

**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): March 12, 2013

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))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(c) On March 12, 2013, Ulta Salon, Cosmetics & Fragrance, Inc. (the “Company”) announced the permanent appointment of Scott M. Settersten as Chief Financial Officer and Assistant Secretary of the Company, effective immediately. As disclosed in Item 5.02 of the Current Report on Form 8-K filed on October 18, 2012, Mr. Settersten was previously appointed Acting Chief Financial Officer and Assistant Secretary of the Company. In connection with such permanent appointment, Mr. Settersten’s compensation was adjusted as follows:

- His annual base salary has increased to \$400,000, subject to future adjustments.
- His target annual incentive was increased to 50% of his base salary.

A copy of the press release is filed as Exhibit 99.1 to this report. Mr. Settersten, age 52, joined the Company in January 2005 as a Director of Financial Reporting and has served as Vice President of Accounting since 2010. In his role as Vice President of Accounting, Mr. Settersten was responsible for accounting, tax, external reporting and investor relations and worked closely with the Company’s Audit Committee and Board of Directors. Prior to joining the Company, Mr. Settersten spent 15 years with PricewaterhouseCoopers LLP as a certified public accountant serving in various senior manager roles in the assurance and risk management practices. Mr. Settersten earned a Master of Science in Accountancy degree from DePaul University in Chicago and an undergraduate degree from the University of Wisconsin-Stout. Mr. Settersten does not have any family relationships with any of the Company’s directors or executive officers and is not a party to any transactions listed in Item 404(a) of Regulation S-K.

(e) On March 12, 2013, the Company’s Board of Directors approved entering into a retention and severance agreement with each of Scott M. Settersten and Robert S. Guttman, the Company’s Senior Vice President, General Counsel and Secretary, which provides for the following:

- a grant of restricted stock units with a value equal to his base salary, which shall cliff vest on March 12, 2016, provided that he remains employed with the Company on such date (the “Retention Grant”); and
- severance equal to 18 months base salary, full vesting of his Retention Grant, and continued health benefits if his employment is terminated without cause or he terminates for good reason prior to the earlier of March 12, 2015 or the 18 month anniversary of the start date of a permanent Chief Executive Officer of the Company.

All equity grants will be made on the third business day following the release of the Company’s 2012 fiscal year fourth quarter earnings results.

The foregoing description of the retention and severance agreement is qualified in its entirety by reference to its terms, a form of which is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

<i>Exhibit</i> <u>No.</u>	<u>Description</u>
10.1	Form of Retention and Severance Agreement
99.1	Press release issued by Ulta Salon, Cosmetics & Fragrance, Inc. on March 12, 2013

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: March 12, 2013

By: /s/ Robert S. Guttman

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

EXHIBIT INDEX

Exhibit

No.

Description

10.1

Form of Retention and Severance Agreement

99.1

Press release issued by Ulta Salon, Cosmetics & Fragrance, Inc. on March 12, 2013

Ulta Salon, Cosmetics & Fragrance, Inc.

[Date]

[Insert Name and Address of Employee]

Dear _____:

As you know the Board of Directors of Ulta Salon, Cosmetics & Fragrance, Inc. ("Ulta") is currently searching for a permanent replacement CEO. We understand that this transition to a new CEO creates a period of uncertainty for you, which we would like to help alleviate by offering to provide you with the following retention incentives:

- A restricted stock unit grant with a value equal to your base salary, which will cliff vest on March 12, 2016, provided that you are employed by Ulta and its subsidiaries (collectively "Ulta Beauty") on such date, except as provided below (the "Retention Grant"). The restricted stock unit grant will be granted during the next open trading window in accordance with Ulta's equity grant policy. The number of shares subject to the restricted stock unit grant will be determined by dividing your base salary by the closing share price for Ulta's stock on the grant date.
- Severance benefits as described below should your employment with Ulta Beauty be terminated without cause or should you terminate for "good reason" before the earlier of (i) the eighteen (18) month anniversary of the start date of the new permanent CEO or (ii) March 12, 2015 (the "Protection Period").

Specifically, the severance benefits in the event your employment with Ulta Beauty is terminated without cause, or you terminate for good reason during the Protection Period, will be as follows:

- 78 weeks of pay at your weekly base salary rate, minus applicable federal and state withholding, to be paid in accordance with Ulta Beauty's usual payroll practice commencing on the next bi-weekly pay date after your separation or eight (8) days after you sign and do not revoke the release discussed below, whichever occurs later;
- if you elect to continue your group health benefits under COBRA, then for up to 18 months of such COBRA coverage Ulta Beauty will pay the full COBRA rate to maintain the same coverage levels as you had as an employee at the time of your termination. If you cease to be eligible for COBRA, Ulta Beauty's obligations to pay the COBRA rate will cease; and
- you will be fully vested in the Retention Grant.

Your right to these severance benefits, however, is subject to your signing and not revoking an effective general release of claims against Ulta Beauty within sixty (60) days of your termination. If you do not sign or you revoke the release you will forfeit your right to these severance benefits. You also will not be entitled to any of the severance benefits if you

voluntarily leave Ulta Beauty without good reason, or you are terminated for cause. Of course, in addition to the severance you will be entitled to any accrued but unpaid salary, unused vacation or sick days and all reimbursements then owed to you by Ulta Beauty.

For purposes of this agreement, "cause" means termination of your employment by Ulta Beauty due to your: (i) commission of a felony; (ii) dishonesty or misrepresentation involving Ulta Beauty; (iii) serious misconduct in the performance or non-performance of your responsibilities to Ulta Beauty (e.g., gross negligence, willful misconduct, gross insubordination or unethical conduct) or (iv) violation of any material condition of employment with Ulta Beauty. For purposes of this agreement "good reason" means your termination of employment with Ulta Beauty after (a) a material reduction in your authority, duties or responsibilities and (b) a material reduction in your total compensation opportunity (sum of base salary, target bonus and grant date fair value of annual target equity grants), but only if you have provided Ulta Beauty with written notice of such intent to terminate for cause within 30 days after such reductions, and Ulta Beauty does not cure within 30 days following receipt of such notice. Whether or not your employment has been terminated for cause or may be terminated for good reason shall be determined in the sole discretion of the Board of Directors of Ulta, after providing you with an opportunity to be heard by the Board.

Notwithstanding the foregoing, if you are a "specified employee" as defined in Section 409A(a)(3)(B)(i) of the Internal Revenue Code, any of the severance benefits that constitute nonqualified deferred compensation within the meaning of Section 409A will be delayed to the date that is 6 months and one day after your termination of employment. The determination of whether, and the extent to which, any of the payments to be made to you hereunder are nonqualified deferred compensation shall be made after the application of all applicable exclusions under Treasury Reg. § 1.409A-1(b)(9).

This letter does not confer upon you any right to continue in the employment of Ulta Beauty for any period or interfere with or otherwise restrict in any way the rights of Ulta Beauty, or you to terminate your employment at any time for any reason whatsoever, with or without cause.

This agreement supersedes any other agreement, arrangement or plan of Ulta Beauty which provides for severance to be paid upon termination of employment. You will not be entitled to receive severance under both the terms of this agreement and any other plan, agreement or arrangement with Ulta Beauty if you are terminated without cause during the Protection Period.

Please indicate your acceptance of the provisions of this severance and retention agreement by signing the enclosed copy of this letter agreement and returning it to my attention.

Very truly yours,

Dennis K. Eck
Interim Chief Executive Officer

Agreed and Accepted:

[Name]

Date



Company Contacts:
Scott Settersten
Chief Financial Officer
(630) 410-4807

Laurel Lefebvre
Vice President, Investor Relations
(630) 410-5230

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DKC
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ULTA BEAUTY APPOINTS SCOTT SETTERSTEN CHIEF FINANCIAL OFFICER

Bolingbrook, Ill.—March 12, 2013—Ulta Beauty (NASDAQ: ULTA) (the “Company”) today announced the appointment of Scott Settersten as Chief Financial Officer and Assistant Secretary, effective immediately. Mr. Settersten will report to Dennis Eck, Interim Chief Executive Officer.

Mr. Settersten has been Acting Chief Financial Officer and Assistant Secretary since October 2012. He previously served as Vice President of Accounting since 2010 and was responsible for accounting, tax and external reporting. In that role, he also oversaw investor relations and worked closely with the Audit Committee and Board of Directors. He joined Ulta Beauty in January 2005 as Director of Financial Reporting.

Prior to joining Ulta Beauty, Mr. Settersten spent 15 years with PricewaterhouseCoopers LLP as a certified public accountant serving in various senior manager roles in the assurance and risk management practices. Mr. Settersten earned his Masters of Science in Accountancy from DePaul University in Chicago and an undergraduate degree from the University of Wisconsin Stout.

“The Board and I are delighted to appoint Scott to this position which is so crucial to Ulta Beauty’s future success,” Mr. Eck said. “During his eight years with Ulta Beauty, Scott has demonstrated excellent leadership and management capabilities. Scott is highly respected by the Board and the Ulta Beauty leadership team, and has done a terrific job stepping up to lead the finance organization since taking on the CFO role last fall. Scott will be a valuable partner to me and to the next CEO of Ulta Beauty.”

“I am honored to serve as Chief Financial Officer of Ulta Beauty,” said Settersten. “I look forward to continuing to work closely with the board and the leadership team to successfully execute our long term growth strategy.”

About Ulta Beauty

Ulta Beauty is the largest beauty retailer that provides one-stop shopping for prestige, mass and salon products and salon services in the United States. Ulta Beauty provides affordable indulgence to its customers by combining unmatched product breadth, value and convenience with the distinctive environment and experience of a specialty retailer. Ulta Beauty offers a unique combination of over 20,000 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 Beauty also offers a full-service salon in all of its stores. As of February 2, 2013, Ulta operates 550 retail stores across 45 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, 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 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; our ability to attract and retain key executive personnel; and other risk factors detailed in our public filings with the Securities and Exchange Commission (SEC), including risk factors contained in our Annual Report on Form 10-K for the fiscal year ended January 28, 2012. 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.