated Financial Statements 8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 12

Item 3. Quantitative and Qualitative Disclosures about Market Risk 20

Item 4. Controls and Procedures 20

Part II - Other Information 20

Item 1. Legal Proceedings 20

Item 1A. Risk Factors 21

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 21

Item 3. Defaults Upon Senior Securities 21

Item 4. Mine Safety Disclosures 21

Item 5. Other Information 21

Item 6. Exhibits 22

SIGNATURES 23

Table of Contents**Part I - Financial Information****Item 1. Financial Statements****Ulta Salon, Cosmetics & Fragrance, Inc.****Consolidated Balance Sheets**

(In thousands)	November 2, 2013 (unaudited)	February 2, 2013	October 27, 2012 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$ 240,916	\$ 320,475	\$ 191,724
Receivables, net	46,911	41,515	36,649
Merchandise inventories, net	582,303	361,125	462,833
Prepaid expenses and other current assets	54,757	50,452	50,197
Prepaid income taxes	1,729		13,417
Deferred income taxes	14,686	15,757	11,261
Total current assets	941,302	789,324	766,081
Property and equipment, net	590,132	483,059	467,165
Deferred compensation plan assets	3,913	2,866	
Total assets	\$ 1,535,347	\$ 1,275,249	\$ 1,233,246
Liabilities and stockholders equity			
Current liabilities:			
Accounts payable	\$ 190,193	\$ 118,886	\$ 185,177
Accrued liabilities	97,421	92,127	90,354
Accrued income taxes		10,054	
Total current liabilities	287,614	221,067	275,531
Deferred rent	259,217	208,003	202,265
Deferred income taxes	55,568	56,361	48,450
Other long-term liabilities	4,629	2,876	
Total liabilities	607,028	488,307	526,246
Commitments and contingencies (note 3)			

See accompanying notes to financial statements.

Table of Contents**Ulta Salon, Cosmetics & Fragrance, Inc.****Consolidated Balance Sheets (continued)**

(In thousands, except per share data)	November 2, 2013 (unaudited)	February 2, 2013	October 27, 2012 (unaudited)
Stockholders' equity:			
Common stock, \$.01 par value, 400,000 shares authorized; 64,793, 64,565 and 64,319 shares issued; 64,231, 64,009 and 63,765 shares outstanding; at November 2, 2013 (unaudited), February 2, 2013 and October 27, 2012 (unaudited), respectively	\$ 647	\$ 645	\$ 643
Treasury stock-common, at cost	(8,125)	(7,494)	(7,494)
Additional paid-in capital	544,101	496,930	481,522
Retained earnings	391,696	296,861	232,329
Total stockholders' equity	928,319	786,942	707,000
Total liabilities and stockholders' equity	\$ 1,535,347	\$ 1,275,249	\$ 1,233,246

See accompanying notes to financial statements.

Table of Contents**Ulta Salon, Cosmetics & Fragrance, Inc.****Consolidated Statements of Income****(unaudited)**

(In thousands, except per share data)	13 Weeks Ended		39 Weeks Ended	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
Net sales	\$ 618,781	\$ 505,640	\$ 1,802,491	\$ 1,461,421
Cost of sales	387,120	320,147	1,154,804	937,391
Gross profit	231,661	185,493	647,687	524,030
Selling, general and administrative expenses	151,306	117,934	418,754	334,917
Pre-opening expenses	7,468	6,252	15,483	12,901
Operating income	72,887	61,307	213,450	176,212
Interest (income) expense	(7)	39	(49)	164
Income before income taxes	72,894	61,268	213,499	176,048
Income tax expense	27,464	23,117	81,332	68,031
Net income	\$ 45,430	\$ 38,151	\$ 132,167	\$ 108,017
Net income per common share:				
Basic	\$ 0.71	\$ 0.60	\$ 2.07	\$ 1.71
Diluted	\$ 0.70	\$ 0.59	\$ 2.05	\$ 1.68
Weighted average common shares outstanding:				
Basic	64,061	63,484	63,912	63,016
Diluted	64,538	64,483	64,424	64,285
Dividends declared per common share	\$	\$	\$	\$ 1.00

See accompanying notes to financial statements.

Table of Contents**Ulta Salon, Cosmetics & Fragrance, Inc.****Consolidated Statements of Cash Flows****(unaudited)**

	39 Weeks Ended	
	November 2,	October 27,
	2013	2012
(In thousands)		
Operating activities		
Net income	\$ 132,167	\$ 108,017
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	77,572	64,832
Deferred income taxes	278	5,258
Non-cash stock compensation charges	11,936	9,721
Excess tax benefits from stock-based compensation	(13,352)	(41,343)
Loss on disposal of property and equipment	3,374	430
Change in operating assets and liabilities:		
Receivables	(5,396)	(10,496)
Merchandise inventories	(221,178)	(218,186)
Prepaid expenses and other current assets	(4,305)	(6,767)
Income taxes	1,569	23,924
Accounts payable	71,307	98,735
Accrued liabilities	(5,759)	4,531
Deferred rent	51,214	38,802
Other assets and liabilities	706	
Net cash provided by operating activities	100,133	77,458
Investing activities		
Purchases of property and equipment	(176,966)	(144,030)
Net cash used in investing activities	(176,966)	(144,030)
Financing activities		
Repurchase of common shares	(37,337)	
Dividends paid		(62,482)
Excess tax benefits from stock-based compensation	13,352	41,343
Stock options exercised	21,890	25,776
Purchase of treasury shares	(631)	(79)
Net cash (used in) provided by financing activities	(2,726)	4,558
Net decrease in cash and cash equivalents	(79,559)	(62,014)
Cash and cash equivalents at beginning of period	320,475	253,738
Cash and cash equivalents at end of period	\$ 240,916	\$ 191,724

Supplemental cash flow information

Cash paid for income taxes (net of refunds)	\$ 78,941	\$ 38,955
Noncash investing and financing activities:		
Change in property and equipment included in accrued liabilities	\$ 11,053	\$ 11,412

See accompanying notes to financial statements.

Table of Contents**Ulta Salon, Cosmetics & Fragrance, Inc.****Consolidated Statement of Stockholders Equity****(unaudited)**

(In thousands)		Common Stock		Treasury - Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders Equity
		Number of Shares	Amount	Shares	Amount			
Balance	February 2, 2013	64,565	\$ 645	(556)	\$ (7,494)	\$ 496,930	\$ 296,861	\$ 786,942
Stock options exercised and other awards		729	7			21,883		21,890
Purchase of treasury shares				(6)	(631)			(631)
Net income for the 39 weeks ended November 2, 2013							132,167	132,167
Excess tax benefits from stock-based compensation						13,352		13,352
Stock compensation charge						11,936		11,936
Repurchase of common shares		(501)	(5)				(37,332)	(37,337)
Balance	November 2, 2013	64,793	\$ 647	(562)	\$ (8,125)	\$ 544,101	\$ 391,696	\$ 928,319

See accompanying notes to financial statements.

Table of Contents**Ulta Salon, Cosmetics & Fragrance, Inc.****Notes to Consolidated Financial Statements****(unaudited)****1. Business and basis of presentation**

Ulta Salon, Cosmetics & Fragrance, Inc. was incorporated in the state of Delaware on January 9, 1990, to operate specialty retail stores selling cosmetics, fragrance, haircare and skincare products, and related accessories and services. The stores also feature full-service salons. As of November 2, 2013, the Company operated 664 stores in 46 states, as shown in the table below. As used in these notes and throughout this Quarterly Report on Form 10-Q, all references to we, us, our, Ulta or the Company refer to Ulta Salon, Cosmetics & Fragrance, Inc. and its consolidated subsidiary, Ulta Inc.

State	Number of stores	State	Number of stores
Alabama	11	Montana	4
Arizona	23	Nebraska	3
Arkansas	5	Nevada	7
California	69	New Hampshire	4
Colorado	13	New Jersey	16
Connecticut	6	New Mexico	2
Delaware	1	New York	22
Florida	43	North Carolina	21
Georgia	24	North Dakota	1
Idaho	4	Ohio	26
Illinois	44	Oklahoma	8
Indiana	13	Oregon	8
Iowa	6	Pennsylvania	23
Kansas	4	Rhode Island	2
Kentucky	8	South Carolina	12
Louisiana	10	South Dakota	2
Maine	3	Tennessee	10
Maryland	12	Texas	72
Massachusetts	8	Utah	7
Michigan	34	Virginia	18
Minnesota	11	Washington	12
Mississippi	5	West Virginia	2
Missouri	15	Wisconsin	10
	Total		664

The accompanying unaudited financial statements and related notes have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and the U.S. Securities and Exchange Commission's Article 10, Regulation S-X. These consolidated financial

statements were prepared on a consolidated basis to include the accounts of the Company and its wholly owned subsidiary. All significant intercompany accounts, transactions and unrealized profit were eliminated in consolidation. In the opinion of management, the accompanying financial statements reflect all adjustments, which are of a normal recurring nature, necessary to fairly state the financial position and results of operations and cash flows for the interim periods presented.

The Company's business is subject to seasonal fluctuation. Significant portions of the Company's net sales and net income are realized during the fourth quarter of the fiscal year due to the holiday selling season. The results for the 13 and 39 weeks ended November 2, 2013 are not necessarily indicative of the results to be expected for the fiscal year ending February 1, 2014, or for any other future interim period or for any future year.

Table of Contents

These interim financial statements and the related notes should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended February 2, 2013. All amounts are stated in thousands, with the exception of per share amounts and number of stores.

2. Summary of significant accounting policies

Information regarding the Company's significant accounting policies is contained in Note 2, Summary of significant accounting policies, to the financial statements in the Company's Annual Report on Form 10-K for the year ended February 2, 2013. Presented below in this and the following notes is supplemental information that should be read in conjunction with Notes to Financial Statements in the Annual Report.

Fiscal quarter

The Company's quarterly periods are the 13 weeks ending on the Saturday closest to April 30, July 31, October 31, and January 31. The Company's third quarters in fiscal 2013 and 2012 ended on November 2, 2013 and October 27, 2012, respectively.

Share-based compensation

The Company measures share-based compensation cost on the grant date, based on the fair value of the award, and recognizes the expense over the requisite service period for awards expected to vest. The Company estimated the grant date fair value of stock options using a Black-Scholes valuation model using the following weighted-average assumptions for the periods indicated:

	39 Weeks Ended	
	November 2, 2013	October 27, 2012
Volatility rate	49.6%	53.4%
Average risk-free interest rate	0.8%	1.2%
Average expected life (in years)	4.4	6.3
Dividend yield	None	None

During the quarter the Company made changes to update valuation assumptions to Company specific information for expected life and volatility. These changes are reflected in the current quarter in the table above and had no material impact on the calculation.

The Company granted 286 and 213 stock options during the 39 weeks ended November 2, 2013 and October 27, 2012, respectively. The compensation cost that has been charged against operating income was \$2,167 and \$2,937 for the 13 weeks ended November 2, 2013 and October 27, 2012, respectively. The compensation cost that has been charged against operating income was \$7,804 and \$8,799 for the 39 weeks ended November 2, 2013 and October 27, 2012, respectively. The weighted-average grant date fair value of these options was \$36.77 and \$45.84, respectively. At November 2, 2013, there was approximately \$20,513 of unrecognized compensation expense related to unvested options.

The Company issued 139 and 58 restricted stock awards during 39 weeks ended November 2, 2013 and October 27, 2012, respectively. The compensation cost that has been charged against operating income was \$2,230 and \$438 for the 13 weeks ended November 2, 2013 and October 27, 2012, respectively. The compensation cost that has been

charged against operating income was \$4,132 and \$922 for the 39 weeks ended November 2, 2013 and October 27, 2012, respectively. At November 2, 2013, there was approximately \$10,758 of unrecognized compensation expense related to restricted stock awards.

3. Commitments and contingencies

Leases The Company leases stores, distribution and office facilities, and certain equipment. Original non-cancelable lease terms range from three to ten years, and store leases generally contain renewal options for additional years. A number of the Company's store leases provide for contingent rentals based upon sales. Contingent rent amounts were insignificant in the 13 and 39 weeks ended November 2, 2013 and October 27, 2012. Total rent expense under operating leases was \$36,897 and \$29,708 for 13 weeks ended November 2, 2013 and October 27, 2012, respectively. Total rent expense under operating leases was \$102,837 and \$83,415 for 39 weeks ended November 2, 2013 and October 27, 2012, respectively.

General litigation On March 2, 2012, a putative employment class action lawsuit was filed against us and certain unnamed defendants in state court in Los Angeles County, California. On April 12, 2012, the Company removed the case to the United States District Court for the Central District of California. On August 8, 2013, the plaintiff asked the court to certify the proposed class and the Company is opposing plaintiff's request. The plaintiff and members of the proposed class are alleged to be (or to have been) non-

Table of Contents

exempt hourly employees. The suit alleges that Ulta violated various provisions of the California labor laws and failed to provide plaintiff and members of the proposed class with full meal periods, paid rest breaks, certain wages, overtime compensation and premium pay. The suit seeks to recover damages and penalties as a result of these alleged practices. The Company denies plaintiff's allegations and is vigorously defending the matter.

The Company has not recorded any accruals for this matter because the Company's potential liability for the matter is not probable and cannot be reasonably estimated based on currently available information. The Company cannot determine a reasonable estimate of the maximum possible loss or range of loss for this matter given that it is in the early stage of the litigation process and is subject to the inherent uncertainties of litigation (such as the strength of the Company's legal defenses and the availability of insurance recovery). Although the maximum amount of liability that may ultimately result from this matter cannot be predicted with certainty, management expects that this matter, when ultimately resolved, will not have a material adverse effect on the Company's consolidated financial position or liquidity. It is possible, however, that the ultimate resolution of this matter could have a material adverse effect on the Company's results of operations in a particular quarter or year if such resolution results in a significant liability for the Company.

The Company is also involved in various legal proceedings that are incidental to the conduct of its business. In the opinion of management, the amount of any liability with respect to these proceedings, either individually or in the aggregate, will not be material.

4. Notes payable

On October 19, 2011, the Company entered into an Amended and Restated Loan and Security Agreement (the Loan Agreement) with Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent and a Lender thereunder, Wells Fargo Capital Finance LLC as a Lender, J.P. Morgan Securities LLC as a Lender, JP Morgan Chase Bank, N.A. as a Lender and PNC Bank, National Association, as a Lender. The Loan Agreement amended and restated the Loan and Security Agreement, dated as of August 31, 2010, by and among the lenders. The Loan Agreement extended the maturity of the Company's credit facility to October 2016, provides maximum revolving loans equal to the lesser of \$200,000 or a percentage of eligible owned inventory, contains a \$10,000 subfacility for letters of credit and allows the Company to increase the revolving facility by an additional \$50,000, subject to consent by each lender and other conditions. The Loan Agreement contains a requirement to maintain a minimum amount of excess borrowing availability at all times. Substantially all of the Company's assets are pledged as collateral for outstanding borrowings under the facility. Outstanding borrowings will bear interest at the prime rate or Libor plus 1.50% and the unused line fee is 0.225%.

On September 5, 2012, the Company entered into Amendment No. 1 to Amended and Restated Loan and Security Agreement (the Amendment) with the lender group. The Amendment updated certain administrative terms and conditions and provides the Company greater flexibility to take certain corporate actions. There were no changes to the revolving loan amounts available, interest rates, covenants or maturity date under terms of the Loan Agreement.

As of November 2, 2013, February 2, 2013 and October 27, 2012, the Company had no borrowings outstanding under the credit facility and the Company was in compliance with all terms and covenants of the agreement.

5. Fair Value Measurements

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates their estimated fair values due to the short maturities of these instruments.

The Company has adopted the Accounting Standards Codification (ASC) rules for fair value measurements and disclosures. The adoption had no impact on the Company's financial statements. The rules established a three-tier hierarchy for fair value measurements, which prioritizes the inputs used in measuring fair value as follows:

Level 1 observable inputs such as quoted prices for identical instruments in active markets.

Level 2 inputs other than quoted prices in active markets that are observable either directly or indirectly through corroboration with observable market data.

Level 3 unobservable inputs in which there is little or no market data, which would require the Company to develop its own assumptions.

As of November 2, 2013, the Company held financial liabilities of \$3,995 related to its non-qualified deferred compensation plan. The liabilities have been categorized as Level 2 as they are based on third-party reported net asset values which are based primarily on quoted market prices of underlying assets of the funds within the plan.

Table of Contents**6. Net income per common share**

The following is a reconciliation of net income and the number of shares of common stock used in the computation of net income per basic and diluted share:

	13 Weeks Ended		39 Weeks Ended	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
Net income	\$ 45,430	\$ 38,151	\$ 132,167	\$ 108,017
Denominator for basic net income per share weighted-average common shares	64,061	63,484	63,912	63,016
Dilutive effect of stock options and non-vested stock	477	999	512	1,269
Denominator for diluted net income per share	64,538	64,483	64,424	64,285
Net income per common share:				
Basic	\$ 0.71	\$ 0.60	\$ 2.07	\$ 1.71
Diluted	\$ 0.70	\$ 0.59	\$ 2.05	\$ 1.68

The denominators for diluted net income per common share for the 13 weeks ended November 2, 2013 and October 27, 2012 exclude 254 and 522 employee stock options, respectively, due to their anti-dilutive effects.

The denominators for diluted net income per common share for the 39 weeks ended November 2, 2013 and October 27, 2012 exclude 669 and 596 employee stock options, respectively, due to their anti-dilutive effects.

7. Stock repurchase program

On March 18, 2013, the Company announced that our Board of Directors had authorized a stock repurchase program pursuant to which the Company may repurchase up to \$150 million of the Company's common stock. The repurchases may be made from time to time in the open market, in privately negotiated transactions, or otherwise, at prices that the Company deems appropriate and subject to market conditions, applicable law and other factors deemed relevant in the Company's sole discretion. The stock repurchase program does not have an expiration date and may be suspended or discontinued at any time. During the 39 weeks November 2, 2013, we purchased 500,500 shares of common stock for \$37.3 million at an average price of \$74.58.

Table of Contents**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and related notes included elsewhere in this quarterly report. This discussion contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, 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 Form 10-Q 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; our ability to attract and retain key executive personnel; our ability to successfully execute and implement our common stock repurchase program; our ability to sustain our growth plans and successfully develop and implement our long-range financial and strategic plan; and other risk factors detailed in our public filings with the Securities and Exchange Commission (SEC), including risk factors contained in Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended February 2, 2013. We assume no obligation to update any forward-looking statements as a result of new information, future events or developments. References in the following discussion to we, us, our, the Company, Ulta and similar references mean Ulta Salon, Cosmetics & Fragrance, Inc. and its consolidated subsidiary unless otherwise expressly stated or the context otherwise requires.

Overview

We were founded in 1990 as a beauty retailer at a time when prestige, mass and salon products were sold through distinct channels—department stores for prestige products, drug stores and mass merchandisers for mass products, and salons and authorized retail outlets for professional hair care products. After extensive research, we recognized an opportunity to better satisfy how women want to shop for beauty products. We developed a unique retail approach by combining one-stop shopping, a compelling value proposition, convenient locations and an uplifting specialty retail experience. We believe our strategy provides us with the competitive advantages that have contributed to our strong financial performance.

We are currently the largest beauty retailer that provides one-stop shopping for prestige, mass and salon products and salon services in the United States. We focus on providing affordable indulgence to our customers by combining unmatched product breadth, value and convenience with the distinctive environment and experience of a specialty retailer. Key aspects of our business include our ability to offer our customers a broad selection of over 20,000 beauty products across the categories of cosmetics, fragrance, haircare, skincare, bath and body products and salon styling tools, as well as salon haircare products. We focus on delivering a compelling value proposition to our customers across all of our product categories. Our stores are predominately located in convenient, high-traffic locations such as power centers. As of November 2, 2013, we operated 664 stores across 46 states.

The continued growth of our business and any future increases in net sales, net income and cash flows is dependent on our ability to execute our growth strategy, including accelerating store growth, introducing new products, services and brands, enhancing our loyalty program, broadening our marketing reach, increasing our digital focus including Ulta.com and improving our operating margin. We believe that the expanding U.S. beauty products and services industry, the shift in distribution of prestige beauty products from department stores to specialty retail stores, coupled with Ulta's competitive strengths, positions us to capture additional market share in the industry through successful execution of our growth strategy.

Comparable store sales is a key metric that is monitored closely within the retail industry. Our comparable store sales have fluctuated in the past and we expect them to continue to fluctuate in the future. A variety of factors affect our comparable store sales, including general U.S. economic conditions, changes in merchandise strategy or mix, and timing and effectiveness of our marketing activities, among others.

Over the long-term, our growth strategy is to increase total net sales through increases in our comparable store sales and by opening new stores. Gross profit as a percentage of net sales is expected to increase as a result of our ability to expand merchandise margin and leverage our fixed store costs with comparable store sales increases and operating efficiencies offset by incremental investments in people, systems and supply chain required to support a 1,200 store chain with a successful e-commerce business and competitive omni-channel capabilities. We plan to continue to improve our operating results by leveraging our fixed costs and decreasing our selling, general and administrative expenses, as a percentage of our net sales.

Current business trends

We recorded a 7.3% comparable store sales increase during the first 39 weeks of fiscal 2013. This included the impact of our e-commerce business which grew 72.2% and contributed 140 basis points of the 7.3% increase. We recorded a 6.8% comparable store sales increase during the third quarter of fiscal 2013. This included the impact of our e-commerce business which grew 74.4% and contributed 170 basis points of the 6.8% increase. Customer traffic turned slightly negative in the third quarter, as a result of a challenging economic environment as well as our planned strategy to reduce our reliance on price promotions and discounting. We are adjusting our promotional strategy to respond to weaker consumer confidence and what is expected to be a highly promotional holiday selling season in order to maintain strong market share gains. As a result, we have reduced our expectations for earnings growth in the fourth quarter and for the full year 2013 and expect to deliver earnings growth in the low 20% range for the current year.

The Company is currently evaluating its long-range financial and strategic plan, and will share details of the outcome of this analysis and update its long-term targets during the course of 2014.

Table of Contents

Basis of presentation

The Company has determined its operating segments on the same basis that it uses to internally evaluate performance. We have combined our three operating segments: retail stores, salon services and e-commerce, into one reportable segment because they have a similar class of consumer, economic characteristics, nature of products and distribution methods.

Net sales include store and e-commerce merchandise sales as well as salon service revenue. We recognize merchandise revenue at the point of sale in our retail stores and e-commerce sales are recorded based on estimated receipt of merchandise by the customer. Merchandise sales are recorded net of estimated returns. Salon service revenue is recognized at the time the service is provided. Gift card sales revenue is deferred until the customer redeems the gift card. Company coupons and other incentives are recorded as a reduction of net sales.

Comparable store sales reflect sales for stores beginning on the first day of the 14th month of operation. Therefore, a store is included in our comparable store base on the first day of the period after one year of operations plus the initial one month grand opening period. Non-comparable store sales include sales from new stores that have not yet completed their 13th month of operation and stores that were closed for part or all of the period in either year as a result of remodel activity. Remodeled stores are included in comparable store sales unless the store was closed for a portion of the current or prior period. Beginning in the first quarter of 2013, comparable store sales include the Company's e-commerce business. There may be variations in the way in which some of our competitors and other retailers calculate comparable or same store sales.

Measuring comparable store sales allows us to evaluate the performance of our store base as well as several other aspects of our overall strategy. Several factors could positively or negatively impact our comparable store sales results:

the general national, regional and local economic conditions and corresponding impact on customer spending levels;

the introduction of new products or brands;

the location of new stores in existing store markets;

competition;

our ability to respond on a timely basis to changes in consumer preferences;

the effectiveness of our various marketing activities; and

the number of new stores opened and the impact on the average age of all of our comparable stores.

Cost of sales includes:

the cost of merchandise sold, including all vendor allowances, which are treated as a reduction of merchandise costs;

warehousing and distribution costs, including labor and related benefits, freight, rent, depreciation and amortization, real estate taxes, utilities and insurance;

store occupancy costs, including rent, depreciation and amortization, real estate taxes, utilities, repairs and maintenance, insurance, licenses and cleaning expenses;

salon payroll and benefits;

customer loyalty program expense; and

shrink and inventory valuation reserves.

Our cost of sales may be negatively impacted as we open an increasing number of stores. Changes in our merchandise mix may also have an impact on cost of sales. This presentation of items included in cost of sales may not be comparable to the way in which our competitors or other retailers compute their cost of sales.

Table of Contents

Selling, general and administrative expenses include:

payroll, bonus and benefit costs for retail and corporate employees;

advertising and marketing costs;

occupancy costs related to our corporate office facilities;

stock-based compensation expense;

depreciation and amortization for all assets except those related to our retail and warehouse operations, which are included in cost of sales; and

legal, finance, information systems and other corporate overhead costs.

This presentation of items in selling, general and administrative expenses may not be comparable to the way in which our competitors or other retailers compute their selling, general and administrative expenses.

Pre-opening expenses include non-capital expenditures during the period prior to store opening for new, remodeled and relocated stores including rent during the construction period for new and relocated stores, store set-up labor, management and employee training and grand opening advertising.

Interest expense includes unused facility fees associated with our credit facility, which is structured as an asset based lending instrument. Our credit facility interest is based on a variable interest rate structure which can result in increased cost in periods of rising interest rates.

Income tax expense reflects the federal statutory tax rate and the weighted average state statutory tax rate for the states in which we operate stores.

Table of Contents**Results of operations**

Our quarterly periods are the 13 weeks ending on the Saturday closest to April 30, July 31, October 31 and January 31. The Company's third quarters in fiscal 2013 and 2012 ended on November 2, 2013 and October 27, 2012, respectively. Our quarterly results of operations have varied in the past and are likely to do so again in the future. As such, we believe that period-to-period comparisons of our results of operations should not be relied upon as an indication of our future performance.

The following table presents the components of our results of operations for the periods indicated:

(Dollars in thousands)	13 Weeks Ended		39 Weeks Ended	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
Net sales	\$ 618,781	\$ 505,640	\$ 1,802,491	\$ 1,461,421
Cost of sales	387,120	320,147	1,154,804	937,391
Gross profit	231,661	185,493	647,687	524,030
Selling, general and administrative expenses	151,306	117,934	418,754	334,917
Pre-opening expenses	7,468	6,252	15,483	12,901
Operating income	72,887	61,307	213,450	176,212
Interest (income) expense	(7)	39	(49)	164
Income before income taxes	72,894	61,268	213,499	176,048
Income tax expense	27,464	23,117	81,332	68,031
Net income	\$ 45,430	\$ 38,151	\$ 132,167	\$ 108,017
Other operating data:				
Number of stores end of period	664	537	664	537
Comparable store sales:				
Retail and salon comparable store sales	5.1%	8.4%	5.9%	9.3%
E-commerce comparable store sales	74.4%	29.9%	72.2%	31.3%
Total comparable store sales increase	6.8%	8.9%	7.3%	9.7%
(Percentage of net sales)	13 Weeks Ended		39 Weeks Ended	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	62.6%	63.3%	64.1%	64.1%
Gross profit	37.4%	36.7%	35.9%	35.9%

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Selling, general and administrative expenses	24.5%	23.3%	23.2%	22.9%
Pre-opening expenses	1.2%	1.2%	0.9%	0.9%
Operating income	11.8%	12.1%	11.8%	12.1%
Interest (income) expense	0.0%	0.0%	0.0%	0.0%
Income before income taxes	11.8%	12.1%	11.8%	12.0%
Income tax expense	4.4%	4.6%	4.5%	4.7%
Net income	7.3%	7.5%	7.3%	7.4%

Table of Contents

Comparison of 13 weeks ended November 2, 2013 to 13 weeks ended October 27, 2012

Net sales

Net sales increased \$113.2 million, or 22.4%, to \$618.8 million for the 13 weeks ended November 2, 2013, compared to \$505.6 million for the 13 weeks ended October 27, 2012. Salon service sales increased \$6.5 million, or 22.2%, to \$35.8 million compared to \$29.3 million in third quarter of fiscal 2012. E-commerce sales increased \$8.6 million, or 74.4%, to \$20.2 million compared to \$11.6 million in third quarter of fiscal 2012. The net sales increases are due to comparable stores driving an increase of \$33.2 million and non-comparable store increases of \$80.0 million compared to the third quarter of fiscal 2012.

The 6.8% comparable store sales increase consisted of a 5.1% increase at the Company's retail and salon stores and a 74.4% increase in the Company's e-commerce business. The inclusion of the e-commerce business resulted in an increase of approximately 170 basis points to the Company's consolidated same store sales calculation for the 13 weeks ended November 2, 2013 compared to 50 basis points for the 13 weeks ended October 27, 2012. The total comparable store sales increase included a 9.5% increase in average ticket offset by a 2.7% decrease in traffic. We attribute the increase in comparable store sales to our successful marketing and merchandising strategies.

Gross profit

Gross profit increased \$46.2 million, or 24.9%, to \$231.7 million for the 13 weeks ended November 2, 2013, compared to \$185.5 million for the 13 weeks ended October 27, 2012. Gross profit as a percentage of net sales increased 70 basis points to 37.4% for the 13 weeks ended November 2, 2013, compared to 36.7% for the 13 weeks ended October 27, 2012. The increase in gross profit margin was primarily driven by 60 basis points improvement in merchandise margins driven by our marketing and merchandising strategies.

Selling, general and administrative expenses

Selling, general and administrative (SG&A) expenses increased \$33.4 million, or 28.3%, to \$151.3 million for the 13 weeks ended November 2, 2013, compared to \$117.9 million for the 13 weeks ended October 27, 2012. As a percentage of net sales, SG&A expenses increased 120 basis points to 24.5% for the 13 weeks ended November 2, 2013, compared to 23.3% for the 13 weeks ended October 27, 2012. The deleverage in SG&A expenses is primarily attributed to:

50 basis points marketing deleverage from investments related to building brand awareness;

40 basis points deleverage from the investments in store labor to support rapid growth in the prestige cosmetics and skincare categories; and

30 basis points deleverage in corporate overhead related to severance charges.

Pre-opening expenses

Pre-opening expenses increased \$1.2 million to \$7.5 million for the 13 weeks ended November 2, 2013, compared to \$6.3 million for the 13 weeks ended October 27, 2012. During the 13 weeks ended November 2, 2013, we opened 55

new stores, relocated 3 stores and remodeled 6 stores, compared to 49 new store openings, 1 relocation and 11 remodeled stores during the 13 weeks ended October 27, 2012.

Interest income and expense

Interest income and expense was insignificant for the 13 weeks ended November 2, 2013 and October 27, 2012. Interest income results from highly liquid investments with maturities of three months or less from the date of purchase. Interest expense for the period represents various unused facility fees related to the credit facility. We did not access our credit facility during the third quarter of fiscal 2013 or 2012.

Income tax expense

Income tax expense was \$27.5 million for the 13 weeks ended November 2, 2013 compared to \$23.1 million for the 13 weeks ended October 27, 2012. The effective tax rate was 37.7% for the 13 weeks ended November 2, 2013 and October 27, 2012.

Table of Contents

Net income

Net income increased \$7.2 million, or 19.1%, to \$45.4 million for the 13 weeks ended November 2, 2013, compared to \$38.2 million for the 13 weeks ended October 27, 2012. The increase is primarily related to the \$46.2 million increase in gross profit, offset by a \$33.4 million increase in SG&A expenses and a \$4.4 million increase in income tax expense.

Comparison of 39 weeks ended November 2, 2013 to 39 weeks ended October 27, 2012

Net sales

Net sales increased \$341.1 million, or 23.3%, to \$1,802.5 million for the 39 weeks ended November 2, 2013, compared to \$1,461.4 million for the 39 weeks ended October 27, 2012. Salon service sales increased \$20.6 million, or 23.9%, to \$107.1 million compared to \$86.5 million in the first 39 weeks of fiscal 2012. E-commerce sales increased \$22.4 million, or 72.2%, to \$53.4 million compared to \$31.0 million in the first 39 weeks of fiscal 2012. The net sales increases are due to comparable stores driving an increase of \$103.9 million and non-comparable store increases of \$237.2 million compared to the first 39 weeks of fiscal 2012.

The 7.3% comparable store sales increase consisted of a 5.9% increase at the Company's retail and salon stores and a 72.2% increase in the Company's e-commerce business. The inclusion of the e-commerce business resulted in an increase of approximately 140 basis points to the Company's consolidated same store sales calculation for the 39 weeks ended November 2, 2013 compared to 40 basis points for the 39 weeks ended October 27, 2012. The total comparable store sales increase included a 6.3% increase in average ticket and a 1% increase in traffic. We attribute the increase in comparable store sales to our successful marketing and merchandising strategies.

Gross profit

Gross profit increased \$123.7 million, or 23.6%, to \$647.7 million for the 39 weeks ended November 2, 2013, compared to \$524.0 million for the 39 weeks ended October 27, 2012. Gross profit as a percentage of net sales was 35.9% for the 39 weeks ended November 2, 2013 and October 27, 2012. The changes in gross profit margin were primarily driven by:

20 basis points of deleverage in merchandise margins due mainly to changes in marketing and merchandising strategies; offset by

20 basis points of leverage in fixed store costs attributed to the impact of higher sales volume.

Selling, general and administrative expenses

Selling, general and administrative (SG&A) expenses increased \$83.9 million, or 25.0%, to \$418.8 million for the 39 weeks ended November 2, 2013, compared to \$334.9 million for the 39 weeks ended October 27, 2012. As a percentage of net sales, SG&A expenses increased 30 basis points to 23.2% for the 39 weeks ended November 2, 2013, compared to 22.9% for the 39 weeks ended October 27, 2012. The deleverage in SG&A expenses is primarily attributed to:

40 basis points deleverage from the expansion of prestige brand boutiques and investments in store labor to support rapid growth in the prestige cosmetics and skincare categories; offset by

10 basis points in corporate overhead leverage, net of severance charge, attributed to higher sales volume.

Pre-opening expenses

Pre-opening expenses increased \$2.6 million to \$15.5 million for the 39 weeks ended November 2, 2013, compared to \$12.9 million for the 39 weeks ended October 27, 2012. During the 39 weeks ended November 2, 2013, we opened 116 new stores, relocated 4 stores and remodeled 7 stores, compared to 89 new store openings, 3 relocated stores and 20 remodeled stores during the 39 weeks ended October 27, 2012.

Interest income and expense

Interest income and expense was insignificant for the 39 weeks ended November 2, 2013 and October 27, 2012. Interest income results from highly liquid investments with maturities of three months or less from the date of purchase. Interest expense for the period represents various unused facility fees related to the credit facility. We did not access our credit facility during the first 39 weeks of fiscal 2013 or 2012.

Table of Contents***Income tax expense***

Income tax expense of \$81.3 million for the 39 weeks ended November 2, 2013 represents an effective tax rate of 38.1%, compared to \$68.0 million of tax expense representing an effective tax rate of 38.6% for the 39 weeks ended October 27, 2012. The lower tax rate is primarily due to decrease in stock option book expense and a decrease in the applicable state rate offset by an increase in non-deductible executive compensation.

Net income

Net income increased \$24.2 million, or 22.4%, to \$132.2 million for the 39 weeks ended November 2, 2013, compared to \$108.0 million for the 39 weeks ended October 27, 2012. The increase is primarily related to the \$123.7 million increase in gross profit, offset by a \$83.9 million increase in SG&A expenses and a \$13.3 million increase in income tax expense.

Liquidity and capital resources

Our primary cash needs are for capital expenditures for new, relocated and remodeled stores, increased merchandise inventories related to store expansion, supply chain improvements and for continued improvement in our information technology systems.

Our primary sources of liquidity are cash on hand and cash flows from operations, including changes in working capital and borrowings under our credit facility. The most significant component of our working capital is merchandise inventories reduced by related accounts payable and accrued expenses. Our working capital position benefits from the fact that we generally collect cash from sales to customers the same day, or within several days of the related sale, while we typically have up to 30 days to pay our vendors.

Our working capital needs are greatest from August through November each year as a result of our inventory build-up during this period for the approaching holiday season. This is also the time of year when we are at maximum investment levels in our new store class and may not have collected all of the landlord allowances due to us as part of our lease agreements. Based on past performance and current expectations, we believe that cash on hand, cash generated from operations and borrowings under the credit facility will satisfy the Company's working capital needs, capital expenditure needs, commitments, and other liquidity requirements through at least the next 12 months

The following table presents a summary of our cash flows for the periods indicated:

(In thousands)	39 Weeks Ended	
	November 2, 2013	October 27, 2012
Net cash provided by operating activities	\$ 100,133	\$ 77,458
Net cash used in investing activities	(176,966)	(144,030)
Net cash (used in) provided by financing activities	(2,726)	4,558
Net decrease in cash and cash equivalents	\$ (79,559)	\$ (62,014)

Operating activities

Operating activities consist of net income adjusted for certain non-cash items, including depreciation and amortization, non-cash stock-based compensation, realized gains or losses on disposal of property and equipment, and the effect of working capital changes.

Merchandise inventories were \$582.3 million at November 2, 2013, compared \$462.8 million at October 27, 2012, representing an increase of \$119.5 million, or 25.8%. Average inventory per store increased 1.7% compared to the prior year. The increase in inventory is primarily due to the following:

approximately \$86 million due to the addition of 127 net new stores opened since October 27, 2012;

approximately \$29 million related to new brand additions and existing brand extensions primarily in the prestige color and skin category and incremental holiday build; and

approximately \$5 million related to the addition of in-store prestige boutiques.

Table of Contents

Deferred rent liabilities were \$259.2 million at November 2, 2013, an increase of \$56.9 million compared to October 27, 2012. Deferred rent includes deferred construction allowances, future rental increases and rent holidays which are all recognized on a straight-line basis over their respective lease term. The increase is primarily due to the addition of 127 net new stores opened since October 27, 2012.

Investing activities

We have historically used cash primarily for new and remodeled stores as well as investments in information technology systems. Investment activities related to capital expenditures were \$177.0 million during the 39 weeks ended November 2, 2013, compared to \$144.0 million during the 39 weeks ended October 27, 2012. The increase in capital expenditures year over year is primarily due to the increased number of new store openings during fiscal 2013.

Financing activities

Financing activities in fiscal 2013 consist principally of capital stock transactions and the stock repurchase program. We had no borrowings outstanding under our credit facility as of November 2, 2013, February 2, 2013 and October 27, 2012. The zero outstanding borrowings position is due to a combination of factors including strong sales growth, overall performance of management initiatives including expense control and other working capital reductions. We may require borrowings under the credit facility from time to time in future periods to support our new store program and seasonal inventory needs.

Stock repurchase program

On March 18, 2013, we announced that our Board of Directors had authorized a stock repurchase program pursuant to which the Company may repurchase up to \$150 million of the Company's common stock. The repurchases may be made from time to time in the open market, in privately negotiated transactions, or otherwise, at prices that the Company deems appropriate and subject to market conditions, applicable law and other factors deemed relevant in the Company's sole discretion. The stock repurchase program does not have an expiration date and may be suspended or discontinued at any time. During the 39 weeks ended November 2, 2013, we purchased 500,500 shares of common stock for \$37.3 million at an average price of \$74.58.

Credit facility

On October 19, 2011, the Company entered into an Amended and Restated Loan and Security Agreement (the Loan Agreement) with Wells Fargo Bank, National Association, as Administrative Agent, Collateral Agent and a Lender thereunder, Wells Fargo Capital Finance LLC as a Lender, J.P. Morgan Securities LLC as a Lender, JP Morgan Chase Bank, N.A. as a Lender and PNC Bank, National Association, as a Lender. The Loan Agreement amended and restated the Loan and Security Agreement, dated as of August 31, 2010, by and among the lenders. The Loan Agreement extended the maturity of the Company's credit facility to October 2016, provides maximum revolving loans equal to the lesser of \$200,000 or a percentage of eligible owned inventory, contains a \$10,000 subfacility for letters of credit and allows the Company to increase the revolving facility by an additional \$50,000, subject to consent by each lender and other conditions. The Loan Agreement contains a requirement to maintain a minimum amount of excess borrowing availability at all times. Substantially all of the Company's assets are pledged as collateral for outstanding borrowings under the facility. Outstanding borrowings will bear interest at the prime rate or Libor plus 1.50% and the unused line fee is 0.225%.

On September 5, 2012, we entered into Amendment No. 1 to Amended and Restated Loan and Security Agreement (the Amendment) with the lender group. The Amendment updated certain administrative terms and conditions and

provides us greater flexibility to take certain corporate actions. There were no changes to the revolving loan amounts available, interest rates, covenants or maturity date under terms of the Loan Agreement.

As of November 2, 2013, February 2, 2013 and October 27, 2012, we had no borrowings outstanding under the credit facility and the Company was in compliance with all terms and covenants of the agreement.

Off-balance sheet arrangements

Our off-balance sheet arrangements consist of operating lease obligations and letters of credit. We do not have any non-cancelable purchase commitments as of November 2, 2013.

Table of Contents

Contractual obligations

Our contractual obligations consist of operating lease obligations and our revolving line of credit. No material changes outside the ordinary course of business have occurred in our contractual obligations during the 39 weeks ended November 2, 2013.

Critical accounting policies and estimates

Management's discussion and analysis of financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these financial statements required the use of estimates and judgments that affect the reported amounts of our assets, liabilities, revenues and expenses. Management bases estimates on historical experience and other assumptions it believes to be reasonable under the circumstances and evaluates these estimates on an on-going basis. Actual results may differ from these estimates. There have been no significant changes to the critical accounting policies and estimates included in our Annual Report on Form 10-K for the fiscal year ended February 2, 2013.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates. We do not hold or issue financial instruments for trading purposes.

Interest rate sensitivity

We are exposed to interest rate risks primarily through borrowings under our credit facility. Interest on our borrowings is based upon variable rates. We did not access our credit facility during the 39 week period ended November 2, 2013. The interest expense recognized in our statement of income represents unused fees associated with the credit facility.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures over Financial Reporting

We have established disclosure controls and procedures to ensure that material information relating to the Company is made known to the officers who certify our financial reports and to the members of our senior management and Board of Directors.

Based on management's evaluation as of November 2, 2013, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes to our internal controls over financial reporting during the 39 weeks ended November 2, 2013 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial

reporting.

Part II - Other Information

Item 1. Legal Proceedings

General litigation On March 2, 2012, a putative employment class action lawsuit was filed against us and certain unnamed defendants in state court in Los Angeles County, California. On April 12, 2012, the Company removed the case to the United States District Court for the Central District of California. On August 8, 2013, the plaintiff asked the court to certify the proposed class and the Company is opposing plaintiff's request. The plaintiff and members of the proposed class are alleged to be (or to have been) non-exempt hourly employees. The suit alleges that Ulta violated various provisions of the California labor laws and failed to provide plaintiff and members of the proposed class with full meal periods, paid rest breaks, certain wages, overtime compensation and premium pay. The suit seeks to recover damages and penalties as a result of these alleged practices. The Company denies plaintiff's allegations and is vigorously defending the matter.

Table of Contents

We are also involved in various legal proceedings that are incidental to the conduct of our business. In the opinion of management, the amount of any liability with respect to these proceedings, either individually or in the aggregate, will not be material.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended February 2, 2013, which could materially affect our business, financial condition, financial results or future performance. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended February 2, 2013.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth repurchases of our common stock during the third quarter of 2013:

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs (2)	Approximate dollar value of shares that may yet to be purchased under plans or programs (2)
September 1, 2013 to September 28, 2013	4,312	\$ 117.53		

- (1) Represents shares of the Company's common stock transferred from employees in satisfaction of minimum statutory tax withholding obligations upon the vesting of restricted stock during the period.
- (2) On March 18, 2013, we announced the approval of a stock repurchase program pursuant to which the Company is authorized to repurchase up to \$150 million of the Company's common stock in the open market, in privately negotiated transactions, or otherwise, at prices that the Company deems appropriate and subject to market conditions, applicable law and other factors deemed relevant in the Company's sole discretion. The stock repurchase program does not have an expiration date and may be suspended or discontinued at any time. As of November 2, 2013, \$112.7 million remained available under the \$150 million program.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Table of Contents**Item 6. Exhibits**

Exhibit Number	Description of document	Filed Herewith	Form	Incorporated by Reference		
				Exhibit Number	File Number	Filing Date
3.1	Amended and Restated Certificate of Incorporation		S-1	3.1	333-144405	8/17/2007
3.2	Amended and Restated Bylaws		S-1	3.2	333-144405	8/17/2007
4.1	Specimen Common Stock Certificate		S-1	4.1	333-144405	10/11/2007
4.2	Third Amended and Restated Registration Rights Agreement between Ulta Salon, Cosmetics & Fragrance, Inc. and the stockholders party thereto		S-1	4.2	333-144405	8/17/2007
4.3	Stockholder Rights Agreement		S-1	4.4	333-144405	8/17/2007
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	XBRL Instance	X				
101.SCH	XBRL Taxonomy Extension Schema	X				
101.CAL	XBRL Taxonomy Extension Calculation	X				
101.LAB	XBRL Taxonomy Extension Labels	X				
101.PRE	XBRL Taxonomy Extension Presentation	X				
101.DEF	XBRL Taxonomy Extension Definition	X				

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on December 5, 2013 on its behalf by the undersigned, thereunto duly authorized.

ULTA SALON, COSMETICS &
FRAGRANCE, INC.

By: /s/ Mary N. Dillon
Mary N. Dillon

Chief Executive Officer and Director

By: /s/ Scott M. Settersten
Scott M. Settersten

Chief Financial Officer and Assistant
Secretary