

ULTA SALON, COSMETICS & FRAGRANCE, INC. COMPENSATION COMMITTEE CHARTER

This Compensation Committee Charter was adopted by the Board of Directors (the “Board”) of Ulta Salon, Cosmetics & Fragrance, Inc. (the “Company”) on November 11, 2008, replacing the Compensation Committee Charter previously adopted by the Board on May 15, 2007.

I. Purpose

The purpose of the Compensation Committee (the “Committee”) of the Board is to discharge the Board’s responsibilities relating to (a) the establishment and maintenance of compensation and benefit policies designed to attract, motivate and retain personnel with the requisite skills and abilities to enable the Company to achieve superior operating results; (b) the compensation of the Company’s executives and non-management directors; and (c) the issuance of an annual report on executive and chief executive officer compensation for inclusion in the Company’s annual proxy statement or Form 10-K, as applicable.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s by-laws (as in effect from time to time) and applicable law. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers delegated to it.

II. Membership

The Committee shall be comprised of three or more directors, each of whom, in the determination of the Board (a) shall be a “nonemployee director” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 (the “Act”); (b) qualifies as an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”); (c) satisfies the independence requirements of the NASDAQ; and (d) has experience, in the business judgment of the Board, that would be helpful in addressing the matters delegated to the Committee.

The members of the Committee, including the Chair of the Committee, shall be appointed by the Board on the recommendation of the Nominating and Governance Committee. Committee members may be removed from the Committee, with or without cause, by the Board upon recommendation of the Nominating and Governance Committee. The Board may designate one or more directors as alternate members of the Committee, who may replace any absent or disqualified member at any meeting of the Committee. If a member of the Committee

and such member's alternate, if alternates are designated by the Board, are absent or disqualified, the member or members of the Committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member, so long as such replacement member of the Committee satisfies the requirements for membership provided herein.

III. Meetings and Procedures

Meetings of the Committee may be called by the Chair of the Committee upon notice given at least twenty-four hours prior to the meeting, or upon such shorter notice as shall be approved by the Committee. The Chair of the Committee (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Chairman of the Committee shall designate a secretary for each meeting who shall record minutes of all formal actions of the Committee. A majority of the Committee members, present in person or by phone, shall constitute a quorum. A majority of the members present shall decide any questions brought before the Committee, except to the extent otherwise required by the Company's certificate of incorporation or bylaws (each as in effect from time to time). The Committee shall have the authority to fix its own rules of procedure and shall hold its meetings as provided by such rules and so long as such rules are not inconsistent with any provisions of the Company's by-laws that are applicable to the Committee. Meetings of the Committee may be held by conference call. Unless otherwise restricted by the Company's by-laws or certificate of incorporation, any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting if all members of the Committee consent thereto in writing, and the writing or writings are filed with the minutes of the Committee.

The Committee should meet as often as it determines advisable to fulfill the Committee's duties and responsibilities, but at least once per fiscal quarter and more frequently as the Committee deems necessary or desirable.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee may, at its discretion, include in its meetings members of the Company's management, or any other person whose presence the Committee believes to be desirable and appropriate. Notwithstanding the foregoing, the Chief Executive Officer ("CEO") may not be present during voting or deliberations concerning her or his compensation.

The Committee may retain any independent counsel, compensation and benefits consultants and other outside consultants, experts or advisors that the Committee believes to be desirable and appropriate. The Committee may also use the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall keep regular minutes of any meetings where actions are taken (unless such actions are taken and reported to the Committee's satisfaction in the minutes of the Board meetings). Any such minutes kept by the Committee shall be distributed to each member of the Committee and other members of the Board. The Secretary of the Company shall maintain the original signed minutes for filing with the corporate records of the Company. The Chair shall report to the Board regarding the activities of the Committee at appropriate times and as otherwise requested by the Chairman of the Board.

IV. Duties and Responsibilities

1. The Committee shall, at least annually, review the compensation philosophy of the Company.

2. The Committee shall review the competitiveness of the Company's executive compensation programs to ensure (a) the attraction and retention of corporate officers; (b) the motivation of corporate officers to achieve the Company's business objectives; and (c) the alignment of the interests of key leadership with the long-term interests of the Company's stockholders.

3. The Committee shall review trends in management compensation, oversee the development of new compensation plans, and, when necessary, approve the revision of existing plans.

4. The Committee shall review periodically key executives' responsibilities, performance and over-all remuneration to ensure that the Company has high quality management, organization and personnel development plans and that the remuneration is fair and equitable and meets the test of being appropriate and reasonable for the industry and environment in which the services are performed.

5. The Committee shall have the responsibility to review and approve the corporate goals and objectives relevant to the CEO and each other executive officer (as defined by Rule 3b-7 of the Act), as well as the Chief Operating Officer, Chief Financial Officer, Chief Information Officer, General Counsel, Chief Merchant, Senior Vice President, Human Resources (each a, and collectively, the "C-Level Officers"), and each Senior Vice President (each a, and collectively with the C-Level Officers the "Senior Officers"), whether or not they are an executive officer under Rule 3b-7 of the Act, evaluate CEO and Senior Officers performance in light of those goals and objectives, and determine and approve annually all compensation of the CEO and the Senior Officers based on such evaluation. The Committee shall submit all action taken regarding compensation of C-Level Officers, including the CEO, to the Board for review and ratification.

6. The Committee shall have generalized supervisory responsibility for the compensation policies applicable to all employees of the Company, including periodic reviews of the adequacy of the Company's compensation structure, performance review procedures, employee turn-over and retention, succession plans and other human resource issues.

7. The Committee shall recommend to the Board the employment and appointment of C-Level Officers (including the CEO), as well as promotion, removal and other changes in

position of incumbent C-Level Officers upon review of their performance. The Committee shall approve the employment, appointment and removal of each Senior Vice President (other than C-Level Officers), Vice President, and each other officer of the Company as may be designated by the Board.

8. The Committee shall review, establish and approve all bonuses, equity incentive awards or other compensation to the extent any such bonus, awards or other compensation is intended to be qualified performance base compensation under Section 162(m) of the Code.

9. Subject to shareholder approval, as may be applicable under NASDAQ rules, or otherwise required by the Act, the Code or law, the Committee shall establish, amend and, where appropriate, terminate incentive compensation plans, equity-based plans, benefit plans, and other bonus arrangements for the Company; and pursuant to the terms of such plans, as may at the time be in effect, to administer such plans and to make appropriate interpretations and determinations and take such actions as shall be necessary or desirable thereunder, including the approval of awards granted pursuant to such plans and the repurchase of securities from terminated employees: provided, however, that the Committee may not adopt an equity based compensation plan without the approval of the Board.

10. The Committee shall manage and review any employee loans in an amount equal to or greater than \$25,000 or, in the event the total loans to all employees shall at any time exceed \$500,000 in aggregate amount outstanding, all further loans made at any time when such the aggregate amount of outstanding loans exceeds \$500,000. No loans shall be made to a Senior Officer.

11. The Committee shall prepare and approve the report of the Committee to be included as part of the Company's annual proxy statement or Form 10-K, as applicable.

12. The Committee shall review and discuss with management of the Company the Compensation Discussion and Analysis ("CD&A"), and based on such discussions, determine whether to recommend to the Board that the CD&A be included in the Company's annual proxy statement or Form 10-K, as applicable.

13. The Committee shall periodically review and make recommendations to the Board with respect to the compensation of its non-management directors. In addition, the Committee shall, at the end of each year, review the non-employee director compensation and benefits.

14. The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide the Board with any recommendations for changes in procedures or policies governing the Committee, including this Charter. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

15. The Committee shall periodically report to the Board on its findings and actions.

V. Delegation of Duties

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, but only to the extent consistent with the Company's certificate of incorporation, by-laws, Section 162(m) of the Code, or applicable law and NASDAQ rules; provided, however, the Committee may not delegate its responsibilities set forth in paragraphs 5 and 9 of Section IV above.