Ulta Beauty, Inc.
Form DEF 14A
April 24, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Under §240.14a-12

ULTA BEAUTY, INC.
(Name of Registrant as Specified In Its Charter)

Not applicable
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
No fee required
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

When?	Where?	Who?
10:00 am CDT on Wednesday, June 5, 2019	Ulta Beauty, Inc. 1000 Remington Blvd. Suite 120 Bolingbrook, Illinois 60440	Stockholders of Record as of April 8, 2019

Meeting Agenda

Proposals	Board Recommendation	For more information
1.To elect Sally E. Blount, Mary N. Dillon, Charles Heilbronn and Michael R. MacDonald as Class III Directors to hold office until the 2022 Annual Meeting of Stockholders	FOR (all nominees)	Page 6
2.To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year 2019, ending February 1, 2020	FOR	Page 15
3.To vote on an advisory resolution to approve the Company's executive compensation	FOR	Page 42

We will also consider any other matters that may properly be brought before the meeting or any adjournment or postponement thereof.

Voting

Stockholders of Ulta Beauty as of the record date are entitled to vote, as follows:

Internet	Telephone	Mail	
www.proxyvote.com for beneficial ownership	1-800-690-6903 for beneficial ownership	Mark, sign and date your proxy card and return it in the pre-addressed postage paid envelope we have provided or return it to:	
www.proxyvote.com for registered ownership up until 11:59 pm CDT, on June 04, 2019	or 1-800-690-6903 for registered ownership up until 11:59 pm CDT, on June 04, 2019	For beneficial ownership: Vote Processing c/o Broadridge 51 Mercedes Way Edgewood, NY 11717	For registered ownership: Proxy Services C/O American Stock Transfer & Trust Company PO BOX 505008 Louisville, KY 40233 9814

Your vote is important. Whether or not you plan to attend the meeting in person, we encourage you to read this proxy statement and submit your proxy or voting instructions as soon as possible. For specific instructions on how to vote your shares, please refer to the instructions on the notice of internet availability of proxy materials you received in the mail. If you received paper copies of the proxy materials, kindly mark, sign and date the enclosed proxy card and return it promptly in the enclosed envelope (which is postage prepaid, if mailed in the United States). Even if you have given your proxy, you may still revoke your proxy and vote in person if you attend the meeting. Please note, however, that if your shares are held by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain, from your broker, bank or other nominee, the record holder, a proxy issued in your name. For specific instructions on voting, please refer to the section, Questions and Answers — Voting Information/page 48.

Proxy Materials

This Notice of Annual Meeting, Proxy Statement and Form of Proxy are being distributed and made available around April 24, 2019.

By order of the Board of Directors.

Jodi J. Caro
General Counsel, Chief Compliance Officer & Corporate Secretary

Table of Contents

TABLE OF CONTENTS

Important notice regarding the availability of proxy materials for the annual meeting of stockholders to be held on June 5, 2019. The Proxy Statement and Annual Report to Stockholders for the year ended February 2, 2019 are available at http://ir.ultabeauty.com. Brokers cannot vote for Proposals 1 or 3 without your instructions.

We are furnishing proxy materials to our stockholders primarily via the internet. Internet distribution of our proxy materials is designed to expedite receipt by stockholders, lower the cost of the 2019 Annual Meeting of Stockholders (sometimes referred to as the "Annual Meeting") and conserve natural resources. However, if you would prefer to receive paper copies of proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

Table of Contents

C orporate Governance

Over the course of Ulta Beauty's history, the Board of Directors has developed corporate governance policies, practices and guidelines consistent with its duties of good faith, due care and loyalty to help fulfill its responsibilities to our stockholders.

Board Leadership Structure

The Corporate Governance Guidelines (the "Corporate Governance Guidelines") of Ulta Beauty, Inc. ("Ulta Beauty," the "Company," "we," "us" or "our") provide that the offices of the Chief Executive Officer ("CEO") and the Chairperson of the Board of Directors may be either combined or separated at the discretion of the Board of Directors (sometimes referred to as the "Board"). We currently separate the roles of CEO and Chairperson of the Board. Our Board is led by an independent, non executive Chairperson. We believe that this leadership structure enhances the accountability of the CEO to the Board, strengthens the Board's independence from management and ensures a greater role for the independent directors in the oversight of the Company. In addition, separating these roles allows our CEO to focus her efforts on running our business and managing our Company in the best interests of our stockholders, while the Chairperson provides guidance to the CEO and, in consultation with management, helps to set the agenda for Board meetings and establishes priorities and procedures for the work of the full Board. The Chairperson presides over meetings of the full Board as well as executive sessions (without management), which the Board generally holds several times a year, both telephonically and in conjunction with each in person meeting of the full Board.

Our Corporate Governance Guidelines also provide that the independent directors will select a lead director when the Chairperson does not qualify as an independent director (which is not the situation currently since the Chairperson qualifies as an independent director). In the event that the independent directors make such a determination, a majority of the independent directors will appoint a lead director. In the event that a lead director is designated, his or her duties would include: assisting the Chairperson of the Board and Board of Directors in assuring compliance with and implementation of the Company's Corporate Governance Guidelines, coordinating the agenda for and moderating sessions of the Board's non management directors and facilitating communications between the non management directors and the other members of the Board and the management of the Company. The Company currently has nine independent directors and to date they have not determined that the Board of Directors should have a lead director in addition to our independent Chairperson.

The Board believes that the current Board leadership structure is in the best interests of the Company and its stockholders at this time. The Board recognizes that no single leadership model is right for all companies and at all times and that, depending on the circumstances, other leadership models, such as combining the Chairperson and CEO roles, might be appropriate. Accordingly, the Board periodically reviews its leadership structure. Our Corporate Governance Guidelines provide the flexibility for the Board to modify or continue its leadership structure in the future, as it deems appropriate.

Independence

Board member independence is an essential element of Ulta Beauty corporate governance. The Board of Directors has determined that each of the current non employee directors and each nominee for director is free of any relationship that would interfere with his or her individual exercise of independent judgment with regard to Ulta Beauty. Mary N. Dillon, CEO, is currently the sole member of the Board of Directors who is not independent due to her executive position with Ulta Beauty. Each member of the nominating and corporate governance committee, compensation committee and audit committee satisfies the current independence requirements of The NASDAQ Stock Market ("NASDAQ") and the Securities and Exchange Commission (the "SEC").

Table of Contents

Corporate Governance

Board of Directors Meetings and Committees

During the fiscal year ended February 2, 2019 (“fiscal 2018”), the Board of Directors held eight meetings. During fiscal 2018, all directors attended at least 75 percent of the aggregate meetings of the Board of Directors and of the committees on which he or she served that were held during the period for which he or she was a director or committee member, respectively. The Board of Directors has an audit committee, a nominating and corporate governance committee and a compensation committee. Directors are invited and expected to attend the Annual Meeting of Stockholders, and all of our directors then in office attended our 2018 Annual Meeting of Stockholders.

Non-Executive Chairperson

From June 2015 until his resignation on September 30, 2018, Charles J. Philippin served as our Non-Executive Chairperson. As of September 30, 2018, Robert F. DiRomualdo became our Non - Executive Chairperson and, as such, typically presides over meetings of the full Board as well as executive sessions.

Committee Composition: Unless otherwise noted, the following table provides the composition of each of our committees as of April 8, 2019:

Director	Audit Committee (1)	Nominating and Corporate Governance Committee (2)	Compensation Committee (3)
Robert F. DiRomualdo*			
Sally E. Blount			
Michelle L. Collins			
Mary N. Dillon			
Dennis K. Eck			
Catherine A. Halligan			
Charles Heilbronn			
Michael R. MacDonald			
George R. Mrkonic			
Lorna E. Nagler			

Committee Chairperson Member* Non Executive Chairperson of the Board, as of September 30, 2018.

1. Additional information regarding the audit committee can be found starting on page 17.
2. Additional information regarding the nominating and corporate governance committee can be found starting on page 3.
3. Additional information regarding the compensation committee can be found starting on page 19.

Board Role in Risk Oversight

Our Board of Directors oversees an enterprise wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long term organizational performance and enhance stockholder value. Management is responsible for the Company’s day to day risk management activities and processes, and our Board’s role is to engage in informed oversight of and provide guidance with respect to such risk management activities and processes. The Board recognizes that a fundamental part of risk management is not only understanding the risks our Company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for our Company. As such, the Board focuses on understanding the nature of our enterprise risks, including operational, financial, legal and regulatory, cybersecurity, strategic, competitive and reputational risks, as well as the adequacy of our risk assessment and risk management processes. To facilitate such an understanding, the Board and its committees receive management updates on our business operations, financial results and strategy, and the Board discusses and provides guidance with respect to risks related to those topics.

While the Board has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. The audit committee oversees risks associated with financial accounting and audits, internal control over financial reporting, as well as cybersecurity. The audit committee assists the Board in its oversight by discussing with management the Company's risk assessment and management policies, the Company's significant financial risk exposures and the actions taken by management to limit, monitor or control such exposures. The compensation committee oversees risks relating to the Company's compensation policies and practices. In setting compensation, the compensation committee strives to create incentives that encourage a level of risk taking behavior consistent with the Company's business strategy. The compensation committee also oversees risks relating to the Company's management development and leadership succession. The nominating and corporate governance committee oversees the implementation of the Company's Code of Business Conduct and monitors compliance therewith. The nominating and corporate governance committee also oversees implementation of the Company's Corporate Governance Guidelines, board evaluation process, and the process for recommending candidates to the Board of Directors for nomination as directors and membership on committees of the Board.

Director Age Limit

Our Corporate Governance Guidelines provide that any director who reaches the age of 75 years in his or her first year of his or her three year term will not be eligible to stand for election unless the nominating and corporate governance committee, after evaluation of the continued appropriateness of Board membership in light of all of the circumstances, decides to recommend to the Board that an exception be made. In addition, any director who reaches the age of 75 years in his or her second or third year of his or her three year term will, promptly following such director's 75th birthday, submit to the Board his or her resignation from the Board. In this situation, the nominating and corporate governance committee will consider the resignation submitted, evaluate the continued appropriateness of Board membership in light of all of the circumstances and recommend to the Board whether to accept such director's resignation or request that the director continue to serve. If such resignation is accepted by the Board, it will be effective at the next annual meeting of stockholders following the resignation. In accordance with our age limit policy, Mr. Eck, who reached the age of 75 on May 30, 2018, submitted his resignation as a director of the Company. Based on the recommendation of the nominating and corporate governance committee, the Board accepted Mr. Eck's resignation on June 6, 2018, and it will be effective as of June 5, 2019, the date of the 2019 Annual Meeting.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee acts under a written charter approved by the Board of Directors that is reviewed regularly and has been published under "Corporate Governance" in the Investor Relations section of the Ulta Beauty website at http://ir.ultabeauty.com. The primary responsibility of the nominating and corporate governance committee is to recommend to the Board of Directors candidates for nomination as directors and membership on committees of the Board. The committee reviews the performance and independence of each director, and in appropriate circumstances, may recommend the removal of a director. The committee oversees the evaluation of the Board of Directors and the committees of the Board and makes recommendations to improve performance. The committee also recommends to the Board of Directors policies with respect to corporate governance. During fiscal 2018, the nominating and corporate governance committee was composed of the following independent directors: Ms. Collins, Mr. Eck, Ms. Halligan, Mr. Heilbronn and Ms. Nagler. Ms. Collins serves as the current Chairperson of the committee. The Board of Directors has determined that each committee member qualifies as a "non employee director" under rules and regulations of the SEC, as well as the independence requirements of NASDAQ. The nominating and corporate governance committee met six times during fiscal 2018.

Nominating and Corporate Governance Committee Charter

The nominating and corporate governance committee charter identifies the roles and responsibilities that govern the nominating and corporate governance committee, such as:

- identifying and evaluating qualified candidates to become Board members;
- selecting nominees for election as directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected);
- selecting candidates to fill any vacancies on the Board;

Table of Contents

- reviewing the composition of the committees of the Board and making recommendations to the Board regarding the selection of the members of the committees;
- overseeing the implementation of and monitoring compliance with Ulta Beauty's Code of Business Conduct (other than with respect to accounting or auditing issues, that the audit committee oversees);
- overseeing the evaluation of the Board and the committees of the Board; and
- periodically reviewing the Company's Corporate Governance Guidelines and other governance policies.

Nomination Process — Qualifications

Pursuant to its charter, the nominating and corporate governance committee annually assesses the experience, expertise, capabilities, skills and diversity of the members of the Board, including diversity of age, gender, nationality, race, ethnicity and sexual orientation, individually and collectively, and considers these factors when evaluating director candidates.

What We Do:

We review the skills and characteristics of the board directors

The nominating and corporate governance committee is responsible for reviewing the appropriate skills and characteristics in the context of prevailing business conditions and, in its nominating committee capacity, for making recommendations regarding the size, composition and desired complementary skill sets of the Board of Directors, including diversity of age, gender, nationality, race, ethnicity, and sexual orientation.

We search for appropriate candidates based on recommendations

We consider potential director candidates recommended by current directors, officers, employees and others. We also consider all stockholder recommendations for candidates for the Board of Directors, however, to date, we have not received any director nominee recommendations from a stockholder. Stockholders who want to suggest a candidate for consideration should send a written notice, addressed to the Corporate Secretary. We have engaged the services of search firms to provide us with candidates, especially when we are looking for a candidate with a particular expertise, quality, skill or background.

We interview candidates and deliberate

The nominating and corporate governance committee screens all potential candidates in the same manner, regardless of the source of the recommendation. Our review is typically based on any written materials provided with respect to potential candidates, as well as appropriate due diligence, and we review such materials to determine the qualifications, experience and background of the candidates. Final candidates are typically interviewed by members of the committee and other members of the Board, as appropriate. After review and deliberation of all feedback and data, the committee makes a recommendation to the full Board of Directors regarding who should be nominated by the Board of Directors.

Key Objectives and Considerations:

The objective of the nominating and corporate governance committee is to create and sustain a Board of Directors that brings to Ulta Beauty a variety of perspectives and skills derived from high-quality business and professional experience. Both the Board and the nominating and corporate governance committee believe that it is essential for Board members to represent diverse viewpoints, backgrounds, experiences, expertise and skill sets, including diversity of age, gender, nationality, race, ethnicity, and sexual orientation, differences in professional experience, education, skill and other individual qualities and attributes that contribute to an active, effective Board.

Table of Contents

Corporate Governance

We value our stockholders' input and encourage them to nominate candidates. To submit a candidate, please follow the process outlined under the Nomination of Directors header in the Questions and Answers section of this proxy statement.

The committee evaluates each individual in the context of our Board of Directors as a whole with the objective of assembling a group that can best perpetuate the success of our Company and represent stockholder interests through the exercise of sound judgment. The nominating and corporate governance committee recommends those candidates who possess the highest personal and professional integrity, have prior experience in corporate management and the industry, maintain academic or operational expertise in an area of our business and demonstrate practical and mature business judgment.

Code of Business Conduct

All Ulta Beauty employees, officers and members of the Board of Directors must always act ethically and in accordance with the policies comprising the Ulta Beauty Code of Business Conduct. All corporate employees, officers and members of the Board of Directors have signed a certificate acknowledging that they have read, understand and will continue to comply with the policy, and all corporate employees and officers are required to read and acknowledge this policy on an annual basis. Ulta Beauty includes the Code of Business Conduct in new hire materials for all corporate employees. The policy is published and any amendments or waivers thereto will be published under "Corporate Governance" in the Investor Relations section of the Ulta Beauty website located at http://ir.ultabeauty.com.

Corporate Governance Guidelines

Our Board of Directors adopted the Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities. The Corporate Governance Guidelines have been published under "Corporate Governance" in the Investor Relations section of the Ulta Beauty website located at http://ir.ultabeauty.com.

Director Ownership Guidelines

Our Board of Directors has adopted share ownership guidelines that apply to all of our non executive directors. Pursuant to these guidelines, each non executive director should hold shares of our common stock, restricted stock, restricted stock units, stock options and/or stock appreciation rights with a value equal to five times the annual cash retainer paid to non executive directors by the fifth anniversary of the date the guidelines became effective for each director.

Stockholder Communication

Any stockholder is free to communicate in writing with the Board of Directors on matters pertaining to Ulta Beauty by addressing his or her comments to the Board of Directors, c/o General Counsel, Ulta Beauty, Inc., 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440, or by e mail at InvestorRelations@ulta.com. Our General Counsel will review all correspondence addressed to our Board of Directors, or any individual director, for any inappropriate correspondence and correspondence more suitably directed to management. Our General Counsel will forward appropriate stockholder communications to our Board of Directors prior to the next regularly scheduled meeting of our Board of Directors following the receipt of such communication. Our General Counsel will summarize all correspondence not forwarded to our Board of Directors and make the correspondence available to our Board of

Directors for its review upon our Board’s request.

Table of Contents

Corporate Governance

PROPOSAL ONE
ELECTION OF DIRECTORS

Our Certificate of Incorporation provides that our Board of Directors be divided into three classes, designated Class I, Class II and Class III, with each class consisting, as nearly as possible, of one third of the total number of directors. Each class serves a three year term with one class being elected at each year's annual meeting of stockholders. Vacancies on our Board of Directors may be filled by persons elected by a majority of the remaining directors. A director elected by our Board of Directors to fill a vacancy, including a vacancy created by an increase in size of our Board of Directors, will serve for the remainder of the full term of the class of directors in which the vacancy occurred and until that director's successor is elected and qualified.

The Board of Directors is presently composed of ten members, nine of whom are non employee, independent directors. Each director was elected to the Board of Directors to serve until a successor is duly elected and qualified or until his or her death, resignation or removal. As mentioned above, Dennis K. Eck, a director since 2007, is retiring as of the date of the Annual Meeting.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to approve the nominees for election. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non votes will be counted towards a quorum, but will not be counted for any purpose in determining whether the nominees have been elected.

Summary of Qualifications and Experience of Director Nominees and Directors Continuing in Office

The following tables highlight specific experience, qualifications, attributes, skills, and background information, including age, gender, race, and sexual orientation, where self-disclosed, that the Board considered for each director nominee and each director continuing in office. A particular director may possess additional experience, qualifications, attributes, or skills, even if not expressly indicated below.

	Leadership	Governance	Finance	Retail	Tech/ Digital	Operations	Marketing	Global	Acade
F. ualdo									
E.									
lle L. s									
N.									
ine A. an s									
onn									

el R.
onald
e R.
ic
E.

Directors' Race	Directors' Gender	Directors' Average Tenure	Directors' Average Age	Directors' Independence	Directors' Sexual Orientation
11% Diverse	56% Female	7.9 Years	62 Years	89% Independent	11% LGBTQ+

6

Table of Contents

INFORMATION ABOUT OUR DIRECTOR NOMINEES

What are you voting on?

You are being asked to elect Ms. Blount, Ms. Dillon and Messrs. Heilbronn and MacDonald as Class III Directors whose terms expire in 2019 and are nominees for re election. If elected at the Annual Meeting, Ms. Blount, Ms. Dillon and Messrs. Heilbronn and MacDonald would serve until the 2022 Annual Meeting of Stockholders and until their successors are elected and qualified or until their death, resignation or removal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF EACH NAMED NOMINEE

Class III Nominees for election for a three year term expiring at the 2022 Annual Meeting:

Sally E. Blount

Age: 57

Director since: 2017

Experience:

Dr. Blount is the Michael L. Nemmers Professor of Strategy and former Dean (2010-2018) at the Kellogg School of Management at Northwestern University. She currently serves on the Board of Directors at Abbott Laboratories, the Joyce Foundation and the Economic Club of Chicago. She is also a member of the advisory board for the Aspen Institute’s Business and Society Program and the Archdiocese of Chicago Finance Council.

She has 14 years of experience as a business school dean and senior university administrator at Northwestern University and New York University, as well as more than 30 years of experience as a business educator at the undergraduate, MBA, doctoral and executive levels at Northwestern’s Kellogg School, New York University’s Stern School of Business, and the University of Chicago Booth School of Business. Early in her career she served as Director of Finance and Planning at Eva Maddox Associates (now part of Perkins + Will) and as an Associate Consultant at the Boston Consulting Group.

Qualifications:

As an experienced business educator, senior university administrator, and board member, Dr. Blount provides our Board with expertise on business organization, governance, and management matters. This experience makes her a valued member of the Board and member of our audit committee.

7

Table of Contents

Mary N. Dillon

Age: 57

Director since: 2013

Experience:

Ms. Dillon has been our Chief Executive Officer since July 2013. Ms. Dillon joined the Board of Directors of Starbucks in January 2016 and serves on the compensation and management development committee and nominating and corporate governance committee. Ms. Dillon also serves on the Board of Directors of KKR & Co. Inc.

Prior to joining Ulta Beauty, Ms. Dillon served as President and Chief Executive Officer and member of the board of directors of United States Cellular Corporation ("U.S. Cellular"), a provider of wireless telecommunication services, beginning in June 2010. Prior to joining U.S. Cellular, Ms. Dillon served as Global Chief Marketing Officer and Executive Vice President of McDonald's Corporation from 2005 to 2010, where she led its worldwide marketing efforts and global brand strategy. Prior to joining McDonald's, Ms. Dillon held several positions of increasing responsibility at PepsiCo Corporation, including as President of the Quaker Foods division from 2004 to 2005 and as Vice President of Marketing for Gatorade and Quaker Foods from 2002 to 2004.
Ms. Dillon served as a director of Target Corporation from 2007 to 2013 and as a member of its compensation committee from 2009 to 2013.

Qualifications:

As the Chief Executive Officer of the Company, Ms. Dillon is able to provide the Board with valuable insight regarding the Company's operations, its management team and associates as a result of her day to day involvement in the operations of the business. Additionally, the Board benefits from Ms. Dillon's demonstrated leadership skills and the extensive senior management and executive operational experience she has acquired in businesses across various consumer and retail industries. With more than 30 years of experience in consumer driven businesses, Ms. Dillon lends her extensive operational and marketing expertise to the Board, as well as her insights into the management of complex organizations, and she contributes an understanding of operational and marketing strategy in today's challenging environment.

Charles Heilbronn

Age: 64

Director since: 1995

Experience:

Mr. Heilbronn has been Executive Vice President and Secretary since 1998 of Chanel, Inc., a privately held luxury goods company selling fragrances and cosmetics, women's clothing, shoes and accessories, leather goods, fine jewelry, and watches. Mr. Heilbronn is currently a Director of Chanel, Inc., Mousseluxe SARL, and various of their affiliates in the U.S. and worldwide.

Qualifications:

Mr. Heilbronn has more than 30 years of experience at one of the world's leading luxury goods companies and brings a broad domestic and international perspective to issues considered by the Board. His business background and industry experience enable him to provide substantial expertise on relevant business matters and in the governance of publicly held corporations as a member of our compensation committee and nominating and corporate governance committee.

Michael R. MacDonald

Age: 67

Director since: 2012

Experience:

Mr. MacDonald served as the President and Chief Executive Officer and member of the Board of Directors of DSW Inc. from April 2009 through December 2015. Prior to joining DSW Inc., Mr. MacDonald served as Chairperson and Chief Executive Officer of Shopko Stores, a retail company, from May 2006 to March 2009. Prior to that time, Mr. MacDonald held executive positions at Saks Incorporated from 1998 to 2006, including as Chairperson and Chief Executive Officer of the Northern Department Stores Group for six years. Prior to serving in that capacity, Mr. MacDonald held executive positions at Carson Pirie Scott, including the position of Chairperson and Chief Executive Officer.

Qualifications:

The Board benefits from Mr. MacDonald's experience serving as a director for a public company board and his prior experience makes him a valued member of the Board, a member of our compensation committee, and Chairperson of the audit committee. With more than 30 years of business experience in all phases of retail, including managing merchandising, marketing, stores, operations and finance functions, Mr. MacDonald brings strong leadership abilities and in depth retail knowledge to our Board.

Table of Contents

INFORMATION ABOUT OUR DIRECTORS CONTINUING IN OFFICE

Class I Directors Continuing In Office Until The 2020 Annual Meeting:

Michelle L. Collins

Age: 59

Director since: 2014

Experience:

Ms. Collins has been President of Cambium LLC, a business and financial advisory firm serving small and medium sized businesses, since 2007. Ms. Collins has served as a director of PrivateBancorp, Inc. since November 2014 and since its acquisition in June 2017, has been a board member of the acquirer, CIBC, and currently serves on the risk management committee.

In 1997, Ms. Collins co-founded Svoboda, Collins LLC, a private equity firm, where she served as Managing Director from 1998 to 2007, and continues to serve on its Advisory Board. From 1992 to 1997, Ms. Collins was a principal at William Blair & Company, LLC, where she focused on specialty retail, catalog and distribution businesses in corporate finance. Ms. Collins served as a director of Integrys Energy Group, Inc. from May 2011 to June 2015 and as a member of its audit committee and Chairperson of its governance committee. Additionally, Ms. Collins' prior public company director experience includes Molex, Inc. from 2003 to 2013, including as a member of its audit committee and nominating and corporate governance committee, Bucyrus International, Inc. from 2009 to 2011, including as a member of its audit committee, and CDW Corporation from 1996 to 2007, where she served as Chairperson of its audit committee.

Qualifications:

The Board benefits from Ms. Collins' extensive experience serving on both private and public company boards and her prior committee experience makes her a valued member of the Board and member of our audit committee and Chairperson of our nominating and corporate governance committee. Ms. Collins' experience evaluating, investing in, monitoring and exiting private equity investments as well as advising growth companies as an investment banker also enhances her value to the Company's Board.

Table of Contents

Class II Directors Continuing In Office Until The 2021 Annual Meeting:

Robert F. DiRomualdo

Age: 74

Director since: 2004

Experience:

Mr. DiRomualdo is Chairperson and Chief Executive Officer of Naples Ventures, LLC, a private investment company that he formed in 2002. Mr. DiRomualdo currently serves as a Director of 4R Systems.

Prior to 2002, Mr. DiRomualdo served in various roles at Borders Group, Inc. and its predecessor companies, including as Chairperson of the Board and Chief Executive Officer. Prior to 1989, he also served as President and Chief Executive Officer of Hickory Farms. He was previously a director of Gordon Brothers Group, where he served on the audit committee, Securus, Inc. and Bill Me Later, Inc., where he served as Chairperson of the compensation committee and as a member of the audit committee.

Qualifications:

Mr. DiRomualdo's qualifications for the Board include his ability to provide the insight and perspectives of an experienced Chairperson and Chief Executive Officer of a major retail company, during which time he was instrumental in the development and implementation of a growth strategy that led to the company's expansion into major domestic and international markets. He also oversaw a public stock offering and listing on the New York Stock Exchange by Borders Group as

Catherine A. Halligan

Age: 56

Director since: 2012

Experience:

Ms. Halligan has served as an Advisor/Consultant to Chanel Inc. since January 2014 and Narvar Inc. since February 2013. Ms. Halligan has served as a member of the board of directors of FLIR Systems, Inc. since March 2014, including as Chair of the Compensation Committee and a member of its Audit Committee. Since January 2019, she has served as a Non-Executive Director of Ferguson plc, including a member of the Audit, Nominating and Governance and Remuneration Committees.

Ms. Halligan held Senior Executive level positions with a SaaS software company and prominent retailers. She served as an Advisor from January to April 2012 and Senior Vice President, Sales & Marketing from July 2010 to December 2011 of PowerReviews Inc., a leading SaaS software for customer reviews and social commerce. Prior to joining PowerReviews Inc., from 2005 to 2010, she was an Officer, and served in various executive positions with Walmart, including Chief Marketing Officer of Walmart from 2007 to 2009 and Vice President Market Development, Global eCommerce of Walmart.com from 2009 to 2010. From 2000 to 2005, Ms. Halligan served as an Associate Partner at Prophet, a global strategy consultancy. From 1996 to 1999, Ms. Halligan held Executive retail management positions with Williams Sonoma Inc., including Vice President and General Manager, Internet and Vice President, Marketing. Ms. Halligan also has previous retail experience with Blue Nile, Inc. and the Gymboree Corporation. Ms. Halligan began her career as a Marketing and Planning analyst for Lands' End from 1987 to 1991.

Qualifications:

With over 20 years of experience in marketing, digital and e-commerce in the retail and SaaS software industries, well as its inclusion into the Fortune 500. Due to his experience supervising the principal financial officer of Borders Group as well as his previous committee experience, Mr. DiRomualdo provides valuable insight as the Chairperson of our board of directors.

Ms. Halligan provides valuable insight and expertise on strategic marketing issues, digital technology and omnichannel business capabilities. In addition, Ms. Halligan’s business experience with large retail companies makes her a valued member of our nominating and corporate governance committee and Chairperson of our compensation committee.

Table of Contents

George R. Mrkonic

Age: 66

Director since: 2015

Experience:

Mr. Mrkonic is the Non-Executive Chairman of Maru Group, a UK and North America based market research company unifying deep sector expertise with cloud-based customer insight communities. In addition to being Non-Executive Chairman of Maru and a member of its audit committee, he serves as a director and member of the compensation committee of Brinker International and the audit and compensation committees of AutoZone, Inc.

Mr. Mrkonic is also the retired Non-Executive Chairman of Paperchase Products Limited, London, UK, a retailer of cards, stationery, wraps and gifts. He is also the retired President and Vice Chairman of Borders Group, Inc. having served as Director from 1994 to 2004, Vice Chairman from 1994 to 2002 and President from 1994 to 1997. He began his retail career in 1978 and has led several retail companies including Herman's Sporting Goods, Eyelab, Kmart's Specialty Retailing Group and Borders. In the last five years he has also served on the board of directors of Syntel and Pacific Sunwear.

Qualifications:

Mr. Mrkonic's more than 30 years of experience in the retail industry as well as his knowledge and skills as a senior executive and director of large public companies brings to our Board and audit committee a broad understanding of the complex strategic, governance and financial issues facing large public companies in the

Lorna E. Nagler

Age: 62

Director since: 2009

Experience:

Ms. Nagler was President of Bealls Department Stores, Inc. from January 2011 to January 2016. She served as President, Chief Executive Officer and director of Christopher & Banks Corporation, a specialty retailer of women's clothing, from August 2007 to October 2010. From 2004 to 2007, Ms. Nagler was President of Lane Bryant, a division of Charming Shoppes, Inc., a women's apparel company. From 2002 to 2004, she was President of Catherines Stores, also a division of Charming Shoppes, Inc. From 1996 to 2002, Ms. Nagler held various retail management positions with Kmart Corporation, including Senior Vice President, General Merchandise Manager of Apparel and Jewelry, Divisional Vice President and General Merchandise Manager of Kids and Menswear. From 1994 to 1996, Ms. Nagler was a Vice President, Divisional Merchandise Manager for Kids "R" Us. Ms. Nagler also has previous retail experience with Montgomery Ward and Main Street Department Stores.

Qualifications:

With years of experience as a senior level executive in a wide variety of retail companies, including as the President and Chief Executive Officer of a public retail company, Ms. Nagler provides considerable expertise on strategic, management and operational issues facing a multi-state retailer. Running a public company gave Ms. Nagler front line exposure to many of the issues facing public retail companies, particularly on the operational, financial and corporate governance fronts. The Board also benefits from Ms. Nagler's extensive experience in the retail industry and the informed perspectives such experience facilitates. Additionally, her past role as President and Chief Executive Officer positions her well to serve as a member of our compensation committee and nominating and corporate governance committee.

current economic environment.

Table of Contents

NON EXECUTIVE DIRECTOR COMPENSATION FOR FISCAL 2018

We strive to promote an ownership mentality among our key leadership and Board of Directors.

The Company utilizes equity compensation to encourage our directors to maintain a stock ownership investment in the Company under appropriate circumstances. As a result, an annual equity retainer totaling $150,000 is granted to each non employee director, in the form of restricted stock units valued on the share price of our common stock on the date of grant. During fiscal 2018, each non employee director received a grant of 587 restricted stock units that will vest on June 6, 2019. Ms. Nagler was granted stock options upon joining our Board in 2009, all of which are currently vested and exercisable.

Each non employee director is paid an annual cash retainer. In addition, the Non Executive Chairperson and each committee Chairperson receive an additional cash retainer for serving in those roles. Cash payments are paid pro rata in quarterly installments at the end of each fiscal quarter. The compensation committee reviews on an annual basis market data gathered by the compensation committee's independent advisor for determining compensation. In June 2018, the Board of Directors approved increases to the retainers paid to each non-employee director, the Non-Executive Chairperson and committee Chairpersons. The following table sets forth the cash retainers for services before and after June 2018:

Role	Cash Retainer Before June 5, 2018 ($)	Cash Retainer After June 5, 2018 ($)	Percentage Increase
Non-Employee Director	105,000	110,000	5%
Non-Executive Chairperson	125,000	155,000	24%
Audit Committee Chairperson	25,000	30,000	20%
Compensation Committee Chairperson	20,000	25,000	25%
Nominating and Corporate Governance Committee Chairperson	15,000	20,000	33%

The following table provides information related to non employee director compensation earned for fiscal 2018:

Name	Fees Earned or Paid in Cash ($)	Stock Awards (1)(2) ($)	Total ($)
Robert F. DiRomualdo	179,574	150,184	329,758
Sally E. Blount	108,324	150,184	258,508
Michelle L. Collins	126,648	150,184	276,832
Dennis K. Eck	108,324	150,184	258,508
Catherine A. Halligan	131,648	150,184	281,832
Charles Heilbronn	108,324	150,184	258,508
Michael R. MacDonald	118,626	150,184	268,810
George R. Mrkonic	108,324	150,184	258,508
Lorna E. Nagler	108,324	150,184	258,508

Charles J. Philippin (3)	162,266	164,941	327,207
Vanessa A. Wittman (4)	108,324	150,184	258,508

1. Amounts shown represent the grant date fair value as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation — Stock Compensation ("ASC 718"). For a discussion of the assumptions made in the valuation reflected in this column, see Note 14 to the consolidated financial statements for fiscal 2018 contained in our Annual Report on Form 10 K filed on April 2, 2019.
2. The grant date fair value of the restricted stock units awarded to each director in fiscal 2018, other than Mr. Philippin, was based on a fair value of $255.85 per share on June 6, 2018. Mr. Philippin's award was modified to accelerate the vesting upon his retirement on September 30, 2018. The grant date fair value of the modified restricted stock units awarded to Mr. Philippin was based on a fair value of $280.99 per share on September 30, 2018.

Table of Contents

3. Mr. Philippin retired from the Board of Directors effective September 30, 2018 and his compensation as a non employee director in fiscal 2018 was pro rated in accordance with his service period.
4. Ms. Wittman resigned from the Board of Directors on March 15, 2019.

The following table sets forth the outstanding stock options and restricted stock units held by our non employee directors as of April 8, 2019:

Name	Stock Options (#)	Restricted Stock Units (#)
Robert F. DiRomualdo	—	587
Sally E. Blount	—	587
Michelle L. Collins	—	587
Dennis K. Eck	—	587
Catherine A. Halligan	—	587
Charles Heilbronn	—	587
Michael R. MacDonald	—	587
George R. Mrkonic	—	587
Lorna E. Nagler	28,333	587

Table of Contents

PROPOSAL TWO
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

What are you voting on?

You are being asked to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year 2019, ending February 1, 2020

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL TWO

The audit committee of the Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm for fiscal 2019, ending February 1, 2020. Services provided to Ulta Beauty by Ernst & Young LLP in fiscal 2018 are described under "Fees to Independent Registered Public Accounting Firm" below. Additional information regarding the audit committee is provided on page 18. Ernst & Young LLP has audited the financial statements of Ulta Beauty since 1997. Representatives of Ernst & Young LLP will be present at the Annual Meeting to respond to appropriate questions and to make such statements as they may desire.

Stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate governance practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of Ulta Beauty and our stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting will be required to ratify the appointment of Ernst & Young LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non votes will be counted towards a quorum, but will not be counted for any purpose in determining whether this proposal has been ratified.

Table of Contents

FEES TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table sets forth the aggregate fees billed by Ernst & Young LLP for professional services rendered for fiscal 2018 and 2017:

	2018	2017
Audit Fees (1)	$ 1,668,500	$ 1,458,000
Audit-Related Fees	—	—
Tax Fees (2)	541,500	190,000
All Other Fees (3)	3,600	1,995
Total	$ 2,213,600	$ 1,649,995

1. Represents fees and expenses billed for professional services rendered for audits of our annual financial statements, including reviews of the financial statements included in our quarterly reports on Form 10 Q. Audit fees increased in 2018 due to additional audit procedures associated with the new lease accounting standard, recent acquisitions and increased complexity of the business.
2. Represents fees and expenses for tax related services; primarily for tax consulting and tax planning. Tax fees increase in 2018 represent Ernst & Young consultative work associated primarily with our new captive insurance company, transfer pricing study, and recent acquisitions.
3. Represents fees relating to online research software.

The audit committee has approved all professional fees paid to Ernst & Young LLP.

The audit committee has established procedures for the pre approval of all audit and permitted non audit related services provided by our independent registered public accounting firm. The procedures include, in part, that: (i) the audit committee, on an annual basis, shall pre approve the independent registered public accounting firm's engagement letter/annual service plan; (ii) the audit committee must pre approve any permitted service not included in the annual service plan; (iii) the audit committee Chairperson has the ability to pre approve any permitted service up to a pre determined amount between regularly scheduled meetings, as applicable, and a report of such services and related fees are to be disclosed to the full audit committee at the next scheduled meeting; and (iv) the audit committee will review a summary of the services provided and the fees paid on an annual basis.

Table of Contents

AUDIT COMMITTEE

The audit committee provides assistance to the Board of Directors in fulfilling its responsibility to our stockholders, potential stockholders, the investment community and other stakeholders relating to the Company's accounting and financial reporting process and the audits of the Company's financial statements. During fiscal 2018, the audit committee held twelve meetings. Every committee member was in attendance at each meeting.

Specifically, the audit committee assists the Board of Directors in monitoring the integrity of our financial statements, our independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm, our compliance with legal and regulatory requirements and our policies with respect to risk assessment and risk management, including cybersecurity risks. The audit committee annually evaluates its own performance and reports its findings and action plans to the Board. The audit committee has direct responsibility for the appointment, compensation, retention (including termination) and oversight of our independent registered public accounting firm. Our independent registered public accounting firm reports directly to the audit committee.

During fiscal 2018, the audit committee was composed of the following independent directors: Ms. Blount, Ms. Collins, Messrs. DiRomualdo (until September 30, 2018), MacDonald and Mrkonic and Ms. Wittman (who resigned on March 15, 2019). Mr. DiRomualdo served as the Chairperson of the Audit Committee until September 30, 2018, when he became our Non-Executive Chairperson of the Board. As of September 30, 2018, Mr. MacDonald became the Chairperson of the audit committee. Each of Messrs. MacDonald and Mrkonic and Ms. Collins have been designated by the Board of Directors as an "audit committee financial expert" as defined in applicable SEC rules. The Board of Directors made a qualitative assessment of each member's level of knowledge and experience based on a number of factors, including education and work, management and director experience. The Board of Directors has determined that each committee member qualifies as a "non employee director" under SEC rules and regulations, as well as the independence requirements of NASDAQ. All members of our audit committee are financially literate and are independent, as independence is defined in Rule 5605(a)(2) of the NASDAQ listing standards and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The audit committee acts under a written charter that was adopted by the Board of Directors and has been published under "Corporate Governance" in the Investor Relations section of the Ulta Beauty website located at http://ir.ultabeauty.com.

Table of Contents

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS[1]

The audit committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting process and practices of Ulta Beauty.

The audit committee oversees Ulta Beauty's financial process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. Ulta Beauty has an Internal Audit Department that is actively involved in examining and evaluating Ulta Beauty's financial, operational and information systems activities and reports functionally to the audit committee and administratively to management. In fulfilling its oversight responsibilities, the audit committee reviewed and discussed with management the periodic reports, including the audited financial statements in our Annual Report on Form 10 K. This included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The audit committee reviewed with the independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, its judgments as to the quality, not just the acceptability, of Ulta Beauty's accounting principles and such other matters as are required to be discussed with the audit committee under generally accepted auditing standards, including the Public Company Accounting Oversight Board Standard No. 1301, Communications with Audit Committees (AS 1301). In addition, the audit committee has discussed with the independent registered public accounting firm the firm's independence from management and Ulta Beauty, including the matters in the written disclosures and the Letter from the Independent Registered Public Accounting Firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the firm's communications with the audit committee concerning independence.

The audit committee discussed with Ulta Beauty's independent registered public accounting firm the overall scope and plans for their audit and developed a pre approval process for all independent registered public accounting firm services. The audit committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of Ulta Beauty's internal and disclosure controls and the overall quality of Ulta Beauty's financial reporting. As noted, the audit committee held 12 meetings during fiscal 2018.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in Ulta Beauty's Annual Report on Form 10 K for fiscal 2018, ended February 2, 2019, for filing with the SEC. The audit committee has appointed Ernst & Young LLP to be Ulta Beauty's independent registered public accounting firm for fiscal 2019, ending February 1, 2020.

Audit Committee of the Board of Directors

Michael R. MacDonald (Chairperson)
Sally E. Blount

Michelle L. Collins
George R. Mrkonic

1This report is not "soliciting material," is not deemed filed with the SEC, and is not to be incorporated by reference into any Ulta Beauty filing under the Securities Act of 1933 (as amended, the "Securities Act") or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

Table of Contents

COMPENSATION COMMITTEE

During fiscal 2018, the compensation committee was composed of the following directors, all of whom satisfy the independence requirements of NASDAQ: Ms. Halligan, Messrs. Eck, Heilbronn and MacDonald and Ms. Nagler. Ms. Halligan serves as the current Chairperson of the compensation committee. During fiscal 2018, the compensation committee held ten meetings.

The Board of Directors has determined that each current committee member qualifies as a "non employee director" under the rules and regulations of the SEC. The compensation committee acts under a written charter that was adopted by the Board of Directors and has been published under "Corporate Governance" in the Investor Relations section of the Ulta Beauty website located at http://ir.ultabeauty.com. Under this charter, the compensation committee is responsible for:

- setting our compensation philosophy;
- reviewing and approving the compensation for the CEO and her direct reports ("C Level Officers");
- reviewing and recommending to the Board the compensation for non employee directors;
- supervising compensation policies for all employees, including reviewing the compensation structure and procedures;
- recommending to the Board the employment, appointment and removal of C Level Officers in accordance with the Bylaws;
- establishing, amending and terminating compensation and benefits plans and administering such plans; and
- annually evaluating its own performance and reporting findings and action plans to the Board.

The compensation committee may under its charter delegate any of its responsibilities to a subcommittee, but only to the extent consistent with our Bylaws, Certificate of Incorporation, and NASDAQ rules.

Compensation Consultant

During fiscal 2018 the compensation committee engaged Pay Governance as its outside consultant to assist the compensation committee with executive compensation program design, to advise and consult with the committee on general compensation issues and to keep the committee apprised of regulatory, legislative and accounting developments and competitive practices related to executive compensation. In those capacities, Pay Governance was engaged directly by the compensation committee. Pay Governance is an independent executive compensation consulting firm and does not determine or recommend the exact amount or form of executive compensation for any executive officers. Pay Governance reports directly to the compensation committee, and a representative of Pay Governance, when requested, attends meetings of the committee, is available to participate in executive sessions and communicates directly with the Chairperson of the compensation committee or its members outside of meetings. The compensation committee has reviewed the nature of and extent of the relationship between the compensation committee, the Company and Pay Governance with respect to any potential conflicts of interest or similar concerns. Based on that review, the compensation committee believes that there are no conflicts of interest or potential conflicts of interest that would unduly influence Pay Governance's provision of advice that is independent of management to the compensation committee.

Table of Contents

Compensation Risk

The Company reviewed its compensation plans, practices and policies and determined that it does not have any such plans, practices and policies that create risks that are reasonably likely to have a material adverse effect on the Company based on the following:

- the Company's variable compensation programs are linked to specific performance goals set and approved by the compensation committee for executive officers and for other employees by supervisors consistent with the Company's compensation philosophy and business goals;
- the performance periods for the pay programs are designed to match the period for which the employee has influence on the results and incorporate incentives of a longer term nature to tie the employee to the actual results;
- payments under the incentives are capped;
- payments are reviewed by the compensation committee, management, payroll and human resources, and subject to spot audits;
- the mix between fixed and variable pay is balanced so as to neither discourage proper risk taking, nor encourage excessive risk taking; and
- participants cannot approve their own performance goals, nor their own payouts.

Compensation Committee Interlocks and Insider Participation

During fiscal 2018, none of the members of our compensation committee had at any time been one of our officers or employees. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any entity that has one or more executive officers serving on our Board of Directors or compensation committee.

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS[2]

The compensation committee has reviewed and discussed the following Compensation Discussion and Analysis ("CD&A") with management. Based on this review and discussion, the compensation committee recommended to the Board of Directors, and the Board of Directors approved, that the CD&A be included in Ulta Beauty's fiscal 2018 Annual Report on Form 10 K and this Proxy Statement.

Compensation Committee of the Board of Directors

Catherine A. Halligan (Chairperson)
Dennis K. Eck
Charles Heilbronn
Michael R. MacDonald
Lorna E. Nagler

[2] This report is not "soliciting material," is not deemed filed with the SEC, and is not to be incorporated by reference into any Ulta Beauty filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

Table of Contents

C ompensation Discussion and Analysis

This Compensation Discussion and Analysis describes the Company's executive compensation program and explains how the compensation committee made compensation decisions for the following Named Executive Officers (the "NEOs") related to fiscal 2018:

Named Executive Officer	Title
Mary N. Dillon	Chief Executive Officer
Scott M. Settersten	Chief Financial Officer, Treasurer and Assistant Secretary
Jodi J. Caro	General Counsel, Chief Compliance Officer and Corporate Secretary
Jeffrey J. Childs	Chief Human Resources Officer
David C. Kimbell	Chief Merchandising and Marketing Officer in fiscal 2018; President & Chief Merchandising and Marketing Officer as of April 12, 2019

Executive Summary

Ulta Beauty's executive compensation programs are designed to be aligned with stockholder interests and are heavily weighted toward performance based awards. The compensation program design provides for compensation, other than base salary, to be variable and based on actual performance results.

Fiscal 2018 was a strong year for the Company…

$6.7

billion

We increased net sales by 14.1% to $6.7 billion.

$658.6

million

We increased net income by 18.6% to $658.6 million.

$859.1

million

We grew earnings before income taxes by 9.2% to $859.1 million.

100

We opened 100 net new stores (representing a 9.2% increase in square footage) for a total of 1,174 stores across all 50 states.

22.1%

We increased income per diluted share by 22.1% to $10.94.

31.8

million

We increased active loyalty members by 14.4% to 31.8 million.

In addition to the above accomplishments, we added significant new brands to our product offering and continued to invest in our supply chain and omnichannel capabilities.

Table of Contents

Compensation Discussion and Analysis

Our five year top line and bottom line performance, store growth and active loyalty memberships are shown below:

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10 K filed on April 2, 2019 for a more detailed description of our fiscal 2018 financial results.

The alignment of performance and pay in fiscal 2018 reflects our compensation philosophy.

Executive pay is delivered through a performance based compensation program that provides the opportunity to earn meaningful compensation upon achievement of superior performance and limits earnings opportunity when results are not satisfactory. Annual incentive opportunity is directly tied to one quantifiable objective performance target: earnings before income taxes ("EBT"), adjusted for certain accounting charges and credits. The use of EBT is designed to enhance focus on profitable growth, which is a key indicator of our operating performance. No awards are paid under this program if a threshold level of earnings is not achieved. Based on our continued strong operating performance, we met our EBT target for 2018, resulting in a payout under our annual incentive plan of 101.70% of target.

Table of Contents

Compensation Discussion and Analysis

Our long term incentive plan ("LTIP") is designed to focus on our plan to drive long term profitable growth.

The LTIP includes non qualified stock options with four year vesting, performance based restricted stock units ("PBSs") that are earned after a two year performance period, based on achievement against multi year revenue and EBT goals, and require a third year of time vesting, and time based restricted stock units ("RSUs") with three year cliff vesting.

96.0%

approval

At our 2018 Annual Meeting of Stockholders, approximately 96% of stockholders indicated their approval of the compensation paid to our NEOs through the advisory vote to approve executive compensation ("say on pay"). The compensation committee believes that this vote affirms stockholder support of the Company's approach to executive compensation. The compensation committee will continue to consider the outcome of the Company's say on pay votes when making future compensation decisions for our NEOs. We regularly review and assess our compensation programs to ensure that they are aligned with our business strategies, and that the type and mix of short term and long term incentive vehicles used continue to align management with stockholders' interests and reward for high performance.

Philosophy

OUR PHILOSOPHY	HOW WE EXECUTE OUR PHILOSOPHY
Our executive compensation philosophy is to provide compensation opportunities that attract, retain, and motivate talented key executives.	We evaluate the competitiveness and effectiveness of our compensation programs against other comparable businesses based on industry, size, and other relevant business factors. We link annual incentive compensation to our performance on key measurable financial, operational and strategic goals that drive stockholder value. We focus a significant portion of the executive's compensation on equity based incentives to align interests closely with stockholders. We manage "pay for performance" such that pay is clearly linked to business and individual performance.

Overview of 2018 Compensation

Our fiscal 2018 compensation program generally consisted of a base salary, variable cash incentive, stock options, PBSs and RSUs. This mix of compensation is intended to ensure that total compensation reflects our overall intent to motivate executive officers to meet appropriate performance measures and to align management with stockholders' long term interests.

In March 2018, the compensation committee awarded our CEO an additional award ("2018 CEO Award") to create an intense focus on share price appreciation and secure Ms. Dillon's employment for an additional three-year period. The 2018 CEO Award was granted in time-vesting RSUs and performance-based RSUs, with the majority of the earning potential tied to the sustained achievement of specific share price goals. To achieve any incremental award value requires share price growth of approximately 47% over the vesting period, and to achieve the maximum value requires share price growth of approximately 71% over the vesting period.

Table of Contents

Compensation Discussion and Analysis

Components of Compensation

The majority of target compensation we offer our NEOs is delivered in variable, performance based elements.

The material components of our executive compensation program and their purposes and key characteristics are summarized in the following table:

	Reward Element	Purpose	Form	Fixed/ Performance Based	Short/ Long Term
Fixed	Base Salary	Compensation for duties and responsibilities	Cash	Fixed	Short Term
At Risk	Annual Incentive Plan	Rewards NEOs for achievement of company-wide EBT goal	Cash	Performance Based	Short Term
	Long-Term Incentive Plan	Rewards creation of long-term stockholder value and achievement of key operating metrics over a longer term period	Stock Options (50% of award value) Performance-Based Shares (30% of award value) Restricted Stock Units (20% of award value)	Performance Based	Long Term

As part of our continued emphasis on creating stockholder value, we utilize EBT as the single performance measure for the corporate annual incentive for all officers. This focus on a single performance objective reflects the Company's strong linkage between stockholder value creation and management incentives. Each fiscal year, the compensation committee approves the EBT target goal and the threshold and maximum performance against such goals at the beginning of the year. For fiscal 2018, the compensation committee approved adjustments to our actual EBT performance to take into account the impact of two acquisitions completed during the fiscal year and other non-material adjustments per plan guidelines. Based on these adjustments, we achieved performance that was just over our target EBT goal resulting in bonuses for the NEOs payable at 101.70% of their target annual incentives.

We continue to use stock options, PBSs and RSUs as a means of providing long term incentives for our NEOs. PBS awards are tied to the attainment of both two year EBT growth and two-year revenue growth goals and require a third year of vesting.

The 2018 CEO Award contains time-vesting RSUs and performance-based RSUs. The value and vesting of the performance-based RSUs is based only upon achievement of growth in our share price measured over a specified and sustained period of time.

Table of Contents

Compensation Discussion and Analysis

The charts below show the percentage of our CEO's fiscal 2018 target compensation (both excluding and including the 2018 CEO Award) and the average percentages of our other NEOs' fiscal 2018 target compensation.

The weighting of our long term incentives more heavily to stock options and PBSs emphasizes long term alignment with stockholder value, as the stock options will not have any value unless our share price rises and the PBSs will not vest unless the performance goals are met.

Table of Contents

Compensation Discussion and Analysis

Executive Compensation Policies and Practices

The compensation committee and management seek to ensure that our executive compensation and benefits programs align with our core compensation philosophy. We maintain the following policies and practices that drive our NEOs compensation program:

What We Do	What We Don't Do
Pay for Performance: Majority of pay is performance based and not guaranteed	No Excise Tax Gross Ups: The Company does not provide any excise tax gross up payments in connection with a change in control
Multiple Performance Metrics and Time Horizons: Use multiple performance metrics focusing on top line and bottom line growth and multi year vesting and measurement periods for long term incentives	No Repricing or Buyouts of Stock Options: The Company's equity plan prohibits repricing or buyouts of underwater stock options
Annual Compensation Risk Review: Annually assess risk in compensation programs	No Tax Gross ups for Perquisites: The Company does not provide tax gross ups to NEOs for the limited perquisites we provide
Double Trigger Change in Control Equity Vesting: Include "double trigger" change in control provisions for equity awards	No Hedging, Derivatives, Pledging or Margin Accounts: NEOs are prohibited from engaging in derivatives and hedging transactions and from holding Company stock in a margin account or pledging Company stock as collateral
Share Ownership Guidelines: NEOs must comply with share ownership requirements	No Dividends on Unearned PBSs and RSUs: No dividends or dividend equivalents are paid on PBSs or RSUs until such PBSs and RSUs become vested and earned
Clawback Policy: We maintain a robust clawback policy that provides for recovery of incentive compensation in the event of a financial restatement, other misconduct not involving financial restatements, and for breaches of non compete and other restrictive covenants	No Contracts: No contracts with multi year guaranteed salary increases or non performance bonus arrangements
Challenging Performance Objectives: Set challenging performance objectives for Annual Incentive and LTIP	
Use of Independent Consultant: The compensation committee has retained an independent compensation consultant that performs no other consulting services for the Company and has no conflicts of interest	
Limited Perquisites: Provide limited perquisites	
Peer Groups: Use appropriate peer groups when establishing compensation	

Table of Contents

Compensation Discussion and Analysis

2018 Executive Compensation

What We Do:
Compensation Committee Reviews Comparative Pay Levels

We review competitive pay levels among a peer group of retailers with revenues similar to Ulta Beauty, compensation survey data for similarly sized retail companies from the Willis Towers Watson 2017 CDB Retail/Wholesale Executive Compensation Survey Report, and compensation survey data for similarly sized general industry companies from the Willis Towers Watson 2017 CDB General Industry Executive Compensation Survey report.

Our CEO Provides Input for Other Executives

The CEO recommends to the committee other executive's compensation based on the executive's performance as well as internal pay equity among current executives and newly hired executives, as well as talent and succession planning considerations. The CEO does not participate in setting her own compensation.

Compensation Committee Makes Final Determination

The compensation committee approves executive compensation after deliberation, taking into account such factors as talent planning, succession, and Company performance. In addition, the committee considers such factors as total compensation philosophy, individual performance, and the positioning of Ulta Beauty's executive total compensation levels relative to market.

Objectives and Considerations:

We consider the nature and job scope of each NEO.

We consider internal pay positioning, taking into account each NEO's pay components and levels relative to other executives with respect to role, length of time the NEO has served in the NEO's current position, seniority, and levels of responsibility.

We consider the accounting and tax impact of each element of compensation.

We consider competitive pay levels and practices for similar positions among identified data sets.

ULTA BEAUTY 2018 COMPENSATION PEER GROUP

Big Lots, Inc.	Dollar Tree, Inc.	Ross Stores, Inc.
Burlington Stores, Inc.	Foot Locker, Inc.	Sally Beauty Holdings, Inc.
Cabela's Incorporated	L Brands, Inc.	Signet Jewelers Limited
Carter's, Inc.	Michael Kors Holdings Limited	The Michaels Companies, Inc.
Dick's Sporting Goods, Inc.	PVH Corp.	Tractor Supply Company
		Under Armour, Inc.

We selected a peer group of companies in similar size and with whom we may compete for talent and assess them annually to ensure the peer group remains relevant from industry, size and performance perspectives for use in benchmarking pay to inform our decisions.

2018 CEO Award

In March 2018, the Board of Directors, in connection with its annual review of compensation, awarded Ms. Dillon the 2018 CEO Award of 24,478 time-vesting RSUs, which had a value of $5,000,000, based on the closing share price of $204.27 on the grant date. These RSUs cliff vest on September 30, 2021, provided Ms. Dillon is still employed by the Company on this date. As further incentive to drive stock price appreciation, the Board of Directors awarded Ms. Dillon the potential to earn additional performance-based RSUs valued between $5,000,000 and $10,000,000, contingent upon on the Company achieving an average closing share price for either the 20 trading days or 30 calendar days preceding September 30, 2021 of $300 to $350 and her continued employment. These goals require share price growth of approximately 47% over the vesting period to achieve the minimum value and approximately 71% over the vesting period to achieve the maximum value. Additionally, Ms. Dillon is required to hold the shares deliverable upon vesting of the 2018 CEO Award for a period of one year, net of taxes.

The 2018 CEO Award is designed to recognize the value Ms. Dillon has in driving the continued success of the organization and further align her with the long-term interests of the stockholders in driving stock price appreciation.

Compensation Components

COMPENSATION COMPONENTS

Base Salary Annual Incentives Long-Term Incentive Plan

Base Salary

Base salaries are reviewed annually and are set based on: competitiveness versus the external market, talent planning, internal merit increase budgets, individual and Company performance, and internal equity considerations.

The compensation committee and management discuss the economic and market conditions, which impact compensation decisions. After these thorough reviews, our CEO makes individual recommendations with input from the human resources department regarding competitive position to the market. Ms. Dillon was not involved in the discussion of her own compensation. The NEO base salary and percentage increases approved for fiscal 2018 were:

Named Executive Officer	2018 Base Salary ($)	Percentage Increase	
Mary N. Dillon	1,150,510	3	%
Scott M. Settersten	658,050	7	%
Jodi J. Caro	535,018	7	%
Jeffrey J. Childs	546,042	4	%
David C. Kimbell	676,520	10	%

These base salary levels are competitive with our market. The salary increase for Mr. Settersten, Mr. Kimbell and Ms. Caro were provided to bring base salary compensation more in line with the competitive market for their respective roles. For Ms. Dillon and Mr. Childs increases were reflective of the general salary increase applicable to other employees.

Annual Incentives

The NEO target annual incentives, shown as a percentage of base salaries, for fiscal 2018 were as follows:

Named Executive Officer	2018 Annual Incentive Target	
Mary N. Dillon	170	%
Scott M. Settersten	75	%
Jodi J. Caro	65	%
Jeffrey J. Childs	65	%
David C. Kimbell	75	%

Table of Contents

These target annual incentives were unchanged from fiscal 2017. In fiscal 2018, the annual incentives awards awarded to our NEOs were based on achievement of an EBT target of $858.3 million. This was based on a rigorous goal setting process in which management and the compensation committee worked collaboratively to set stretch targets. The fiscal 2018 annual incentive payout was as follows:

	2018 Annual Incentive Payout Percent to Target	Payout
Threshold	92%	50%
Target	100%	100%
Maximum	110%	200%

Based on our EBT performance, as adjusted, of $859.7 million, the annual incentive payout was 101.70% based on EBT performance of 100.17% to target. The compensation committee can use negative discretion to reduce calculated annual incentive payouts but did not apply any discretion in fiscal 2018.

The compensation committee also awarded the CEO a discretionary cash bonus of $260,000 for the Company's superior performance in fiscal 2018.

Long Term Incentive Plan

During 2018, we provided long term incentive awards through grants of stock options, PBSs and RSUs to our NEOs and certain other employees. Under the LTIP, each eligible employee may receive an award with a value that is targeted to a percentage of base salary, with the ultimate value dependent upon Company performance. The compensation committee approved awards in fiscal 2018 at the targeted percentage of base salary as follows:

Named Executive Officer	2018 LTIP Target Percentages
Mary N. Dillon	392%
Scott M. Settersten	210%
Jodi J. Caro	100%
Jeffrey J. Childs	100%
David C. Kimbell	250%

The compensation committee increased the LTIP target percentage for Mr. Settersten and Mr. Kimbell to further align their compensation opportunities with stockholders for long term value creation and provide market competitive long term compensation opportunities.

Table of Contents

Compensation Discussion and Analysis

Consistent with our pay for performance orientation, the compensation committee granted the annual LTIP award with the following mix:

Stock Options	PBSs	RSUs
Stock options granted under the LTIP generally have the following characteristics:	PBSs granted under the LTIP have the following characteristics:	RSUs granted under the LTIP generally have the following characteristics:
exercise price equal to the fair market value of our common stock on the date of grant;	tied to achievement of a two year cumulative revenue and EBT targets;	entitle the holder to receive an equal number of shares of common stock at settlement; and
ratable vesting, on an annual basis over a four-year period; and	33% of PBS grant value tied to attainment of revenue target and 67% of PBS grant value tied to attainment of EBT target;	cliff vest 100% at the end of three years from grant date.
ten year term from the date of grant.	the number of shares earned can be less or greater than target, including zero, based on Company performance; and	
	following the end of the two year performance period, a third year of time vesting is required before the number of earned shares is delivered to the recipient.	

PBS awards granted in 2017 were earned based on two year cumulative revenue and EBT targets as follows:

	Revenue – 33% of PBS Value		EBT – 67% of PBS Value	
	Percent to Target	Payout	Percent to Target	Payout
Threshold	95%	50 %	85%	50 %
Target	100%	100 %	100%	100 %
Maximum	105%	200 %	110%	200 %

The two year cumulative revenue and EBT targets were $12.61 billion and $1.79 billion, respectively. For 2017, the compensation committee approved an adjustment to our actual EBT performance to take into account the one time bonuses paid to hourly employees related to tax reform. For 2018, the compensation committee approved adjustments to our actual EBT performance to take into account the impact of two acquisitions completed during the fiscal year and other non-material adjustments per plan guidelines. Based on these adjustments, we achieved two year cumulative revenue and EBT of $12.55 billion and $1.66 billion, respectively, resulting in a payout of 95.6% of the revenue target and 75.0% of the EBT target of the 2017 PBS award. Although the performance period is complete, the awards will not vest for one more year.

In addition, a separate RSU award pool (High Performer Pool) may be funded each year if EBT performance for the year is deemed superior. If the High Performer Pool is funded, based on actual EBT performance for the year and approved by the compensation committee, the CEO may recommend RSU awards to specific individuals based on her assessment of their individual performance and contribution to the success of the Company. The CEO recommends these individual awards to the compensation committee for approval. For fiscal 2018, as in prior years of strong performance, a High Performer Pool was created and Ms. Caro received a $100,000 award of RSUs from that pool. RSUs granted from the High Performer Pool vest ratably, on an annual basis, over a four-year period.

Share Ownership Guidelines

The compensation committee has established the following share ownership guidelines to strengthen the focus of our senior officers on our long term goals and further align their interests with stockholders:

Position	Required Amount
CEO	6X Base Salary
Other NEOs	3X Base Salary
Chief Non-NEOs	2X Base Salary

Shares of common stock held in brokerage accounts for the executives' benefit in trust, through tax qualified retirement plans, PBSs (which have been earned based on performance, but which are still subject to time vesting), RSUs, and the gain in value (i.e. "in the money value") of vested and unvested stock options held are included in determining whether the ownership requirement has been met and sustained. Each executive has five years following appointment to meet the applicable stock ownership requirements of his or her position. All executives are in compliance with our share ownership guidelines.

Clawback Provisions

We maintain a robust compensation recovery or "clawback" policy applicable to all Section 16 officers as well as other employees who receive equity grants or are otherwise selected for coverage.

Under the clawback policy the compensation committee may recover and/or cancel previously granted or earned incentive compensation (including recovery of gains realized thereon) in the event: (a) that Ulta Beauty is required to materially restate its financial or operating results (whether or not there is any fraud or misconduct and whether or not the executive whose compensation is subject to clawback is responsible, but excluding restatements caused by changes in accounting rules, reclassification or other retrospective changes not caused by fraud or misconduct), (b) of fraud or misconduct (regardless of whether the fraud or misconduct is related to a restatement of financial or operating results), (c) of a violation of Ulta Beauty's Code of Business Conduct or (d) of a violation of any applicable non compete, non solicitation or confidentiality covenants.

Policy on Ulta Beauty Stock Investments

Our insider trading policy prohibits trading in puts, calls and other derivative securities on our stock and also prohibits the purchase of financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) or otherwise engaging in transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of our stock by officers, directors and employees. In addition, our insider trading policy prohibits our executive officers, directors and other designated insiders from holding Company stock in a margin account or pledging our stock as collateral for a loan, with certain limited exceptions.

Table of Contents

Long Term Incentive Granting Policy

We have a general policy of making equity grants (stock options and RSUs) for new executive officers and NEOs once our trading window opens on the third business day following the date our earnings announcement is made for each fiscal quarter. The window generally remains open for 30 days. The annual LTIP grant is generally made in the open window following our fourth quarter earnings announcement. This timing of stock option, PBS and RSU grants is thus generally consistent with when our executives and directors would be allowed to trade in our common stock under our insider trading policy. The compensation committee determined that setting the exercise price for stock options at this time was prudent in that it allowed for the market to process all reported public information prior to establishing the price. Such a practice thereby eliminates any potential manipulation regarding the timing of stock option grants. All stock option, PBS and RSU grants for executives and NEOs are approved in advance by the compensation committee.

Benefits and Perquisites

Executives can defer compensation under our non qualified deferred compensation plan with matching contributions equal to 100% of contributions made up to 3% of eligible deferred compensation, which is more fully described in the narrative to the 2018 Non Qualified Deferred Compensation table below. For all eligible employees, we offer a 401(k) plan with matching contributions equal to 100% of contributions made up to 3% of eligible salary. Starting January 1, 2019, the matching contributions increased to 100% of the contributions for the first to 3% of eligible salary and 50% of the contributions on the next 2% of eligible salary. In addition, we offer group health, life, accident and disability insurance to eligible employees. In 2017, the Company enhanced the long term disability (“LTD Plan”) benefits for all NEOs and officers by offering a supplemental LTD Plan that provides a benefit equal to 60% of salary and annual incentive. Our employees are also entitled to a discount on purchases at our stores.

Change in Control and Severance Plan

The Company has an Executive Change in Control and Severance Plan (the “CIC Plan”), which provides severance and other benefits should an executive be involuntarily terminated in connection with a change in control. We adopted the CIC Plan as a market-based plan that is intended to minimize distraction to our executives by providing financial security in the event of a loss of employment following a change in control. See “Severance and Change in Control Benefits” below for additional details.

Accounting and Tax Considerations

Historically, our incentive compensation programs have been designed and administered in a manner generally intended to preserve federal income tax deductions. However, the compensation committee considers the tax and accounting consequences of utilizing various forms of compensation and retains the discretion to pay compensation that is not tax deductible or could have adverse accounting consequences for Ulta Beauty.

Section 162(m) of the Internal Revenue Code (“Section 162(m)”) generally disallows a tax deduction to a public corporation for compensation paid in excess of $1.0 million to its chief executive officer, chief financial officer and top three most highly paid employees (“covered employees”), including covered employees from prior years. For tax year’s prior to 2018, Section 162(m) did not apply to the CFO’s compensation or to the compensation of prior covered employees. Additionally, for tax year’s prior to 2018 Section 162(m) contained an exception for compensation that was performance based. Certain transition rules apply to the changes made to Section 162(m) in 2018. The compensation committee intends to take advantage of these transition rules, where it makes sense in light of the Company's overall compensation objectives. However, the compensation committee expects in the future to approve and pay compensation that may not be tax deductible.

Table of Contents

Compensation Discussion and Analysis

Summary Compensation Table

The following table sets forth the compensation of our NEOs for the fiscal 2018:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Stock Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($) (3)
Mary N. Dillon	2018	1,150,510	260,000	8,501,584	2,255,001	1,989,117	89,206
Chief Executive Officer and	2017	1,117,000	—	2,189,459	2,189,357	1,912,382	83,100
Director (Principal Executive Officer)	2016	1,000,000	—	1,925,270	1,925,012	2,918,550	73,189
Scott M. Settersten	2018	658,050	—	691,250	690,979	501,928	36,251
Chief Financial Officer	2017	615,006	—	615,143	615,023	464,529	38,094
(Principal Financial Officer)	2016	580,030	—	493,207	493,077	733,567	29,203
Jodi J. Caro	2018	535,018	—	367,686	267,534	353,674	29,292
General Counsel,	2017	500,022	—	250,280	250,048	327,322	25,801
Chief Compliance Officer and Corporate Secretary	2016	436,815	—	185,816	185,659	424,955	20,445
Jeffrey J. Childs	2018	546,042	—	273,109	273,045	360,961	36,210
Chief Human Resources	2017	525,041	—	262,668	262,529	343,700	34,501
Officer	2016	499,326	—	212,470	212,249	631,500	31,021
David C. Kimbell	2018	676,520	—	845,678	845,688	516,016	36,195
Chief Merchandising and	2017	615,022	—	615,143	615,023	464,542	32,996

Marketing Officer; President & Chief Merchandising and Marketing Officer as of April 12, 2019	2016	580,374	—	493,590	493,339	734,002	29,202

1. The grant date fair value of the LTIP RSUs and LTIP PBSs is based on the closing share price of our common stock on the date granted. Amounts shown include performance based awards at grant date fair value, based on target level achievement. If the maximum level of performance is achieved, the amounts shown above would increase by $1,353,084, $414,668, $160,556, $163,825 and $507,407 for Ms. Dillon, Mr. Settersten, Ms. Caro, Mr. Childs and Mr. Kimbell, respectively. The grant date fair value of the time-vesting RSUs of the 2018 CEO Award was $4,673,095, which was based on the closing share price of $204.27 on the grant date, an expected volatility of 32.42% over a 1.00 year period, a risk-free interest rate of 2.08%, and an illiquidity discount of 11.7% due to the one year required holding period for the shares. The grant date fair value of the market condition performance-based RSUs of the 2018 CEO Award was $1,573,349, which was determined using a Monte Carlo simulation using the closing share price of $204.27 on the date of grant, an expected volatility of 28.55% over a 3.51 year period, a risk-free interest rate of 2.42% and an illiquidity discount of 6.54% due to the one year required holding period for the shares.
2. Amounts shown represent the grant date fair value of stock options granted in the year indicated as computed in accordance with ASC 718. For a discussion of the assumptions made in the valuation reflected in these columns, see Note 14 to the consolidated financial statements for fiscal 2018 contained in the Form 10 K filed on April 2, 2019.
3. All other compensation includes 401(k) match and deferred compensation match, and other perquisites, including club memberships, health screenings, and life insurance and long term disability premiums as indicated on the table below for fiscal 2018:

Name	401(k) Match ($)	Deferred Compensation Match ($)	Other Perquisites ($)
Mary N. Dillon	3,742	34,245	51,219
Scott M. Settersten	—	19,394	16,857
Jodi J. Caro	3,742	15,768	9,782
Jeffrey J. Childs	3,742	16,212	16,256
David C. Kimbell	3,742	19,799	12,654

Table of Contents

Compensation Discussion and Analysis

Grants of Plan Based Awards

The following table sets forth certain information with respect to grants of plan based awards to the NEOs for fiscal 2018:

Name	Grant Type	Grant Date	Board of Directors Approval Date	Estimated Future Payouts Under Non Equity Incentive Plan Awards Threshold ($) (1)	Target ($)	Maximum ($) (2)	Estimated Future Payouts Under Equity Incentive Plan Awards (3) Threshold (#) (4)	Target (#)
Mary N. Dillon								
	Bonus			977,934	1,955,867	3,911,734	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	3,312	6,624
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
	2018 CEO Award	3/29/2018	3/29/2018	—	—	—	—	—
	2018 CEO Award (7)	3/29/2018	3/29/2018	—	—	—	$ 5,000,000	—
Scott M. Settersten								
	Bonus			246,769	493,538	987,076	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	1,015	2,030
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
Jodi J. Caro								
	Bonus			173,881	347,762	695,524	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	393	786
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
Jeffrey J. Childs								
	Bonus			177,464	354,927	709,854	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	401	802
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
	LTIP	3/29/2018	3/29/2018	—	—	—	—	—
David C. Kimbell								

Bonus			253,695	507,390	1,014,780	—	—
LTIP	3/29/2018	3/29/2018	—	—	—	1,242	2,484
LTIP	3/29/2018	3/29/2018	—	—	—	—	—
LTIP	3/29/2018	3/29/2018	—	—	—	—	—

1. Threshold assumes performance exceeds 92% of the EBT performance target, resulting in a payout of 50% of the EBT target bonus.
2. Maximum assumes performance exceeds 110% of the EBT performance target, resulting in a payout of 200% of the EBT target bonus.
3. Amounts represent the PBSs granted in which 33% of the grant value is tied to attainment of a revenue target and 67% of the grant value is tied to attainment of an EBT target.
4. Threshold assumes performance exceeds 95% of the revenue performance target and 85% of the EBT performance target, resulting in a payout of 50% of the target performance based units.
5. Maximum assumes performance exceeds 105% of the revenue performance target and 110% of the EBT performance target, resulting in a payout of 200% of the target performance based units.
6. Represents the grant date fair value of stock and stock options granted as computed in accordance with ASC 718. For a discussion of the assumptions made in the valuation reflected in these columns, see Note 14 to the consolidated financial statements for fiscal 2018 contained in the Form 10 K filed on April 2, 2019. The grant date fair value of the time-vesting RSUs of the 2018 CEO Award was $4,673,095, which was based on the closing share price of $204.27 on the grant date, an expected volatility of 32.42% over a 1.00 year period, a risk-free interest rate of 2.08%, and an illiquidity discount of 11.7% due to the one year required holding period for the shares. The grant date fair value of the market condition performance-based RSUs of the 2018 CEO Award was $1,573,349, which was determined using a Monte Carlo simulation using the closing share price of $204.27 on the date of grant, an expected volatility of 28.55% over a 3.51 year period, a risk-free interest rate of 2.42% and an illiquidity discount of 6.54% due to the one year required holding period for the shares.
7. The market condition performance-based RSUs of the 2018 CEO Award are designed in cash but will settle in shares. The number of shares earned will be based upon the closing share price of our common stock on September 30, 2021.

Outstanding Equity Awards as of February 2, 2019

The following table presents information concerning stock options, PBSs and RSUs held by the NEOs as of February 2, 2019: