

CORPORATE GOVERNANCE GUIDELINES OF BARE ESSENTUALS, INC.

The Board of Directors (the “*Board*”) of Bare Escentuals, Inc. (the “*Company*”) has adopted the following Corporate Governance Guidelines (the “*Guidelines*”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s Certificate of Incorporation, Bylaws and other corporate governance documents. These Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company and its stockholders or as required by applicable laws and regulations.

These Guidelines are available on the Company’s website at “www.bareescentuals.com” and to any stockholder who otherwise requests a copy.

The Board

Size of the Board

The Company’s Certificate of Incorporation provides that the number of directors will be fixed from time to time by the Board, but in no event will the number be less than three (3) or more than fifteen (15). The Nominating/Corporate Governance Committee will periodically review the appropriate size of the Board, which may vary to accommodate current and future operations and the availability of suitable candidates.

Independence of the Board

The Board will be comprised of a majority of directors who qualify as independent directors (the “Independent Directors”) under the listing standards of The Nasdaq Stock Market (“Nasdaq”). The Nominating/Corporate Governance Committee will annually review the requirements in order to ensure compliance.

Separate Sessions of Independent Directors

The Independent Directors will meet in executive session without management directors or management present on a regularly scheduled basis, but no less than two (2) times per year. The Independent Directors will consider such matters as they may deem appropriate at such meetings.

Director Qualification Standards

The Nominating/Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Nominating/Corporate Governance Committee, in recommending candidates for election, and the Board, in approving (and, in the case of vacancies, appointing) such candidates, takes into account many factors, including: personal and professional integrity, ethics and values; experience in corporate management, such as serving as an officer or former officer of a publicly held company; experience in the Company’s industry; experience as a board member of another publicly held company; diversity of expertise and experience in substantive matters pertaining to the Company’s business relative to other board members; and practical and mature business judgment. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent the balanced interests of all stockholder, rather than special interest groups or constituencies, through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Nominating/Corporate Governance Committee also considers the director’s past attendance at meetings and participation in and contributions to the activities of the Board.

Changes in Board Member Criteria

The Board and the Company wish to maintain a Board comprised of members who can productively contribute to the success of the Company. From time to time, the Board may change the criteria for Board membership to maximize this success. When this occurs, existing members will be evaluated according to the new criteria. A director who no longer meets the complete criteria for board membership may be asked to adjust his or her committee assignments or resign from the Board.

No Specific Limitation on Other Board Service

The Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities. However, the Nominating/Corporate Governance Committee and the Board will take into account the nature of and time involved in a director's service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Company's stockholders.

Service on other boards and/or committees should be consistent with the Company's conflict of interest policies set forth below.

Directors Who Resign or Materially Change Their Current Positions With Their Own Company or Become Aware of Circumstances that May Adversely Reflect upon the Director or the Company

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer or becomes aware of circumstances that may adversely reflect upon the director or the Company, such director should notify the Nominating/Corporate Governance Committee of the Board of the circumstances. The Nominating/Corporate Governance Committee will consider the circumstances, and may in certain cases consider requesting that the director submit his or her resignation from the Board if, for example, continuing service on the Board by the individual is not consistent with the criteria deemed necessary for continuing service on the Board.

Term Limits

The Board does not believe it is in the best interests of the Company to establish term limits at this time. Such term limits may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company's business and therefore can provide an increasingly significant contribution to the Board. The Board does not believe that a fixed retirement age for directors is appropriate.

Director Responsibilities

The business and affairs of the Company will be managed by or under the direction of the Board, including through one or more of its committees as set forth in the Bylaws and committee charters. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- (1) overseeing the conduct of the Company's business, to evaluate whether the business is being properly managed;
- (2) reviewing and, where appropriate, approving the Company's major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- (4) reviewing and, where appropriate, approving major changes in, and determinations under these Guidelines, the Code of Business Conduct and Ethics and other Company policies;

(5) reviewing and, where appropriate, approving actions to be undertaken by the Company that would result in a material change in the financial structure or control of the Company, the acquisition or disposition of any businesses or asset(s) material to the Company or the entry of the Company into any major new line of business;

(6) planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other key executives based on processes recommended by the Nominating/Corporate Governance Committee;

(7) ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations;

(8) providing advice and counsel to the Chief Executive Officer and principal senior executives;

(9) evaluating the overall effectiveness of the Board, as well as selecting and recommending to stockholders qualified candidates for election to the Board; and

(10) performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

Compensation

The Company's executive officers will not receive additional compensation for their service as directors. The Compensation Committee will recommend the compensation for non-management directors to the Board, for the Board's consideration and approval.

Members of the Audit Committee may not directly or indirectly receive any compensation from the Company other than their directors' compensation, which includes their compensation for service on committees of the Board and the receipt of equity incentive awards.

Stock Ownership

The Company encourages directors to purchase shares of the Company's stock. However, the number of shares of the Company's stock owned by any director is a personal decision and, at this time, the Board has chosen not to adopt a policy requiring ownership by directors of a minimum number of shares.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict. If an actual or potential conflict of interest develops, the director should immediately report the matter to the Chairman of the Board. Any significant conflict must be resolved or the director should resign. If a director has a personal interest in a matter before the Board, the director will disclose the interest to the Board, excuse himself or herself from discussion on the matter and not vote on the matter.

Directors are expected to comply with the section "Conflicts of Interests" from the Company's Code of Business Conduct and Ethics, except that the Company's non-employee directors are not prohibited from outside employment nor from having investments in material customers, suppliers, or competitors, as long as those interests are disclosed to the Board and the director excuses himself or herself from discussion on a matter in which her or she may be conflicted and does not vote on such matter.

Board Orientation and Continuing Education of Board Members

The Nominating/Corporate Governance Committee provides new directors with a director orientation program to familiarize them with, among other things, the Company's business, strategic plans, significant financial, accounting and management issues, compliance programs, conflicts policies, its Code of Business Conduct and Ethics, these Guidelines, and the principal officers, internal auditors, if any, and independent auditors.

The Nominating/Corporate Governance Committee may, from time to time, make available to directors continuing education programs, and each director is expected to participate in such programs, as the Board determines desirable.

Interaction with Institutional Investors, the Press and Customers

The Board believes that management speaks for the Company. Each director should refer all inquiries from institutional investors, the press or customers regarding the Company's operations to management. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman of the Board.

Board Access to Senior Management

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Such contact, if in writing, should be copied to the Chief Executive Officer and Chairman of the Board of the Company.

Board Access to Independent Advisors

The Board committees may hire independent advisors as set forth in their applicable charters. The Board as a whole will have access to such advisors and such other independent advisors that the Company retains or that the Board considers necessary to discharge its responsibilities.

Annual Self-Evaluation

The Nominating/Corporate Governance Committee will oversee an annual assessment by the Board of the Board's performance. The Nominating/Corporate Governance Committee will be responsible for establishing the evaluation criteria and implementing the process for such evaluation, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company, as well as a review of the committee structure and an assessment of the Board's compliance with the principles set forth in these Guidelines. The Nominating/Corporate Governance Committee will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

Board Meetings

Frequency of Meetings

The Board will meet at least four (4) times annually. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings.

Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of non-management directors and the Independent Directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the

Chairman of the Board or the chairman of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference.

Attendance of Non-Directors

The Board encourages the Chairman of the Board or chairs of any committee to invite Company management and outside advisors or consultants to attend Board and/or committee meetings from time to time. Attendance of non-directors at Board meetings is at the discretion of the Board.

Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

Committee Matters

Number, Name, Responsibilities and Independence of Committees

The Board currently has three (3) committees, each to be comprised entirely of Independent Directors by the end of the first year following the Company's initial public offering. From time to time, the Board may form a new committee or disband a current committee, depending upon the circumstances. Each committee will perform its duties as assigned by the Board in compliance with the Company's Bylaws and such committee's charter. The current committees are:

(1) Audit Committee. The Audit Committee consists of at least three (3) members and reviews the work of the Company's internal accounting and audit processes and independent auditors. The committee has sole authority to appoint and fire the Company's independent auditors and to approve any significant non-audit relationship with the independent auditors. Each member of the Audit Committee in addition to being an Independent Director, must (a) satisfy the independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, (b) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years, (c) be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. In addition at least one member of the Audit Committee must meet the definition of "audit committee financial expert" as determined by the Board in its business judgment in accordance with Item 407(d)(5) of Regulation S-K.

(2) Compensation Committee. The Compensation Committee consists of at least three (3) members and reviews and approves the Company's goals and objectives relevant to compensation, stays informed as to market levels of compensation and, based on evaluations submitted by management and other assessments, approves compensation for the Chief Executive Officer, all other executive officers who are subject to the reporting requirements of Section 16(a) of the 1934 Act and other senior management, as appropriate. The committee also periodically engages in a general review of base compensation levels for all other employees of the Company. The committee will perform the obligations required of compensation committees under applicable SEC rules and regulations relating to preparation of annual reports and annual meeting proxy statements. The committee periodically reports to the Board concerning its compensation determinations with respect to management and employees and also makes recommendations to the Board concerning compensation of the Company's non-employee directors.

(3) Nominating/Corporate Governance Committee. The Nominating/Corporate Governance Committee consists of at least three (3) members and is responsible for recommending to the Board individuals to be nominated as directors and committee members. This includes evaluation of new candidates as well as evaluation of current directors. This committee is also responsible for developing and recommending to the Board the Guidelines, as well as reviewing and recommending revisions to the Guidelines on a regular basis. This committee also performs other duties as are described in these

Guidelines and prepares any disclosure of the nominating process required by applicable rules and regulations.

Assignment and Rotation of Committee Members

Based on the recommendations of the Nominating/Corporate Governance Committee, the Board appoints committee members and committee chairs according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interest of the Company.

Frequency of Committee Meetings

The Compensation Committee and Nominating/Corporate Governance Committee will meet at least four (4) times annually and the Audit Committee will meet at least once during each fiscal quarter. In addition, special meetings may be called by the chair of the committee from time to time as determined by the needs of the business. It is the responsibility of the directors to attend the meetings of the committees on which they serve.

Committee Agendas

The chair of each committee, in consultation with the appropriate members of the committee, will develop his or her committee's agenda.

Committee Self-Evaluations

Each committee will review its performance and charter and recommend to the Board any changes it deems necessary.

Leadership Development

Annual Review of Chief Executive Officer

The Compensation Committee will conduct an annual review of the Chief Executive Officer's performance. The evaluation will be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives and the development of management. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer. The Compensation Committee will engage the Board of Directors as it deems appropriate in the review of the Chief Executive Officer's performance and determination of the his or her compensation.

Succession Planning

The Nominating/Corporate Governance Committee will recommend to the Board a process for evaluating the Company's plan for succession for the Company's executive officers, including the Chief Executive Officer. The Board will work with the Chief Executive Officer to review and determine the selection of appropriate individuals to succeed to these positions. There also should be available to the Board of Directors, on a continuing basis, the Chief Executive Officer's recommendations regarding his or her successor should he or she be unexpectedly disabled.

Ethics Helpline

The Audit Committee will cause the Company to implement, maintain and monitor an ethics helpline that is designed to receive anonymous reports of any known or suspected violations of the Company's Code of Business Conduct and Ethics or any applicable laws and regulations. The Audit Committee will investigate any reports related to accounting, internal accounting controls or auditing

matters received through the ethics helpline and report to the Board periodically with respect to the information received through the ethics helpline and any related investigations related accounting, internal accounting controls or auditing matters. The Company's Vice President General Counsel and Vice President Human Resources will investigate any reports not related to accounting, internal accounting controls or auditing matters received through the ethics helpline and report to the Audit Committee periodically with respect to the information received through the ethics helpline and the Audit Committee will report to the Board periodically with respect to any information reported to it by the Company's Vice President General Counsel and Vice President Human Resources.