
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): April 12, 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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) On April 26, 2010, Ulta Salon, Cosmetics & Fragrance, Inc. (“Ulta”) announced that Ms. Lyn Kirby will resign as Chief Executive Officer of Ulta between June 30 and September 2, 2010 (the “Termination Date”). In connection with her resignation, Ulta and Ms. Kirby entered into a Succession Agreement dated April 23, 2010, attached hereto as Exhibit 10.1. Ms. Kirby intends to remain on the Board of Directors, subject to her re-election at the next annual meeting, through March 2011. The following summarizes the material provisions of such agreement:

- Ms. Kirby will continue to be entitled to her base salary through her Termination Date, and will be eligible for a pro rata bonus for 2010, based on Ulta’s performance for the year. Additionally, Ulta has agreed to continue her medical, dental and life insurance benefits, on the same basis as active employees, through the Original End Date.
- If requested by the Board, Ms. Kirby will resign from the Board on March 17, 2011, or if later, the date Ulta announces its fiscal year 2010 earnings (the “Original End Date”), such date being the end of the employment term under Ms. Kirby’s employment agreement with Ulta (filed as an Exhibit to Ulta’s Form 10-Q on June 16, 2008).
- If Ms. Kirby remains a member of the Board through the Original End Date, and until Ms. Kirby resigns from the Board, she will be entitled to the following, subject to her compliance with her noncompete, nonsolicitation and confidential information covenants and the execution of a general release of claims after her Termination Date:
 - Continued vesting in all outstanding options held by Ms. Kirby for so long as she remains a member of the Board.
 - All post-termination exercise periods for outstanding options will begin when Ms. Kirby ceases to be a member of the Board.
 - She will be granted the 2010 Option, as defined in her employment agreement, at an exercise price equal to the greater of \$22.86 and the closing price on the date of the grant. The 2010 Option shall vest and become exercisable on the Original End Date provided that she remains a member of the Board through that date. Additionally, if the exercise price of the 2010 Option is higher than \$22.86, Ulta will pay Ms. Kirby the difference between the exercise price of the 2010 Option and \$22.86 multiplied by the number of shares of common stock subject to the 2010 Option.
 - The 31,600 options, granted on October 25, 2009, which are originally scheduled to vest on October 25, 2011, will vest on the Original End Date provided Ms. Kirby remains a member of the Board through such date. However, such options will be exercisable only from October 25, 2011 through January 25, 2012.
 - Ms. Kirby agrees to cancel and forfeit her right to an additional 63,200 options which were scheduled to be granted October 25, 2010, provided certain performance targets were met.
- Ms. Kirby will not receive any severance under her 2008 employment agreement as a result of her resignation pursuant to and in accordance with the Succession Agreement.

(c) On April 26, 2010, Ulta announced that Mr. Carl (“Chuck”) Rubin would be appointed Chief Operating Officer and President, and as a member of the Board of Directors, effective May 10, 2010, (the “Commencement Date”). In connection with Mr. Rubin’s appointment, Ulta and Mr. Rubin entered into an employment agreement dated April 12, 2010, attached hereto as Exhibit 10.2. The following summarizes the material provisions of such agreement:

- During the term of his employment, Mr. Rubin will be appointed to and nominated to serve as a member of the Board. Ulta's intention is to promote Mr. Rubin to Chief Executive Officer as the successor to Ms. Kirby.
 - Mr. Rubin's compensation includes:
 - Annual base salary of \$770,000, subject to future adjustments.
 - Target annual incentive at 100% of base salary, with a maximum annual incentive at 200%. The actual earned incentive for 2010 will be prorated based on the percentage of the fiscal year Mr. Rubin is employed by Ulta.
 - Participation in the long term incentive program ("LTIP"), beginning 2011. Pursuant to the LTIP, Mr. Rubin shall receive annual equity awards valued at 200% of base salary. These awards are subject to the terms of the Ulta 2007 Incentive Award Plan and the form award agreements approved by the Compensation Committee under the LTIP from time to time.
 - Special cash payment of \$2,800,000. Mr. Rubin has represented to Ulta that upon termination of employment with his former employer, he forfeited the right to a \$2,800,000 payment which otherwise would have been payable if he remained employed through September 2010. This special cash payment is intended to induce Mr. Rubin to commence employment with Ulta prior to September 2010, and compensate him for this lost payment.
 - Special hire restricted share grant equal to \$2,775,000 divided by the average of the closing prices of the common stock over the fourteen days preceding the Commencement Date. Such restricted shares will vest in full on December 29, 2011, or if his employment is terminated without cause, prior thereto. These restricted shares will be subject to the terms of a restricted share agreement, attached hereto as Exhibit 10.3.
 - Special hire option grant with a Black-Scholes value equal to \$2,400,000, but not less than 300,000 or more than 500,000 shares. Such options will vest and become exercisable in four equal installments commencing on February 1, 2011 and each subsequent anniversary, such that all such options will be fully vested on February 1, 2014. However, if Mr. Rubin's employment is terminated without cause, he will be treated as vesting in an additional one-quarter of the options. These options will be subject to the terms of an option agreement, attached hereto as Exhibit 10.4.
 - Mr. Rubin agreed to an 18 month post-termination non-compete and thirty-six month non-solicitation of employees, as well as an unlimited covenant not to use or disclose confidential information.
 - In the event that Mr. Rubin's employment is terminated without cause, upon execution of a release of claims and subject to his compliance with his noncompete, nonsolicitation and confidential information covenants, he shall be entitled to:
 - Severance equal to eighteen months of his base salary.
 - Any bonus actually earned, prorated based on the percentage of the fiscal year Mr. Rubin is employed by Ulta.
 - Accelerated vesting of the special hire restricted shares.
 - Accelerated vesting of one tranche of the special hire options.
 - Payment of the special cash payment, if such termination occurs before this amount is paid.
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- In the event Ulta does not appoint Mr. Rubin to Chief Executive Officer by March 30, 2011, he will be entitled to resign, and it will be treated as a termination without cause.

A copy of the press release is filed as Exhibit 99.1 to this report. Mr. Rubin, age 50, has been President, North American Retail at Office Depot, since January 2006. Prior to that he served as Executive Vice President, Marketing and Merchandising for Office Depot from March 2004 to January 2006. Office Depot is not a parent, subsidiary or other affiliate of Ulta. Mr. Rubin does not have any family relationships with any of Ulta's directors or executive officers and is not a party to any transactions listed in Item 404(a) of Regulation S-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<i>Exhibit No.</i>	<i>Description</i>
10.1	Succession Agreement dated April 23, 2010 between Ulta and Lyn Kirby
10.2	Employment Agreement dated April 12, 2010 between Ulta and Carl Rubin
10.3	Restricted Stock Agreement
10.4	Stock Option Agreement
99.1	Press release issued by Ulta on April 26, 2010 announcing the hiring of Carl ("Chuck") Rubin

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: April 27, 2010

By: /s/ Robert S. Guttman

Robert S. Guttman
Senior Vice President, General Counsel
and Secretary

EXHIBIT INDEX

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SUCCESSION AGREEMENT

THIS SUCCESSION AGREEMENT (the "Agreement") is entered into April 23, 2010, by and between Ulta Salon, Cosmetics & Fragrance, Inc., a Delaware corporation (the "Company"), and Lyn Kirby (the "Executive").

RECITALS:

WHEREAS, Executive and the Company are parties to an Employment Agreement dated June 16, 2008 (the "Employment Agreement") pursuant to which the Company employs and Executive has agreed to serve as the Chief Executive Officer of the Company through March 17, 2011, or if later, the date the Company announces its fiscal year 2010-2011 earnings (the "Original End Date");

WHEREAS, the Company is about to engage a new Chief Operating Officer ("COO") with the intent to promote such person to the Chief Executive Officer position;

WHEREAS, Executive and the Company mutually desire to provide for an orderly transition of Executive's duties and responsibilities to the COO in connection with his ultimate succession (the "Succession") and Executive desires to assist the Company in obtaining an orderly Succession; and

WHEREAS, Executive and the Company have negotiated and reached an agreement with respect to all rights, duties and obligations arising between them regarding Executive's employment with the Company and the conclusion of that employment relationship.

NOW THEREFORE, in consideration of the covenants and mutual promises recited below, the parties agree as follows:

1. **Voluntary Separation and Resignation from Employment.** The Executive shall voluntarily resign from employment and all offices and positions with the Company on such date between June 30, 2010 and September 2, 2010 as shall be mutually agreed upon by the Chairman of the Board of Directors of the Company and the Executive, but no later than September 2, 2010, with such date being the "Termination Date." In addition, on the Termination Date Executive shall resign all other positions other than her position as a member of the board of directors of the Company (the "Board"), on which she serves for, on behalf of or at the request of the Company. On the Termination Date, Executive will execute such resignations from all offices as the Company shall reasonably request.

2. **Board Position and Resignation.** Following the Termination Date Executive shall continue to serve as a member of the Board. Executive agrees that if requested by the Board, she will resign from the Board effective on the Original End Date.

3. **Compensation as an Employee.** From the date hereof until the Termination Date, Executive shall continue to earn and receive her base salary at the rate in effect on the date hereof. In addition, provided Executive remains employed through the Termination Date, she shall be entitled to a pro rata portion of any Annual Bonus (as defined in the Employment Agreement) if any, which may be earned based on the Company's performance for fiscal year

2010-2011, to be paid on the Bonus Payment Date (as defined in the Employment Agreement). Executive and the Company agree that Executive shall not be entitled to any severance under Section 5 of the Employment Agreement by reason of her termination of employment.

4. Stock Option Rights.

(a) For so long as Executive remains a member of the Board, Executive shall continue to vest in all outstanding options to purchase Company common stock held by Executive ("Stock Options").

(b) The exercise period of all Stock Options outstanding on the date hereof ("Current Stock Options") shall be governed by the terms of the stock option agreements pursuant to which they were granted. The Company and Executive agree that her resignation from the employment of the Company shall not be treated as either a resignation with or without Good Reason, and the post-termination exercise period for any Current Stock Options shall be triggered when Executive ceases to be a member of the Board as if Executive remained employed through such date.

(c) The Company agrees to grant to Executive the 2010 Option (as defined in the Employment Agreement) as provided under the Employment Agreement at an exercise price equal to the greater of \$22.86 and the closing price on the date of grant. Executive shall vest in and the 2010 Option shall become exercisable as if Executive remained employed through the Original End Date provided that Executive remains a Board member through the Original End Date. Additionally, the Company will pay the Executive, with the last payroll of the month in which the 2010 Option is granted, the positive difference, if any, between the exercise price of the 2010 Option and \$22.86 multiplied by the number of shares of common stock subject to the 2010 Option.

(d) The parties also agree that the 31,600 Stock Options scheduled to vest and become exercisable on October 25, 2011 granted to Executive on October 25, 2009 (the "2009 Performance Options") pursuant to the terms of that letter agreement dated July 6, 2007, by and between Executive and the Company (the "July 2007 Agreement") shall vest on the Original End Date, provided Executive remains a member of the Board through the Original End Date. The 2009 Performance Options shall not be exercisable prior to October 25, 2011, and shall be exercisable only to the extent Executive remains in compliance with the Policy. Once exercisable the 2009 Performance Options shall be exercisable through January 25, 2012.

(e) Executive agrees to cancel and forfeit her right to receive a grant of 63,200 Stock Options as set forth in the July 2007 Agreement on October 25, 2010.

5. Continued Benefits. The Company agrees that Executive shall continue to be eligible for coverage on the same basis as active employees for all medical, dental and life insurance ("Employee Benefits") through the Original End Date. In the event that the Company is unable to include Executive in the Company's current Employee Benefits policies after the Termination Date, the Company hereby agrees to pay Executive's premiums for continued health insurance under the Consolidated Omnibus Budget Reconciliation Act for so long as the Company is unable to include Executive in the Company's current Employee Benefits policies;

provided, however, that the Company shall in no event be required to pay such premiums beyond the Original End Date. Notwithstanding anything to the contrary contained herein, the Company shall not be required to obtain a separate policy for Employee Benefits of Executive.

6. Amendment to Policy. In consideration of the Company's obligations under Sections 4 and 5, Executive and Company hereby amend the Policy (as defined in the Employment Agreement) to provide that, solely with respect to Retailers (as defined in the Policy) and for Competitors (as defined in the Policy) which are also Multi-Product Retailers (as defined below), the applicable Noncompete Period and Nonsolicitation Period (both as defined in the Policy) shall commence following the date she no longer serves as a member of the Board, and not upon termination of her employment. For all Competitors other than Multi-Product Retailers, the Noncompete and Nonsolicitation Period shall commence upon her Termination Date. A "Multi-Product Retailer" shall mean a Competitor, but only if it is engaged exclusively in the retail distribution of various products, including hair styling, beauty salon, spa services, fragrance, cosmetics, salon products or beauty aid/products (i.e., JCPenney, CVS/pharmacy, Target). In all other respects the Policy shall remain in full force and effect. Executive also agrees, while she is a Board member, not to provide services to any supplier of product to the Company.

7. Inclusion on Shelf Registration. The Company shall include all common shares held by Executive on any shelf registration statement that it files within one year of the date herof on Form S-3; provided, however, that if such registration statement is in connection with an underwritten offering, the Company shall include such common shares held by Executive as agreed by Executive and such other shareholders of the Company.

8. Conditions to Obligations.

(a) The Company's obligations under Sections 4 and 5 above shall be conditioned upon Executive's execution of the Release (as defined in the Employment Agreement) within 21 days of the Termination Date and continued compliance with the Policy (as amended by this Agreement). Any payments or benefits to be provided under this Agreement shall be made or begin on the 30th day after the Release is signed, unless revoked. In the event that Executive revokes the Release or violates the Policy then (i) all Employee Benefits under Section 5 shall terminate; (ii) Executive shall cease and no longer be entitled to further vesting in all Stock Options and the post-termination exercise period for all Stock Options shall be determined from the Termination Date; and (iii) the Company's obligations under Section 4(c) and (d) shall terminate.

(b) Executive agrees that the benefits under Sections 4 and 5 and the Accrued Benefits (as defined in the Employment Agreement) are the only payments to which Executive is entitled as a result of or in connection with termination of her employment pursuant to Section 1 of this Agreement. Notwithstanding the foregoing, the Executive's rights and benefits under any of the Company Plans (as defined in the Employment Agreement) shall be as determined under the terms thereof and the Executive does not waive any claims for indemnity as an officer or director of the Company that she may have by law, under the bylaws or articles of incorporation of the company, or pursuant to any directors and officers liability insurance.

9. **Impact on Employment Agreement.** Except as otherwise modified by this Agreement, the Employment Agreement shall remain in full force and effect. Executive, however, specifically agrees and waives all right to claim Good Reason under the Employment Agreement and terminate her employment prior to or on the Termination Date with respect to any actions taken by the Company or the Board regarding the Succession, which shall include, but not be limited to (a) appointment of the COO and the granting to him of the President title, (b) transition of duties and responsibilities from Executive to the COO, (c) the reassignment of reporting responsibilities such that individuals who now report to Executive shall report to the COO; and/or (d) the appointment or election of the COO to the Board. Nothing herein shall otherwise limit Executive's right to terminate for Good Reason under the terms of the Employment Agreement.

10. **Withholding.** All payments required to be made by the Company hereunder to the Executive shall be subject to tax and other legally required or voluntarily elected withholdings as the Company may reasonably determine, in consultation with the Executive. The Company may withhold from any cash payments to be made to Executive any legally required withholdings.

11. **Special Rule for U.S. Income Tax Compliance.** Notwithstanding anything in this Agreement to the contrary, the parties intend that this Agreement comply with Section 409A of the Code and all guidance or regulations thereunder ("Section 409A"), and this Agreement and the payment of any benefits hereunder shall be operated and administered accordingly. Notwithstanding anything contained in this Agreement to the contrary, to the maximum extent permitted by applicable law, amounts payable to the Executive pursuant to Sections 4 or 5 shall be made in reliance upon Treas. Reg. Section 1.409A-1(b)(9) (Separation Pay Plans) or Treas. Reg. Section 1.409A-1(b)(4) (Short-Term Deferrals). However, to the extent any such payments are treated as non-qualified deferred compensation subject to Section 409A of the Code, then if Executive is deemed at the time of her separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's termination benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of the Executive's "separation from service" or (B) the date of Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 11 shall be paid to the Executive in a lump sum without interest thereon. The determination of whether the Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of her separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treas. Reg. Section 1.409A-1(i) and any successor provision thereto). For purposes of this Agreement each installment payable under Section 5 shall be considered a separate payment.

12. **Non-Reliance.** Executive represents to the Company and the Company represents to Executive that in executing this Agreement they are not relying and have not relied upon any representation or statement not set forth herein made by the other or by any of the other's agents, representatives or attorneys with regard to the subject matter, basis or effect of this Agreement, or otherwise.

13. Other Agreements and Return of Property.

(a) Executive shall continue to be bound by the Policy (as amended by this Agreement) and the Policy shall survive Executive's resignation and the execution of this Succession Agreement and the Release.

(b) Executive agrees that she will return to the Company prior to or upon the Termination Date all of the Company's property including but not limited to original and any copies of any confidential information or trade secrets, all Company-issued computers, PDA's, keys, pass cards, customer lists, files, brochures, documents or computer disks or printouts, equipment and any other item relating to the Company and its business, other than information that the Executive needs to continue performing her duties as a member of the Board.

14. Assignment; Successors. The rights and benefits under this Agreement are personal to Executive and such rights and benefits shall not be subject to assignment, alienation or transfer, except to the extent such rights and benefits are lawfully available to the estate or beneficiaries of Executive upon death. To the extent any obligations of the Company pursuant to the Agreement remain unsatisfied upon Executive's death, the Company shall make payment or provide the benefits set forth in Sections 4 and 5 above to her spouse, dependents or estate as applicable. The Company may assign this Agreement to any parent, affiliate or subsidiary or any entity which at any time whether by merger, purchase, reconstitution or otherwise acquires all or substantially all of the assets, stock or business of the Company. This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable

15. Entire Agreement. Executive acknowledges and agrees that this Agreement, the Employment Agreement, the Release, the Stock Option agreements and the Policy (each of which is incorporated herein by this reference and made a part hereof) includes the entire agreement and understanding between the parties and supersedes any prior agreements, written or oral, with respect to the subject matter hereof, including the termination of Executive's employment and all amounts to which Executive shall be entitled from the Company.

16. Severability/Reasonable Alteration. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to exceed the limitations permitted by applicable law, as determined by such court in such action, then the provisions will be deemed reformed to the maximum limitations permitted by applicable law and the parties hereby expressly acknowledge their desire that in such event such action be taken. If any provision of this Agreement is held to be illegal, invalid or unenforceable during the term of this Agreement after application of the first sentence of this Section 16, then such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

17. **No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by Executive and the Company to express their mutual intent, and no rule of strict construction will be applied against Executive or the Company.

18. **Amendment; Waiver.** This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by the Employee and a duly authorized officer of the Company. By an instrument in writing similarly executed, the Employee or a duly authorized officer of the Company may waive compliance by the other party or parties with any specifically identified provision of this Agreement that such other party was or is obligated to comply with or perform; *provided, however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

19. **Expenses.** The Company will reimburse the Executive for reasonable legal fees and expenses incurred by the Executive in the negotiation and documentation of this Agreement up to a maximum of \$20,000. All such fees and expenses will be paid by the Company within thirty (30) days after the Company's receipt of the invoices therefore.

20. **Injunctive Relief.** It is recognized and acknowledged by Executive that a breach of Executive's obligations under this Agreement (including, compliance with the provisions of the Release and the Policy will cause irreparable damage to the Company and its goodwill, the exact amount of which will be difficult or impossible to ascertain, and that the remedies at law for any such breach will be inadequate. Accordingly, Executive agrees that in the event of any breach of such obligations, in addition to any other remedy which may be available at law, in equity or pursuant to the terms of the Policy, the Company will be entitled to specific performance and injunctive relief. Executive agrees not to raise as a defense or objection to the request or granting of such relief that any breach of this Agreement is or would be compensable by an award of money damages, and Executive agrees to waive any requirements for the securing or posting of any bond in connection with such remedy.

21. **Governing Law; Jurisdiction and Venue.** This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of Illinois, without reference to the principles of conflicts of law or choice of law of the State of Illinois, or any other jurisdiction, and where applicable, the laws of the United States. The parties irrevocably agree that all actions to enforce an arbitrator's decision pursuant to Section 23 of this Agreement may be instituted and litigated in federal, state or local courts sitting in Cook County, Illinois and each of such parties hereby consents to the jurisdiction and venue of such court, waives any objection based on *forum non conveniens* and any right to a jury trial as set forth in Section 22 of this Agreement.

22. **Waiver of Jury Trial.** EACH OF EXECUTIVE AND THE COMPANY HEREBY WAIVES, RELEASES AND RELINQUISHES AND ALL RIGHTS SHE/IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY ACTIONS ARISING DIRECTLY OR INDIRECTLY AS A RESULT OR IN CONSEQUENCE OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATIONS, ANY CLAIM OR ACTION TO REMEDY ANY BREACH OR ALLEGED BREACH HEREOF, TO ENFORCE ANY

TERM HEREOF, OR IN CONNECTION WITH ANY RIGHT, BENEFIT OR OBLIGATION ACCORDED OR IMPOSED BY THIS AGREEMENT.

23. **Arbitration.** Any dispute or controversy arising under or in connection with this Agreement, the Release, Executive's employment by and/or relationship with the Company and Executive's separation from the Company shall be settled exclusively by arbitration, conducted before a single neutral arbitrator in Chicago, Illinois in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA") then in effect, in accordance with this Section 23, except as otherwise prohibited by any nonwaivable provision of applicable law or regulation. The parties hereby agree that the arbitrator shall construe, interpret and enforce this Agreement in accordance with its express terms, and otherwise in accordance with the governing law as set forth in Section 21 above. Judgment may be entered on the arbitration award in any court having jurisdiction, *provided, however*, that the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of this Agreement and Executive hereby consents that such restraining order or injunction may be granted without requiring the Company to post a bond. Unless the parties otherwise agree, only individuals who are on the AAA register of arbitrators shall be selected as an arbitrator. Within twenty (20) days of the conclusion of the arbitration hearing, the arbitrator shall prepare written findings of fact and conclusions of law. It is mutually agreed that the written decision of the arbitrator shall be valid, binding, final and enforceable by any court of competent jurisdiction. The Company shall pay all administrative fees, and the fees and expenses of the arbitrator, to the extent that such fees and expenses exceed the amount that the Executive would have incurred to file a claim in court. In the event action is brought pursuant to this Section 23, the arbitrator shall have authority to award fees and costs to the prevailing party, in accordance with applicable law. If in the opinion of the arbitrator there is no prevailing party, then each party shall pay its own attorney's fees and expenses.

24. **Counterparts and Facsimiles.** This Agreement may be executed in several counterparts, each of which shall be deemed as an original, but all of which together shall constitute one and the same instrument; signed copies of this Agreement may be delivered by .pdf, .jpeg or fax and will be accepted as an original.

25. **Notice.** Any notice to be given hereunder shall be in writing and shall be deemed given when mailed by certified mail, return receipt requested, addressed as follows:

To the Executive:

Lyn Kirby
[Redacted]

with a copy to (which shall not constitute notice):

Bachelder & Dowling, P.A.
120 Exchange Street
P.O. Box 7003
Portland, ME 04112-7003
Attention: Stephan G. Bachelder

To the Company at:

Ulta Salon, Cosmetics & Fragrance, Inc.
Attn: General Counsel
1000 Remington Boulevard
Suite 120
Bolingbrook, IL 60440

with a copy to (which shall not constitute notice):

Latham & Watkins LLP
5800 Sears Tower
233 South Wacker Drive
Chicago, Illinois 60606
Attn: Robin L. Struve

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

ULTA SALON, COSMETICS & FRAGRANCE, INC.

By: /s/ Dennis K. Eck

Name: Dennis K. Eck

Title: Non-Executive Chairman of the Board

/s/ Lyn Kirby

Lyn Kirby

ULTA SALON, COSMETICS & FRAGRANCE, INC.
CARL RUBIN EMPLOYMENT AGREEMENT

This Employment Agreement (the “**Agreement**”) is entered into as of April 12, 2010, by and between Ulta Salon, Cosmetics & Fragrance, Inc., a Delaware corporation (the “**Company**”) and Carl Rubin (“**Executive**”).

1. Duties and Scope of Employment.

(a) Positions and Duties. Effective May 3, 2010 (the “**Commencement Date**”) the Executive will serve as the Company’s Chief Operating Officer and President. In addition, at all applicable times during the Employment Term the Company will nominate Executive to serve as a member of the Board of Directors of the Company (the “**Board**”). Executive will report to the Company’s Chief Executive Officer. The Board intends to promote Executive to Chief Executive Officer on January 1, 2011, but in no event later than March 30, 2011. Executive will render such business and professional services in the performance of Executive’s duties, consistent with Executive’s position in the Company, as are reasonably assigned to Executive by the Board. The period Executive is employed by the Company under this Agreement is referred to herein as the “**Employment Term**”.

(b) Obligations. During the Employment Term, Executive will devote Executive’s full business time and efforts to the Company and Executive will use good faith efforts to discharge Executive’s obligations under this Agreement to the best of Executive’s ability and in accordance with each of the Company’s ethics guidelines, conflict of interest policies and code of business conduct. For the duration of the Employment Term, Executive agrees not to actively engage in any other employment, occupation, or consulting activity, including serving as a director, without the prior approval of the Board; provided, however, that Executive may, without the approval of the Board, serve in any capacity with any civic, educational, or charitable organization, provided such services do not interfere with Executive’s obligations to Company, as determined by the Board.

2. Employment Term. The term of Executive’s employment under this Agreement shall commence on May 2, 2010 (the “**Commencement Date**”) and shall continue until terminated by either party (the “**Termination Date**”). Executive and the Company acknowledge that this employment relationship may be terminated by either party at any time, upon thirty (30) days written notice to the other party, provided it may be terminated immediately by the Company for Cause. However, if the Company terminates Executive without Cause he shall be entitled to the severance and other benefits as provided in Section 8(a).

3. Compensation.

(a) Base Salary. The Company will pay Executive an annual salary of \$770,000 as compensation for all Executive’s services to the Company, subject to review annually, by the Compensation Committee of the Board (the “**Committee**”) and adjustment as the Committee based on such review may determine (such annual salary, as may be adjusted from time to time, to be referred to herein as “**Base Salary**”); provided, however, Executive’s Base Salary may not be decreased without Executive’s express written consent unless the

decrease is pursuant to a general compensation reduction applicable to all, or substantially all, officers of the Company. The Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to all required withholdings and any elected deductions.

(b) **Special Cash Payment for Lost Benefits.** The Executive has represented to the Company that upon termination of employment with his prior employer he forfeited the right to a \$2,800,000 payment which otherwise would have been payable to Executive if he remained employed through September, 2010 (the "**Lost Benefit**"). In order to induce Executive to commence employment with the Company prior to September, 2010, and provided Executive is not terminated for Cause and he does not voluntarily terminate his employment prior to such date, the Company will pay Executive \$2,800,000 (the "**Special Cash Payment**") with the last Company payroll in August, 2010. In the event that the Lost Benefit is less than \$2,800,000, or Executive recovers from his prior employer any portion of the Lost Benefit (the "**Recovery Amount**"), then the Executive will promptly inform the Company of the amount of the Recovery Amount and the Special Cash Payment shall be reduced by the Recovery Amount, or in the case where the Special Cash Payment has already been paid, Executive shall reimburse the Company within seven (7) business days the amount of the Recovery Amount. The parties agree that Executive has no obligation to take affirmative steps to seek payment of the Lost Benefit from his prior employer.

(c) **Annual Incentive.** Executive will be eligible to earn an annual cash incentive compensation with respect to each fiscal year of the Company (each, a "**Fiscal Year**") payable for the achievement of performance goals established by the Committee under the Company's annual incentive plan applicable to senior officers of the Company. During the Employment Term, Executive's target annual incentive shall be 100% of Base Salary ("**Target Annual Incentive**"), with a maximum annual incentive of 200% of Base Salary, subject to the terms of the annual incentive plan. The actual earned annual cash incentive ("**Annual Incentive**"), if any, payable to Executive will depend upon the extent to which the applicable performance goals specified by the Committee are achieved. For the 2010 Fiscal Year, the Executive's Annual Incentive shall not be less than 100% of Base Salary, multiplied by a fraction the numerator of which is the number of days in the Fiscal Year elapsed from the Commencement Date and the denominator is 365. Any Annual Incentive shall be paid to Executive no later than two and one-half months following the end of the Fiscal Year to which such Annual Incentive relates (the "**Incentive Payment Date**").

(d) **Equity.**

(i) **Special Hire Restricted Share Grant.** On the Commencement Date, Executive shall be granted that number of shares of restricted common stock of the Company equal to \$2,775,000 divided by the average of the closing prices of the common stock over the fourteen (14) days preceding the Commencement Date (the "**Restricted Shares**"). The Restricted Shares shall be granted pursuant to the Restricted Share Agreement in the form set forth on Exhibit A, and unless otherwise provided herein, shall vest in full on December 29, 2011, subject to Executive's continued service to the Company hereunder.

(ii) Special Hire Option Grant. On the Commencement Date Executive shall be granted an option to purchase that number of shares of the Company's common stock with a Black-Scholes value equal to \$2,400,000 (the "**Initial Option**"). The actual number of shares granted pursuant to this Initial Option shall be not less than 300,000 or more than 500,000 shares. The Initial Option shall be subject to the terms of the Company's standard form option agreement in the form set forth on Exhibit B, except that for purposes thereof "Cause" shall have the meaning set forth in Section 8(f) of this Agreement and any dispute over whether Executive has been terminated for Cause shall be resolved in accordance with Section 15 of this Agreement. Unless otherwise provided herein, the Initial Option shall vest and become exercisable with respect to one-fourth (1/4th) of the shares of Company common stock subject thereto on February 1, 2011 and on each anniversary of such date (each a "Vesting Date"), such that the Initial Option shall be fully vested and exercisable on February 1, 2014, in each case subject to Executive's continued service to the Company hereunder.

(iii) Long Term Incentive Program. Executive shall participate in the Company's long term incentive program ("**LTIP**") beginning in 2011 at the same time LTIP grants are made to other Company executives. Under the LTIP, Executive shall receive annual equity awards with a value equal to 200% of his Base Salary subject to the terms of the equity incentive plan pursuant to which the LTIP award is granted and the form award agreements applicable to senior officers of the Company from time to time.

(iv) Future Equity Grants. The Company shall consider making additional equity grants to the Executive for the 2013 and 2014 Fiscal Years based on Company performance, in addition to those that would normally be available to the Executive pursuant to Section 3(d)(iii).

4. Executive Benefits. During the Employment Term, Executive will be eligible to participate in all Company employee benefit plans, policies, and arrangements that are applicable to other senior executives of the Company, in accordance with the terms of such arrangements and as such plans, policies, and arrangements may exist from time to time.

5. Relocation and Temporary Living and Commuting Expenses. Executive agrees to relocate permanently to the Chicago area as soon as practical, with the intent to accomplish the relocation by September 1, 2010. The Company will reimburse Executive for (a) a reasonable number of house hunting trips for himself and his family from Florida to the Chicago area, (b) moving expenses from Florida to his new home in the Chicago area (including packing, transportation and unpacking services by a professional mover of the Executive's choosing), (c) reasonable temporary living expenses in the Chicago area, and (d) commuting expenses to and from his home in Florida from May 1, 2010 until September 1, 2010, or such later date as agreed by the Chairman of the Company. The reasonableness of expenses shall be determined by the Chairman of the Company.

6. Expenses. During the Employment Term, the Company will reimburse Executive for reasonable travel, entertainment, and other expenses incurred by Executive in the furtherance of the performance of Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time. The Company will also reimburse

Executive for his reasonable attorneys' fees incurred in connection with the preparation, negotiation and execution of this Agreement, up to a maximum of \$40,000.

7. Termination of Employment. In the event Executive's employment with the Company terminates for any reason, Executive will be entitled to any (a) unpaid Base Salary accrued up to the effective date of termination; (b) pay for accrued but unused vacation; (c) vested benefits or compensation as provided under the terms of any employee benefit and compensation agreements or plans applicable to Executive; and (d) unreimbursed business expenses required to be reimbursed to Executive (the "**Accrued Benefits**"). In addition, if the termination is by the Company without Cause, Executive will be entitled to the amounts and benefits specified in Section 8. Upon termination of employment, Executive will automatically resign from the Board.

8. Severance and Other Benefits.

(a) Termination Without Cause. If Executive's employment is terminated by the Company without Cause (as defined below), then subject to Section 9, Executive will receive the following which are collectively referred to as the "**Severance Benefits**":

(i) payment of an amount equal to eighteen months of Base Salary (less applicable tax withholdings), paid in substantially equal installments in accordance with the Company's normal payroll policies;

(ii) an amount equal to the Annual Incentive which Executive would have earned based on the Company's performance in the Fiscal Year of such termination, multiplied by a fraction the numerator of which is the number of days in the Fiscal Year elapsed through the effective date of termination (the "**Termination Date**") and the denominator is 365;

(iii) the Special Cash Payment less any Recovery Amount if such termination is prior to payment of the Special Cash Payment;

(iv) full vesting in the Restricted Shares, to the extent not already vested on his date of termination; and

(v) acceleration of vesting in an additional one-fourth (1/4) of the Initial Option to the extent not previously fully vested on such date of termination.

In the event the Company (A) does not give Executive the title of Chief Executive Officer before March 30, 2011 or continue to provide him with that title during the Employment Term or (B) reduces Executive's Base Salary in violation of this Agreement, then Executive after notice to the Company and the Company not remedying any such failure or breach, will be entitled to resign within one month of such event and it will be treated under this Agreement as a termination without Cause.

(b) Death and Disability. If Executive's employment is terminated by reason of death or upon qualification of Executive for long-term disability benefits under the Company's long-term disability plan prior to payment of the Special Cash Payment, then in

addition to all Accrued Benefits, and subject to Section 9, Executive will also be entitled to the Special Cash Payment, less any Recovery Amount.

(c) Payment of Severance Benefits. Subject to Section 10, the Severance Benefits under 8(a)(i)-(iii) shall be paid as follows:

(i) any amount payable under Section 8(a)(i) which is exempt from Section 409A of the Code shall commence on the first regularly scheduled payroll date following the Release Effective Date (as defined in Section 9(a));

(ii) any amount payable under Section 8(a)(i) which is not exempt from Section 409A of the Code shall commence on the first regularly scheduled payroll date following the sixty-ninth day following the Termination Date;

(iii) any amount payable under Section 8(a)(ii) which is exempt from Section 409A of the Code shall be paid on the later of the Incentive Payment Date or the first regularly scheduled payroll date following the Release Effective Date;

(iv) any amount payable under Section 8(a)(ii) which is not exempt from Section 409A of the Code shall be paid on the later of the Incentive Payment Date or the first regularly scheduled payroll date following the sixty-ninth day following the Termination Date; and

(v) the amount payable under Section 8(a)(iii) shall be paid on the first regularly scheduled payroll date following the Release Effective Date.

(d) Voluntary Termination or Termination for Cause. If Executive's employment is terminated voluntarily or is terminated for Cause by the Company, then, except for the Accrued Benefits all payments of compensation by the Company to Executive hereunder will terminate immediately.

(e) Sole Right to Severance. This Agreement is intended to represent Executive's sole entitlement to severance payments and benefits in connection with the termination of Executive's employment.

(f) Cause. For purposes of this Agreement, the Initial Option and the Restricted Shares, "Cause" shall mean termination of the Executive's employment by the company, determined in the sole discretion of the Board, due to (i) the commission by the Executive of an act of fraud or embezzlement, or the unauthorized, intentional or grossly negligent disclosure of confidential information which is injurious to the Company, (ii) a willful breach of any fiduciary duty owed to the Company or any term of this Agreement, (iii) indictment for a felony or any crime involving fraud, dishonesty or moral turpitude, (iv) intentional misconduct as an employee of the Company, including, but not limited to, knowing and intentional violation by the Executive of written policies of the Company or specific directions of the Board or superior officers of the Company, which policies or directives are neither illegal (or do not involve illegal conduct) nor do they require the Executive to violate reasonable business ethical standards, (v) the failure of the Executive after written notice from the Company, substantially to perform his duties in accordance with his position under this

Agreement (other than as a result of disability), which failure is not cured within 10 days of receipt of such notice, or (vi) Executive's engaging in willful misconduct which may reasonably result in injury to the reputation or business prospects of the Company; whether or not any such events are discovered or known by the Company at the time of the Executive's termination; provided that if any of the foregoing events is capable of being cured, then with respect to the first occurrence of such event the Company will provide written notice of Executive describing the nature of such event and Executive will thereafter have 10 business days to cure such event. For purposes of this Section 8(f) an act or failure to act shall be considered "willful" only if done or omitted to be done without the Executive's good faith reasonable belief that such act or failure to act was in the best interests of the Company.

9. Conditions to Receipt of Severance; No Duty to Mitigate

(a) Separation Agreement and Release of Claims. The receipt of Severance Benefits will be subject to Executive signing, not revoking and returning to the Company within sixty (60) days of Executive's termination of employment a general release of all claims against the Company and its affiliates in a form reasonably acceptable to the Company, with such release of claims being effective on the eighth day following its execution, provided that it is not revoked (the "**Release Effective Date**"). No Severance Benefits hereunder will be paid or provided until the release becomes effective.

(b) Confidential Information and Protective Covenants Agreement. As a condition to Executive's employment with the Company, Executive shall enter into the Company's standard form of employee confidential information and protective covenants agreement, but modified to provide that Executive's non-solicitation covenant shall be thirty-six months following termination and non-compete covenant shall be eighteen months following termination (the "**Confidential Information and Protective Covenants Agreement**"). During the Employment Term, Executive further agrees to execute any updated versions of the Confidential Information and Protective Covenants Agreement (any such updated version also referred to as the "**Confidential Information and Protective Covenants Agreement**") as may be required of substantially all of the Company's executive officers, but in no event shall the restricted period be longer than that set forth above. The receipt of Severance Benefits will be subject to Executive's continued compliance with the terms of the Confidential Information and Protective Covenants Agreement.

(c) No Duty to Mitigate. Executive will not be required to mitigate the amount of any Severance Benefits, nor will any earnings that Executive may receive from any other source reduce any such Severance Benefits.

10. Section 409A.

(a) Separation from Service. Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that constitutes "nonqualified deferred compensation" ("**Deferred Compensation**") within the meaning of Section 409A of the Code, and which is designated under this Agreement as payable upon Executive's termination of employment shall be payable only upon Executive's "separation from

service” with the Company within the meaning of Section 409A of the Code (a “**Separation from Service**”).

(b) Specified Executive. Notwithstanding any of the foregoing, if the Executive is deemed by the Company at the time of Executive’s Separation from Service by the Company to be a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the “**Code**”), to the extent delayed commencement of any portion of the Deferred Compensation to which Executive is entitled under this Agreement is required in order to avoid taxation to the Executive under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive’s Deferred Compensation shall not be provided to him prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive’s Separation from Service with the Company or (ii) the date of Executive’s death. Upon the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all deferred payments shall be paid to Executive in a lump sum on the first business day following, and any remaining payments due under the Agreement shall be paid as otherwise provided herein.

(c) Installments. Notwithstanding the foregoing or any other provisions of this Agreement, the Company and Executive agree that, for purposes of the limitations on nonqualified deferred compensation under Code Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of applying Code Section 409A.

(d) In-Kind Benefits and Expense Reimbursements. Notwithstanding anything to the contrary in this Agreement, in-kind benefits and reimbursements provided under this Agreement during any tax year of the Executive shall not affect in-kind benefits or reimbursements to be provided in any other tax year of the Executive and are not subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, reimbursement requests must be timely submitted by the Executive and, if timely submitted, reimbursement payments shall be made to the Executive as soon as administratively practicable following such submission, but in no event later than December 31st of the calendar year following the calendar year in which the expense was incurred. In no event shall the Executive be entitled to any reimbursement payments after December 31st of the calendar year following the calendar year in which the expense was incurred. This paragraph shall only apply to in-kind benefits and reimbursements that would result in taxable compensation income to the Executive.

11. Indemnification and Insurance. The Company will cover Executive under the Company’s insurance policies and, subject to applicable law, will be provided indemnification to the maximum extent permitted by the Company’s bylaws, and Certificate of Incorporation, with such insurance coverage and indemnification to be in accordance with the Company’s standard practices for senior executive officers but on terms no less favorable than provided to any other Company senior executive officer or director.

12. Assignment. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors, and legal representatives of Executive upon Executive’s death and (b) any successor of the Company. Any successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose,

“successor” means any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

13. Notices. All notices, requests, demands, and other communications called for hereunder will be in writing and will be deemed given (a) on the date of delivery if delivered personally, (b) one day after being sent by a well established commercial overnight service, (c) upon confirmation of receipt if sent by facsimile or electronically, or (d) four days after being mailed by first class mail and addressed to the parties or their successors at the following addresses, or at such other addresses as the parties may later designate in writing:

If to the Company:

Ulta Salon, Cosmetics & Fragrance, Inc.
Attn: General Counsel
1000 Remington Boulevard
Suite 120
Bolingbrook, IL 60440

With a copy to:

Latham & Watkins LLP
233 South Wacker Drive, Suite 5800
Chicago, Illinois 60606
Fax: (312) 993-9767
Attention: Robin Struve

If to Executive:

at the last residential address known by the Company as provided by Executive in writing.

With a copy to:

Seyfarth Shaw LLP
131 S. Dearborn Street, Suite 2400
Chicago, Illinois 60603
Fax: (312) 460-7965
Attention: Gerald Maatman

14. Severability. If any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, this Agreement will continue in full force and effect without said provision.

15. Arbitration.

(a) General. In consideration of Executive’s service to the Company, its promise to arbitrate all employment related disputes, and Executive’s receipt of the

compensation and other benefits paid to Executive by the Company, at present and in the future, Executive agrees that any and all controversies, claims, or disputes with anyone (including the Company and any employee, officer, director, shareholder, or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from Executive's service to the Company under this Agreement or otherwise or the termination of Executive's service with the Company, including any breach of this Agreement, will be subject to binding arbitration under the Illinois Uniform Arbitration Act, 710 ILCS 5/1 et seq. (the "**Rules**"), and pursuant to Illinois law. Disputes which Executive agrees to arbitrate, and thereby agrees to waive any right to a trial by jury, include any statutory claims under state or federal law, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, the Older Workers Benefit Protection Act, the Illinois Human Rights Act, and Chicago Human Rights Ordinance, claims of harassment, discrimination, or wrongful termination, and any statutory claims. Executive further understands that this Agreement to arbitrate also applies to any disputes that the Company may have with Executive.

(b) **Procedure.** Executive agrees that any arbitration will be administered by the American Arbitration Association ("**AAA**") and that a neutral arbitrator will be selected in a manner consistent with its National Rules for the Resolution of Employment Disputes. The arbitration proceedings will be held in Chicago, Illinois and will allow for discovery according to the rules set forth in the National Rules for the Resolution of Employment Disputes or Illinois Code of Civil Procedure. Executive agrees that the arbitrator will have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. Executive agrees that the arbitrator will issue a written decision on the merits. Executive understands the Company will pay for any administrative or hearing fees charged by the arbitrator or AAA except that Executive will pay the filing fees associated with any arbitration Executive initiates. Executive agrees that the arbitrator will administer and conduct any arbitration in a manner consistent with the Rules and that to the extent that the AAA's National Rules for the Resolution of Employment Disputes conflict with the Rules, the Rules will take precedence.

(c) **Remedy.** Except as provided by the Rules and the Federal Arbitration Act, arbitration will be the sole, exclusive, and final remedy for any dispute between Executive and the Company under this Agreement. Accordingly, except as provided for by the Rules and the Federal Arbitration Act, neither Executive nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration under this Agreement. Notwithstanding, the arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator will not order or require the Company to adopt a policy not otherwise required by law which the Company has not adopted. Nothing contained in this Agreement shall interfere with the Company's rights to enforce the Confidential Information & Protective Covenants Agreement in accordance with its terms.

(d) **Availability of Injunctive Relief.** In addition to the right under the Rules and the Federal Arbitration Act to petition the court for provisional relief, Executive agrees that any party also may petition the court for injunctive relief where either party alleges or claims a violation of this Agreement or the Confidential Information and Protective Covenants

Agreement or any other agreement regarding trade secrets, confidential information, nonsolicitation or Illinois Code Chapter 820.

(e) Administrative Relief. Executive understands that this Agreement does not prohibit Executive from pursuing an administrative claim with a local, state, or federal administrative body such as the Illinois Department of Labor, the Equal Employment Opportunity Commission, or the workers' compensation board. This Agreement does, however, preclude Executive from pursuing court action regarding any such claim.

(f) Voluntary Nature of Agreement. Executive acknowledges and agrees that Executive is executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. Executive further acknowledges and agrees that Executive has carefully read this Agreement and that Executive has asked any questions needed for Executive to understand the terms, consequences, and binding effect of this Agreement, including that Executive is waiving Executive's right to a jury trial. Finally, Executive agrees that Executive has been provided an opportunity to seek the advice of an attorney of Executive's choice before signing this Agreement.

16. Integration. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement will be binding unless in a writing that specifically references this Section and is signed by duly authorized representatives of the parties hereto.

17. Waiver of Breach. The waiver of a breach of any term or provision of this Agreement, which must be in writing, will not operate as or be construed to be a waiver of any other previous or subsequent breach of this Agreement.

18. Survival. The Confidential Information and Protective Covenants Agreement, the Company's and Executive's responsibilities under Sections 7, 8, 9, 11, 12, 14 and 15 will survive the termination of this Agreement.

19. Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

20. Tax Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.

21. Governing Law. This Agreement will be governed by the laws of the State of Illinois (with the exception of its conflict of laws provisions).

22. Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from Executive's private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

23. Counterparts. This Agreement may be executed in counterparts, and each counterpart will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

[signature page to follow]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by a duly authorized officer, as of the day and year written below.

COMPANY:

Date: 04/12/2010

ULTA SALON, COSMETICS & FRAGRANCE, INC.

By: /s/ Dennis K. Eck

Title: Non-Executive Chairman of the Board

EXECUTIVE:

Date: 04/14/2010

/s/ Carl Rubin

[SIGNATURE PAGE TO CARL RUBIN EMPLOYMENT AGREEMENT]

**ULTA SALON, COSMETICS & FRAGRANCE, INC.
2007 INCENTIVE AWARD PLAN**

RESTRICTED STOCK AWARD AGREEMENT

Ulta Salon, Cosmetics & Fragrance, Inc. (the “**Company**”) pursuant to the Ulta Salon, Cosmetics & Fragrance, Inc. 2007 Incentive Award Plan (the “**Plan**”) hereby grants ___ shares of its common, par value \$0.01 per share (the “**Restricted Stock**”), to Carl Rubin (the “**Participant**”) subject to the restrictions on transfer and forfeiture and other limitations set forth in this Restricted Stock Award Agreement (the “**Agreement**”) and the Plan on this 10th day of May, 2010. Unless otherwise defined herein, capitalized terms shall have the same meanings as set forth in the Plan.

1. **Vesting Schedule.** The Restricted Stock is subject to the restrictions on transfer set forth in Section 2 and may be forfeited as provided in Section 3, until vested. The Participant shall vest in the Restricted Stock on the earlier of:

(a) December 29, 2011; or

(b) The date the Participant’s employment is terminated by the Company without Cause (as defined in the Employment Agreement dated April 12, 2010 by and between the Company and the Participant (the “**Employment Agreement**”); provided, that Participant complies with the requirements of Section 9 of the Employment Agreement. Notwithstanding any provision of the Plan, any dispute over whether the Participant has been terminated for Cause shall be resolved in accordance with Section 15 of the Employment Agreement.

2. **Limits on Transfer.** The Participant may not sell, pledge, transfer, subject to lien, assign or otherwise hypothecate the Restricted Shares unless and until the Restricted Shares have vested, and all other terms and conditions set forth in this Agreement and the Plan have been satisfied. Any attempt to do so contrary to the provisions of this Agreement shall be null and void.

3. **Forfeiture.** Unless otherwise provided in this Agreement, until vested the Restricted Stock shall be subject to forfeiture upon the termination of Participant’s employment with the Company.

4. **Legend.** Certificates representing the Restricted Stock issued pursuant to this Agreement shall, until all applicable restrictions imposed pursuant to this Agreement lapse or shall have been removed and the Restricted Stock shall thereby have become vested or forfeited hereunder, bear the following legend:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN VESTING REQUIREMENTS AND MAY BE SUBJECT TO FORFEITURE UNDER THE TERMS OF A RESTRICTED STOCK AWARD AGREEMENT, BY AND BETWEEN ULTA SALON, COSMETICS & FRAGRANCE, INC. AND THE REGISTERED OWNER OF SUCH SHARES,

AND SUCH SHARES MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED, TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNDER ANY CIRCUMSTANCES, EXCEPT PURSUANT TO THE PROVISIONS OF SUCH AGREEMENT.”

5. **Delivery of Restricted Stock.** Notwithstanding, unless otherwise determined by the Committee or required by any applicable law, rule or regulation, the Company shall not deliver to the Participant certificates evidencing shares of Stock issued in connection with the Restricted Stock until vested and instead such shares shall be deposited in a restricted stock account for the Participant at the Company’s transfer agent. The Company reserves the right at its sole discretion to change the financial institution in which the shares are deposited. The certificate representing the Restricted Stock will not be delivered to the Participant unless and until the shares have vested pursuant to the terms of the Plan and this Agreement and all other terms and conditions in this Agreement and under the Plan have been satisfied. The Company may deliver the Restricted Stock, once vested and all other terms and conditions of this Agreement have been satisfied, by electronic delivery of the shares into a brokerage account designated by the Participant, and shall not be required to deliver actual physical shares certificates.

6. **Withholding.** The Company has the authority to deduct or withhold, or require Participant to remit to the Company, an amount sufficient to satisfy applicable federal, state, local and foreign taxes arising from the Restricted Stock. Participant may satisfy his tax obligation, in whole or in part: (a) with the consent of the Company by having the Company withhold shares otherwise to be delivered with a Fair Market Value equal to the minimum amount of the tax withholding obligation; or (b) by payment in cash or check. No shares of Restricted Stock will be delivered to the Participant as provided in Section 5, unless and until all tax withholding obligations have been satisfied.

7. **Rights as Stockholder.** Participant is entitled to all dividends paid with respect to the Restricted Stock. Participant is entitled to vote all shares of the Restricted Stock.

8. **Employment.** This Agreement does not constitute a contract of employment, and does not confer on the Participant the right to be retained in the employ of the Company or any Subsidiary.

9. **No Additional Rights.** Participation in the Plan is voluntary. The value of the Restricted Stock is an extraordinary item that is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pensions or retirement benefits or similar payments unless specifically and otherwise provided in such plans. Rather, the awarding of the Restricted Stock under the Plan represents a mere investment.

10. **Limitations on Plan Rights.** The Restricted Stock is granted under and governed by the terms and conditions of the Plan. By acceptance of the Restricted Stock, Participant acknowledges and agrees that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant

of the Restricted Stock under the Plan is a one-time benefit and does not create any contractual or other rights to receive a grant of restricted stock or benefits in lieu of restricted stock in the future. Future grants of restricted stock, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of the grant, the number of restricted shares, and vesting provisions. The Plan has been introduced voluntarily by the Company and it accordance with the provisions of the Plan may be terminated by the Company at any time. By acceptance of the Restricted Stock, Participant consents to the provisions of the Plan and this Agreement.

COMPANY:

ULTA SALON, COSMETICS & FRAGRANCE, INC., a Delaware corporation

By: _____

Name: Joseph C. Addante

Title: Vice President of Finance

ULTA SALON, COSMETICS & FRAGRANCE, INC.
2007 INCENTIVE AWARD PLAN
OPTION AGREEMENT — CERTIFICATE

The following evidences a grant of an option (the “**Option**”) to purchase shares of common stock of Ulta Salon, Cosmetics & Fragrance, Inc. (the “**Company**”) pursuant to the Ulta Salon, Cosmetics & Fragrance, Inc. 2007 Incentive Award Plan (the “**Plan**”) to the following individual and upon the following terms:

Optionee: Carl Rubin

Name:

Address:

Location-

Grant Date: May 10, 2010

Exercise Price Per Share:

Total Number of Shares Granted:

Type of Option:

☐ Incentive Stock Option

☐ Non Qualified Stock Option

If designated as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; provided, however, that to the extent that it does not so qualify that portion which does not so qualify shall be treated as a Non-Qualified Stock Option.

Unless otherwise defined herein, capitalized terms shall have the same meanings as set forth in the Plan.

1. **Vesting Schedule**. The Option shall vest and become exercisable based on Optionee’s continued service as an employee, director or consultant to the Company (“Service Provider”) on the following dates and according to the following schedule:

<u>Period Elapsed</u>	<u>ISO</u>	<u>Vested Options NQ</u>	<u>Total</u>
_____	_____	_____	_____

Notwithstanding the foregoing, (i) if Optionee's employment is terminated without Cause prior to becoming fully vested in the Option, then upon such termination of employment Optionee will be vested in an additional one-fourth (1/4) of the Option, (ii) the Option will be fully vested and exercisable if (A) Optionee ceases to be a Service Provider for reasons of death or Disability or (B) Optionee's employment is terminated without Cause within twelve (12) months following a Change in Control. If Optionee ceases to be a Service Provider for reasons of Cause, then the Option will be forfeited, whether or not previously vested, and all rights Optionee may have to exercise the Option shall immediately terminate. For this purpose "Cause" shall have the meaning set forth in the Employment Agreement dated April 12, 2010 by and between the Company and the Optionee.

2. **Option Period.** The Option shall be valid for a term commencing on the Grant Date and will expire the earliest of: (i) ten (10) years from the Grant Date; (ii) the date three (3) months after the Optionee ceases to be a Service Provider for any reason other than death, or Disability; (iii) the date twelve (12) months after the Optionee ceases to be a Service Provider by reason of death, or Disability or (iv) the date Optionee ceases to be a Service Provider for reasons of Cause.

3. **Exercise.** The Option may be exercised at any time during its term to the extent vested. If Optionee ceases to be a Service Provider any unvested portion of the Option will terminate and will no longer be exercisable. The Option may not be exercised for fractional shares. In order to exercise the Option, Optionee shall be required to execute such forms and provide such notice as the Company may require from time to time. The Option will not be deemed exercised until the Exercise Price for each share, plus any required tax withholding is delivered to the Company. The Exercise Price may be paid pursuant to any method allowable under the Plan.

4. **Non-Compete, Non-Solicitation and Confidential Information.** The grant of this Option is subject to the Optionee's either consenting to or having already consented to and abiding by the terms of the attached Confidential Information & Restrictive Covenants Agreement.

5. **Withholding.** The Company has the authority to deduct or withhold, or require Optionee to remit to the Company, an amount sufficient to satisfy applicable federal, state, local and foreign taxes arising from this Option. Optionee may satisfy his or her tax obligation, in whole or in part : (i) with the consent of the Company, by having the Company withhold shares otherwise to be delivered with a fair market value equal to the minimum amount of the tax withholding obligation; (ii) with the consent of the Company, by having the Optionee surrender to the Company previously owned Common Stock with a fair market value equal to the minimum amount of the tax withholding obligation; (iii) by payment in cash or check; or (iv) with the consent of the Company, by delivery of a notice that the Optionee has placed a market sell order with a broker with respect to shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the withholding amount; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale.

6. **No Additional Rights.** Participation in the Plan is voluntary. The value of the option is an extraordinary item of compensation outside the scope of Optionee's employment contract, if any. As such, the option is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pensions or retirement benefits or similar payments unless specifically and otherwise provided in such plans. Rather, the awarding of an option under the Plan represents a mere investment opportunity.

7. **Not Transferable.** This Option is not transferable except by will or the laws of descent and distribution.

8. **Limitations on Plan Rights.** This Option is granted under and governed by the terms and conditions of the Plan. By acceptance of this Option Optionee acknowledges and agrees that the Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of an option under the Plan is a one-time benefit and does not create any contractual or other right to receive a grant of options or benefits in lieu of options in the future. Future grants of options, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of the grant, the number of stock options, vesting provisions, and the exercise price. The Plan has been introduced voluntarily by the Company and in accordance with the provisions of the Plan may be terminated by the Company at any time. By acceptance of this Option, Optionee consents to the provisions of the Plan and this Agreement. Defined terms used herein shall have the meaning set forth in the Plan, unless otherwise defined herein.

COMPANY:

ULTA SALON, COSMETICS & FRAGRANCE, INC., a Delaware corporation

By: _____
Name: Joseph C. Addante
Title: Vice President of Finance



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ULTA APPOINTS CHUCK RUBIN AS PRESIDENT AND CHIEF OPERATING OFFICER

Bolingbrook, IL — April 26, 2010 — Ulta Salon, Cosmetics & Fragrance, Inc. [NASDAQ:ULTA], today announced that Chuck Rubin will join the Company as President and Chief Operating Officer and as a member of our Board of Directors effective May 10, 2010. Mr. Rubin joins Ulta from Office Depot where he served as President North American Retail. Following a transition period of up to four months, Mr. Rubin will become Chief Executive Officer. Lyn Kirby will continue as Chief Executive Officer through the transition period and thereafter will provide guidance and counsel as a member of the Company's Board of Directors through March 17, 2011.

Mr. Rubin comes to Ulta with 30 years of retail experience. He joined Office Depot in 2004, as Executive Vice President and Chief Merchandise and Marketing Officer rising to President North American Retail in 2006. Prior to joining Office Depot, Mr. Rubin spent six years at Accenture Consulting in senior leadership roles including Partner. At Accenture, he advised clients and led engagements across retail formats and ecommerce businesses. Rubin has extensive experience building partnerships with key brands ranging from mass market to prestige in both the specialty and department store channels. Mr. Rubin is a member of the Executive Committee of the Board of Directors for the National Retail Federation and holds a B.A. degree from Brandeis University.

Lyn Kirby, Chief Executive Officer, Ulta commented: "We are delighted to attract Chuck to Ulta as President and Chief Operating Officer. Chuck's extensive retail background and knowledge of retailing will be highly valuable to us as the Company continues to execute its proven strategy and maintain its successful track record of growth. Chuck is joining us at an opportune time with this established platform for future growth. One of my key priorities is to

ensure a smooth transition in leadership and continue our strong performance. I am looking forward to providing insight and perspective to Chuck as well as assisting Ulta to reach its goals and objectives, as a member of our Board of Directors.”

“We are pleased with our start to fiscal 2010, as we expect to deliver a first quarter comparable store sales increase of approximately 10.5% while continuing to maintain our merchandise margin and operating expense disciplines,” Ms Kirby continued. “With this strong start, we believe we are well positioned to deliver another great performance this year.”

Dennis Eck, Ulta’s Non-Executive Chairman, stated: “We are pleased to attract Chuck to Ulta given his strong leadership skills, retail experience and fit with Ulta’s corporate culture.”

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 348 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. 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.