

Director Share Ownership Guidelines Ulta Salon, Cosmetics & Fragrance, Inc.

1) Purpose

In a continuing effort to illustrate the alignment of the interests of management with our shareholders, Ulta Salon Cosmetics & Fragrance, Inc. (the “Company”) has adopted the following Share Ownership Guidelines (the “Guidelines”) for its Board of Directors (“Directors”).

2) Application

The guidelines shall apply to all non-executive Directors.

3) Ownership Guidelines

a) The Company requires that all non-executive Directors hold shares of the Company’s common stock (the “Stock”), Restricted Stock, Restricted Stock Units (“RSUs”), Stock Options (“Options”) or Stock Appreciation Rights (“SARs”), with a value equal to 5X the annual cash retainer paid to non-executive Directors.

b) Each Director has the goal of meeting the Guidelines by the fifth anniversary of the date the guideline became effective for that Director.

c) A Director will be deemed to be in compliance with the Guidelines if the value of Qualifying Stock (as defined below) held by such Director on any date during the relevant year equals or exceeds the applicable multiple of the current cash retainer. For this purpose, qualifying Stock shall include 1) shares of Common Stock held by the Director in a brokerage account, or for the Director’s benefit in trust, or through a tax qualified retirement plan, 2) Restricted Shares or RSUs, and 3) the gain in value (i.e., “in-the-money value”) of vested and unvested stock options and SARs held by the Director.

e) After meeting the ownership Guidelines, any subsequent decreases in the market value of Qualifying Stock shall not be considered, as long as the Director holds at least the same number of shares of Qualifying Stock as they did when they met or exceeded the Guidelines.

4) Administration

The Compensation Committee of the Board of Directors (the “Committee”) has the authority to review each Director’s progress towards compliance with the Guidelines at least annually. Using the agreed upon model, if a Director in good faith does not appear to be making sufficient progress towards meeting the Guidelines, the Committee may impose restrictions on future grants to that Director as the Committee determines to be necessary or appropriate. The Committee may use discretion and permit exceptions to the Guidelines from time to time given facts and circumstances including such factors as a Director’s election date, hardship or personal circumstances. The Committee shall have full authority to amend and apply the Guidelines in its sole discretion.