

**Management Share Ownership Guidelines**  
**Ulta Salon, Cosmetics & Fragrance, Inc.**

1) Purpose

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

2) Application

The guidelines shall apply to the Chief Executive Officer (“CEO”), and each other Senior Officer of the Company as identified below.

3) Ownership Guidelines

a) The Company requires that certain Senior Officers 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 the following amounts:

<b>Senior Officer</b>	<b>Required Amount</b>
CEO	6X base salary
NEO	3X base salary
SVP	2X base salary

For this purpose, the relevant base salary will be the Senior Officer’s current base salary as a Senior Officer (his/her “Current Salary”).

b) Each Senior Officer has the goal of meeting the Guidelines by the fifth anniversary of the date the guideline became effective or as of the fifth anniversary of the Senior Officer’s first designation as a Senior Officer.

c) A Senior Officer will be deemed to be in compliance with the Guidelines if the value of Qualifying Stock (as defined below) held by such Senior Officer on any date during the relevant year equals or exceeds the applicable multiple of his/her base salary. For this purpose, qualifying Stock shall include 1) shares of Common Stock held by the Senior Officer in a brokerage account, or for the Senior Officer’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 Senior Officer. Each Senior Officer will provide an annual attestation of the shares of Common Stock held in a brokerage account, or for the Senior Officer’s benefit in trust, or through a tax qualified retirement plan.

d) A Senior Officer who has attained his/her level of ownership under the Guidelines and receives a subsequent promotion will be expected to reach the new level of ownership under the Guidelines within five years from the change of level.

e) After meeting the ownership Guidelines, any subsequent decreases in the market value of Qualifying Stock shall not be considered, as long as the Senior Officer remains at the same

salary and/or title level and 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 Senior Officer’s progress towards compliance with the Guidelines at least annually. Using the agreed upon model, if a Senior Officer 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 Senior Officer 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 Senior Officer’s hire date, hardship or personal circumstances. The Committee shall have full authority to amend and apply the Guidelines in its sole discretion.