

Ulta Beauty, Inc.  
Form DEF 14A  
April 19, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**(Amendment No. )**

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 Pursuant to §240.14a-12

**ULTA BEAUTY, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(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:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 1, 2017**

TO THE STOCKHOLDERS OF ULTA BEAUTY, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Ulta Beauty, Inc. ( Ulta Beauty or the Company ), a Delaware corporation, will be held on Thursday, June 1, 2017, at 10:00 A.M. local time, at Ulta Beauty s headquarters located at 1000 Remington Blvd., Suite 120, Bolingbrook, Illinois 60440, for the following purposes:

1. To elect Michelle L. Collins, Dennis K. Eck, Charles J. Philippin and Vanessa A. Wittman as Class I Directors to hold office until the 2020 Annual Meeting of Stockholders;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year 2017, ending February 3, 2018;
3. To vote on an advisory resolution to approve the Company s executive compensation;
4. To vote on the frequency of future advisory votes on the Company s executive compensation; and
5. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on April 3, 2017, as the record date for the determination of stockholders entitled to notice of and to vote on the items listed above at the Annual Meeting of Stockholders and at any adjournment or postponement thereof.

**By Order of the Board of Directors**

Jodi J. Caro

*General Counsel and Corporate Secretary*

April 19, 2017

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**INTERNET AVAILABILITY OF PROXY MATERIALS**

We are furnishing proxy materials to our stockholders primarily via the internet. On April 19, 2017, we mailed most of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy materials, including our Proxy Statement and our 2016 Annual Report on Form 10-K. The Notice of Internet Availability of Proxy Materials also instructs you on how to vote via the internet. Other stockholders, in accordance with their prior requests, received e-mail notification of how to access our proxy materials and vote via the internet or have been mailed paper copies of our proxy materials and a proxy card or voting form.

Internet distribution of our proxy materials is designed to expedite receipt by stockholders, lower the cost of 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.

**Important notice regarding availability of proxy materials**

**for Ulta Beauty's 2017 Annual Meeting of Stockholders to be held on June 1, 2017:**

**The Proxy Statement and Annual Report to Stockholders on Form 10-K**

**for the year ended January 28, 2017 are available at <http://ir.ulta.com>.**

**Brokers cannot vote for Proposals 1, 3 or 4 without your instructions.**

**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.**

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**1000 Remington Blvd., Suite 120**

**Bolingbrook, IL 60440**

**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS**

**JUNE 1, 2017**

**PROXY MATERIALS AND ANNUAL MEETING**

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING**

**1. Q: General Why am I receiving these materials?**

A: On or about April 19, 2017, we sent a Notice of Internet Availability of Proxy Materials (the Notice) to you, and to all stockholders of record as of the close of business on April 3, 2017 because the Board of Directors of Ulta Beauty is soliciting your proxy to vote at the 2017 Annual Meeting of Stockholders. Our Board of Directors has made these proxy materials available to you on the internet, or upon your request, has delivered printed proxy materials to you in connection with the solicitation of proxies for use at the 2017 Annual Meeting of Stockholders. Our 2016 Annual Report, which includes our Form 10-K for the fiscal year ended January 28, 2017, along with this Proxy Statement and all other relevant corporate governance materials, are also available at the Investor Relations section of our website at <http://ir.ulta.com>.

**2. Q: Delivery of Materials Why did I receive a notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?**

A: In accordance with rules adopted by the Securities and Exchange Commission (the SEC), we may furnish proxy materials, including this Proxy Statement and our 2016 Annual Report, to our stockholders by providing access to such documents on the internet instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice, which was mailed to most of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the internet. The Notice also instructs you as to how you may submit your proxy on the internet. If you would like to receive a paper or email copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

**3. Q: Date, Time and Place When and where is the 2017 Annual Meeting of Stockholders?**

A: The 2017 Annual Meeting of Stockholders (sometimes referred to as the Annual Meeting ) will be held on Thursday, June 1, 2017, at 10:00 A.M. local time, at Ulta Beauty s headquarters located at 1000 Remington Blvd., Suite 120, Bolingbrook, Illinois 60440.

**4. Q: Purpose What is the purpose of the Annual Meeting of Stockholders?**

A: At our Annual Meeting, stockholders will act upon the matters outlined in this Proxy Statement and in the Notice of Annual Meeting accompanying this Proxy Statement.

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**5. Q: Attending the Annual Meeting How can I attend the Annual Meeting?**

A: You will be admitted to the Annual Meeting if you were an Ulta Beauty stockholder or joint holder as of the close of business on April 3, 2017, or you hold a valid proxy for the Annual Meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record prior to admittance to the Annual Meeting. If you are not a stockholder of record but hold shares through a broker, trustee or nominee, you should provide proof of beneficial ownership on the record date, such as your most recent account statement prior to April 3, 2017, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership. If a stockholder is an entity and not a natural person, the authorized representative must comply with the procedures outlined above and must also present evidence of authority to represent such entity. If a stockholder is a natural person and not an entity, such stockholder and his/her immediate family members will be admitted to the Annual Meeting, provided they comply with the above procedures.

**6. Q: Multiple Sets of Proxy Materials What should I do if I receive more than one set of voting materials?**

A: You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please vote each proxy card and voting instruction card that you receive.

**7. Q: Record Holders and Beneficial Owners What is the difference between holding shares as a Record Holder versus a Beneficial Owner?**

A: Most Ulta Beauty stockholders hold their shares through a broker or other nominee rather than directly in their own name. There are some distinctions between shares held of record and those owned beneficially:

*Record Holders* If your shares are registered directly in your name with our Transfer Agent, American Stock Transfer & Trust Company, you are considered, with respect to those shares, the stockholder of record or Record Holder and the Notice was sent directly to you by Ulta Beauty. As the stockholder of record, you have the right to grant your voting proxy directly to Ulta Beauty or to vote in person at the Annual Meeting.

*Beneficial Owner* If your shares are held in a brokerage account or by another nominee, you are considered the Beneficial Owner of shares held in street name, and the Notice was forwarded to you from your broker, trustee or nominee. As a Beneficial Owner, you have the right to direct your broker, trustee or nominee how to vote and are also invited to attend the Annual Meeting. Since a Beneficial Owner is not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a legal proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing how to vote your shares. If you do not provide specific voting instructions to your broker by May 22, 2017 (10 days before the Annual Meeting), your broker can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. The election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 3) and the advisory vote on the frequency of future advisory votes on executive compensation (Proposal 4) are considered non-discretionary items, while the ratification of the appointment of our independent registered public

accounting firm (Proposal 2) is considered a discretionary item. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes.

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**8. Q: Voting Who can vote and how do I vote?**

A: Only holders of our common stock at the close of business on April 3, 2017 will be entitled to notice of and to vote at the Annual Meeting. At the close of business on April 3, 2017, we had outstanding and entitled to vote 62,137,799 shares of common stock. Each holder of our common stock on such date will be entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the Annual Meeting in person. Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may vote by proxy. You can vote by proxy over the internet by following the instructions provided in the Notice, or if you requested to receive printed proxy materials, you can also vote by mail or telephone pursuant to instructions provided on the proxy card. If you hold shares beneficially in street name, you may also vote by proxy over the internet by following the instructions provided in the Notice, or if you requested to receive printed proxy materials, you can also vote by mail or telephone by following the voting instructions provided to you by your broker, bank, trustee or nominee.

If you attend the Annual Meeting, you may also submit your vote in person, and any previous votes that you submitted will be superseded by the vote that you cast at the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain from the Record Holder a legal proxy issued in your name.

**9. Q: Revocation of Proxy May I change my vote after I return my proxy?**

A: Yes. Even after you have submitted your proxy/vote, you may revoke or change your vote at any time before the proxy is exercised by (i) the timely delivery of a valid, later-dated proxy, timely written notice of revocation with our Corporate Secretary at our principal executive offices at 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440; or (ii) by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

**10. Q: Quorum What constitutes a quorum?**

A: Presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the common stock outstanding on April 3, 2017 will constitute a quorum, permitting the Annual Meeting to proceed and business to be conducted. As of April 3, 2017, 62,137,799 of common stock were outstanding. Thus, the presence, in person or by proxy, of the holders of common stock representing at least 31,068,900 shares will be required to establish a quorum. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

**11. Q: Voting Results Where can I find the voting results of the Annual Meeting?**

A: We will publish final voting results in a Current Report on Form 8-K that will be filed with the SEC within four business days of the Annual Meeting.



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**12. Q: Solicitation Who will pay the costs of soliciting these proxies?**

A: We will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and distribution of this Proxy Statement and any additional information furnished to stockholders. If you choose to access the proxy materials and/or vote over the internet, you are responsible for internet access charges you may incur. If you choose to vote by telephone, you are responsible for telephone charges you may incur. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of common stock beneficially owned by others to forward to such Beneficial Owners. We may reimburse persons representing Beneficial Owners of common stock for their reasonable costs of forwarding solicitation materials to such Beneficial Owners. Original solicitation of proxies may be supplemented by electronic means, mail, facsimile, telephone or personal solicitation by our directors, officers or other employees. No additional compensation will be paid to our directors, officers or other regular employees for such services.

**13. Q: Additional Matters at the Annual Meeting What happens if additional matters are presented at the Annual Meeting?**

A: Other than the four proposals described in this Proxy Statement, we are not aware of any other properly submitted business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Mary N. Dillon, our Chief Executive Officer, and Jodi J. Caro, our General Counsel and Corporate Secretary, will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If, for any unforeseen reason, any of our nominees are not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board of Directors.

**14. Q: Stockholder Proposals What is the deadline to propose actions for consideration at next year's Annual Meeting of Stockholders, or to nominate individuals to serve as directors?**

A: Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act), the deadline for submitting a stockholder proposal for inclusion in our proxy materials for our 2018 Annual Meeting of Stockholders is December 20, 2017. Under our Bylaws, stockholders who wish to bring matters or propose director nominees at our 2018 Annual Meeting of Stockholders must provide specified information to us no earlier than February 1, 2018 and no later than March 3, 2018. Stockholders are also advised to review our Bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations. Proposals by stockholders must be mailed to our Corporate Secretary at our principal executive offices at 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440.

**15. Q: Nomination of Directors How do I submit a proposed director nominee to the Board of Directors for consideration?**

A: You may propose director nominees for consideration by the Board of Directors nominating and corporate governance committee. Any such recommendation should include the nominee's name and qualifications for membership on the Board of Directors and should be directed to our Corporate Secretary at the address of our principal executive offices set forth above. Such recommendation should disclose all relationships that could give rise to a lack of independence and also contain a statement signed by the nominee acknowledging that he or she will owe a fiduciary obligation to Ulta Beauty and our stockholders. The section titled Corporate Governance and the Board of Directors below provides

additional information on the nomination process. In addition, please review our Bylaws in connection with nominating a director for election at our Annual Meeting of Stockholders.



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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 of Directors Meetings and Committees**

During the fiscal year ended January 28, 2017 ( fiscal year 2016 or fiscal 2016 ), the Board of Directors (sometimes referred to as the Board ) held seven meetings. Commencing with our 2015 Annual Meeting of Stockholders, Mr. Philippin became our Non-Executive Chairman and typically presides over meetings of the full Board as well as executive sessions. The Board of Directors has an audit committee, a nominating and corporate governance committee and a compensation committee. During fiscal year 2016, no director attended fewer than 94 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. Directors are invited and expected to attend the Annual Meeting of Stockholders, and all of our directors then in office attended our 2016 Annual Meeting of Stockholders.

Committee Composition: Unless otherwise noted, the following table provides the composition of each of our committees as of January 28, 2017:

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

(1) Additional information regarding the audit committee can be found starting on page 20.

(2) Additional information regarding the nominating and corporate governance committee can be found starting on page 7.

(3) Additional information regarding the compensation committee can be found starting on page 22.

\* Non-Executive Chairperson of the Board.  
Committee Chairperson.

**Board Leadership Structure**

The Ulta Beauty Corporate Governance Guidelines (the Corporate Governance Guidelines ) provide that the offices of the Chief Executive Officer and the Chairperson of the Board of Directors may be either combined or

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separated at the discretion of the Board of Directors. We currently separate the roles of Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer 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 ten 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 Chief Executive Officer 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, Chief Executive Officer, 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 SEC.

## **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 direction 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, strategic 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 direction with respect to risks related to those topics.

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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, as well as internal control over financial reporting. 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.

### **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 following the resignation.

### **Nominating and Corporate Governance Committee**

The nominating and corporate governance committee acts under a written charter that is reviewed regularly and that was approved by the Board of Directors and has been published under "Corporate Governance" in the Investor Relations section of the Ulta Beauty website at <http://ir.ulta.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 year 2016, 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 five times during fiscal year 2016.

### **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;

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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, as more fully set forth in the audit committee charter);

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**

The nominating and corporate governance committee is responsible for reviewing the appropriate skills and characteristics required of directors 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. 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. 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, individually and collectively, and considers these factors when evaluating director candidates. In this regard, both the Board and the nominating and corporate governance committee believe that it is essential for Board members to represent diverse viewpoints based upon differences in professional experience, education, skill and other individual qualities and attributes that contribute to an active, effective Board. Although there are no specific minimum qualifications that a director candidate must possess, 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.

We will consider all stockholder recommendations for candidates for the Board of Directors and, to date, we have not received any director nominees from a stockholder. Stockholders who want to suggest a candidate for consideration should send a written notice, addressed to the Corporate Secretary, to our principal executive offices at 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440. Further details about the nomination process may be found in the answer to Question 15 above entitled "Nomination of Directors – How do I submit a proposed director nominee to the Board of Directors for consideration?"

This notice must include the following information for each candidate the stockholder proposes to nominate: (i) name, age, business address and residence address, (ii) principal occupation or employment, (iii) class and number of shares of capital stock beneficially owned by such candidate and (iv) any other information relating to the candidate that is required to be disclosed in solicitations for proxies for the election of directors pursuant to applicable SEC rules. In addition, the stockholder giving such notice must include his or her (i) name and record address and (ii) the class and number of shares such stockholder beneficially owns.

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 also consider potential director candidates recommended by current directors, officers, employees and others. 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, 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. In making its determinations, 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



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Company and represent stockholder interests through the exercise of sound judgment. 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.

## **Code of Business Conduct**

All Ulta Beauty employees, officers and members of the Board of Directors must act ethically at all times 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.ulta.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.ulta.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 their 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](mailto: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.

## **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.

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The Board of Directors is presently composed of eleven members, ten 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. Ms. Collins, Mr. Eck, Mr. Philippin and Ms. Wittman are the Class I Directors whose terms expire in 2017 and are nominees for re-election. If elected at the Annual Meeting, Ms. Collins, Messrs. Eck and Philippin and Ms. Wittman would serve until the 2020 Annual Meeting of Stockholders and until their successors are elected and qualified or until their death, resignation or removal. Mr. DiRomualdo, Ms. Halligan, Mr. Mrkonic and Ms. Nagler are Class II Directors whose terms expire in 2018. Ms. Dillon and Messrs. Heilbronn and MacDonald are the Class III Directors whose terms expire in 2019.

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.

**Set forth below is biographical information for each Class I nominee for election for a three-year term expiring at the 2020 Annual Meeting:**

<b>Name</b>	<b>Age as of 4/19/17</b>	<b>Positions with Us / Principal Occupations / Business Experience</b>	<b>Director Since</b>
Michelle L. Collins	57	Ms. Collins has been President of Cambium LLC, a business and financial advisory firm serving small and medium-sized business, since 2007. In 1997, Ms. Collins co-founded Svoboda Collins LLC, a private equity firm, where she served as Managing Director from 1998 to 2007. 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 has served as a director of PrivateBancorp, Inc. since November 2014 and currently serves as a member of its audit and compensation committees. 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, and Bucyrus International, Inc. from 2009 to 2011, including as a member of its audit committee.	2014

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 and Chairperson of our nominating and corporate governance committees. 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.

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<b>Name</b>	<b>Age as of 4/19/17</b>	<b>Positions with Us / Principal Occupations / Business Experience</b>	<b>Director Since</b>
Dennis K. Eck	73	Mr. Eck served as the Non-Executive Chairperson of our Board from October 2003 to June 2013 and as our Interim Chief Executive Officer from February 2013 to July 2013. From November 1997 to September 2001, Mr. Eck served as Chief Executive Officer and a director of Coles Myer LTD Australia, one of Australia's largest retailers. Prior to that, Mr. Eck served in various other executive roles with Coles Myer, from 1994 to 1997. Mr. Eck was previously a director of Securus, Inc.	2003
		<p>The Board benefits from Mr. Eck's ability to provide the perspective of an experienced Chief Executive Officer based upon his leadership at a large international corporation with operations worldwide. Running a public company exposed Mr. Eck to many of the issues facing public companies, including on the operational, financial and corporate governance fronts. His years of executive and managerial experience also enable him to bring demonstrated management ability at senior levels to the Board. Additionally, his experience leading complex retail organizations with large employee bases has given him expertise in executive compensation programs, making him a valued member of our compensation committee and nominating and corporate governance committee.</p>	
Charles J. Philippin	67	Mr. Philippin has served as the Non-Executive Chairperson of the Board since the June 2014 annual meeting. Mr. Philippin currently serves as Chief Executive Officer of Sbarbs, LLC, a private food service company and was previously a principal of GarMark Advisors, LLC, a mezzanine investment fund, from 2002 until his retirement in February 2008. From 2000 to 2002, Mr. Philippin served as Chief Executive Officer of Online Retail Partners. From 1994 to 2000, Mr. Philippin was a member of the Management Committee of Investcorp International Inc., a global investment group. Prior to 1994, Mr. Philippin was a partner of PricewaterhouseCoopers, where he served as National Director of Mergers & Acquisitions. Mr. Philippin served as a director and Chairperson of the audit committee of Alliance Laundry Systems through August 2015. Mr. Philippin also previously served as a director and Chairperson of the audit committee of CSK Auto, Inc.; as a director, audit committee member and compensation committee member of Competitive Technologies; as a director and audit committee member of Aquilex; and as a director of both Samsonite Corporation and Saks Fifth Avenue.	2008

Mr. Philippin is a Certified Public Accountant and brings to the Board a wealth of experience dealing with and overseeing the implementation of accounting principles and financial reporting rules and regulations. With his extensive experience chairing public company audit committees and in various senior management positions in the financial services sector, Mr. Philippin provides relevant expertise on investment and financial matters. His accounting experience, together with his knowledge of financial reporting rules and regulations, makes him well-positioned to serve as the Chairperson of our Board.

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<b>Name</b>	<b>Age as of 4/19/17</b>	<b>Positions with Us / Principal Occupations / Business Experience</b>	<b>Director Since</b>
Vanessa A. Wittman	50	<p>Ms. Wittman was the Chief Financial Officer of Dropbox, Inc., a cloud based storage and collaboration company, from March 2015 to October 2016 and served as an advisor to the company until April 2017.</p> <p>Ms. Wittman is currently a private investor. Ms. Wittman was the Senior Vice President and Chief Financial Officer of Motorola Mobility, a subsidiary of Google, from May 2012 through February 2015, after joining Google in March of 2012. From September 2008 to March 2012, she served as Executive Vice President and Chief Financial Officer of Marsh &amp; McLennan Companies, Inc., a professional services company providing advice and solutions in the areas of risk, strategy and human capital. Prior to joining Marsh &amp; McLennan, Ms. Wittman was Chief Financial Officer and Executive Vice President of Adelphia Communications Corp., a cable television company, from 2003 to 2007. Prior to Adelphia, Ms. Wittman served as Chief Financial Officer of 360networks, a wholesale provider of telecommunications services. Ms. Wittman has served as a director of Sirius XM Holdings Inc. since April 2011, including as a member of its audit committee.</p>	2014

Ms. Wittman's experience as Chief Financial Officer of various public companies provides the Board valuable insights relating to financial reporting rules and regulations and accounting principles. In addition, her experience as a director at several companies, including serving as audit committee Chairperson for a public company, makes her a valued member of the Board and of our audit committee.

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

**INFORMATION ABOUT OUR DIRECTORS CONTINUING IN OFFICE**

**Class II Directors continuing in office until the 2018 Annual Meeting:**

<b>Name</b>	<b>Age as of 4/19/17</b>	<b>Positions with Us / Principal Occupations / Business Experience</b>	<b>Director Since</b>
Robert F. DiRomualdo	72	<p>Mr. DiRomualdo is Chairperson and Chief Executive Officer of Naples Ventures, LLC, a private investment company that he formed in 2002. 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</p>	2004

Farms. Mr. DiRomualdo currently serves as a Director of 4R Systems and 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.

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



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Name	Age as of 4/19/17	Positions with Us / Principal Occupations / Business Experience	Director Since
Catherine A. Halligan	53	<p>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 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 audit committee.</p> <p>Ms. Halligan serves as an Advisor/Consultant to Chanel Parfums Beaute since January 2014 and Narvar Inc. since February 2013 and previously served as an Advisor from January to April 2012 and Senior Vice President, Sales &amp; Marketing from July 2010 to December 2011 of PowerReviews Inc. Prior to joining PowerReviews Inc., Ms. Halligan held several executive level positions with prominent retailers. From 2005 to 2010, Ms. Halligan served in various executive positions with Walmart, including Chief Marketing Officer of Walmart.com 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 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. Ms. Halligan has served as a member of the board of directors of FLIR Systems, Inc. since March 2014, including as a member of its audit committee.</p> <p>With over 20 years of experience in marketing, digital and e-commerce within the retail industry, 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.</p>	2012
George R. Mrkonic	64	<p>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. He is also the retired Non-Executive Chairman of Paperchase Products</p>	2015

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. Mr. Mrkonic began his retail career in 1978 and has led

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Name	Age as of 4/19/17	Positions with Us / Principal Occupations / Business Experience	Director Since
		<p>several retail companies including Herman's Sporting Goods, Eyelab, Kmart's Specialty Retailing Group and Borders. 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 audit and compensation committees of two other public companies: Brinker International (NYSE) and AutoZone, Inc. (NYSE). In the last five years he has also served on the board of directors of Syntel and Pacific Sunwear.</p>	
		<p>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 current economic environment.</p>	
Lorna E. Nagler	60	<p>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 &amp; 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.</p>	2009
		<p>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</p>	

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.

**Table of Contents****Class III Directors continuing in office until the 2019 Annual Meeting:**

<b>Name</b>	<b>Age as of 4/19/17</b>	<b>Positions with Us / Principal Occupations / Business Experience</b>	<b>Director Since</b>
Mary N. Dillon	55	<p>Ms. Dillon has been our Chief Executive Officer since July 2013. Prior to joining Ulta Beauty, she served as President and Chief Executive Officer and a 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 the company's 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 previously served as a director of Target Corporation from 2007 to 2013 and as a member of its compensation committee from 2009 to 2013. Ms. Dillon joined the Board of Directors of Starbucks in January 2016 and serves on its compensation and management development committee.</p> <p>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 various businesses across the retail industry. 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.</p>	2013
Charles Heilbronn	62	<p>Mr. Heilbronn has been Executive Vice President and Secretary of Chanel, Inc. since 1998. Since December 2004, he has served as Executive Vice President of Chanel Limited, a privately-held international luxury goods company selling fragrances and cosmetics, women's clothing, shoes and accessories, leather goods, fine jewelry and watches. From 1987 to 2004, Mr. Heilbronn was Vice President and General Counsel of Chanel Limited and is currently a Director, Executive Vice President and Secretary of Chanel, Inc. Mr. Heilbronn</p>	1995

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is currently a Director of Mousseless, Inc., Chanel, Inc. (U.S.) and various other Chanel companies and affiliates in the U.S. and worldwide.

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

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Name	Age as of 4/19/17	Positions with Us / Principal Occupations / Business Experience	Director Since
Michael R. MacDonald	65	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.	2012
		<p>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.</p>	

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 and member of our compensation 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****NON-EXECUTIVE DIRECTOR COMPENSATION FOR FISCAL 2016**

We strive to promote an ownership mentality among our key leadership and Board of Directors. As such, 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 \$125,000 is granted to each non-employee director in the form of restricted stock units valued based on the share price of our common stock on the date of grant. During fiscal year 2016, each non-employee director, received a grant of 529 restricted stock units that will vest on June 1, 2017. Ms. Nagler and Mr. Philippin were granted options upon joining our Board, all of which are currently vested and exercisable.

In addition, each non-employee director is paid an annual cash retainer and 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 made at the end of each fiscal quarter. In June 2016, 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 rendered before and after June 2016:

<b>Role</b>	<b>Cash Retainer Before June 1, 2016 (\$)</b>	<b>Cash Retainer After June 1, 2016 (\$)</b>	<b>Percentage Increase</b>
Non-employee Director	90,000	105,000	17%
Non-Executive Chairperson	100,000	125,000	25%
Audit Committee Chairperson	20,000	25,000	25%
Compensation Committee Chairperson	15,000	20,000	33%
Nominating and Corporate Governance Committee Chairperson	8,500	15,000	76%

The following table provides information related to the compensation of our non-employee directors earned for fiscal 2016:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (1)(2) (\$)</b>	<b>Total (\$)</b>
Charles J. Philippin	216,593	125,204	341,797
Michelle L. Collins	112,794	125,204	237,998
Robert F. DiRomualdo	123,297	125,204	248,501
Dennis K. Eck	99,973	125,204	225,177
Catherine A. Halligan	118,297	125,204	243,501
Charles Heilbronn	99,973	125,204	225,177
Michael R. MacDonald	99,973	125,204	225,177
George R. Mrkonic	99,973	125,204	225,177
Lorna E. Nagler	99,973	125,204	225,177
Vanessa A. Wittman	99,973	125,204	225,177

(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* ( FASB Topic 718 ). For a discussion of the assumptions made in the valuation reflected in this column, see Note 10 to the Financial Statements for fiscal 2016 contained in our Annual Report on Form 10-K filed on March 28, 2017.

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(2) The grant date fair value of the restricted stock units awarded to each director in fiscal year 2016 was based on a fair value of \$236.68 per share on June 1, 2016.

The following table sets forth the outstanding options and restricted stock units held by our non-employee directors as of January 28, 2017:

<b>Name</b>	<b>Options (#)</b>	<b>Restricted Stock Units (#)</b>
Charles J. Philippin	50,000	529
Michelle L. Collins		529
Robert F. DiRomualdo		529
Dennis K. Eck		529
Catherine A. Halligan		529
Charles Heilbronn		529
Michael R. MacDonald		529
George R. Mrkonic		529
Lorna E. Nagler	37,500	529
Vanessa A. Wittman		529

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**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**AND AUDIT COMMITTEE**

**PROPOSAL TWO**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT**

**REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee of the Board of Directors has appointed Ernst & Young LLP as our independent registered public accounting firm for the fiscal year 2017, ending February 3, 2018. Services provided to Ulta Beauty by Ernst & Young LLP in fiscal year 2016 are described under Fees to Independent Registered Public Accounting Firm below. Additional information regarding the audit committee is provided on page 20. 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 selection 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.

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

**Table of Contents****FEEES 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 years 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Audit Fees (1)	\$ 1,402,000	\$ 1,197,700
Audit-Related Fees		
Tax Fees (2)	934,000	498,000
All Other Fees (3)	1,995	1,995
<b>Total</b>	<b>\$ 2,337,995</b>	<b>\$ 1,697,695</b>

- (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.
- (2) Represents fees and expenses for tax-related services; primarily for tax consulting and tax planning.
- (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.

**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. 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. 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, and our independent registered public accounting firm reports directly to the audit committee.

During fiscal year 2016, the audit committee was composed of the following independent directors: Ms. Collins, Messrs. DiRomualdo and Mrkonic and Ms. Wittman. Mr. DiRomualdo serves as the current Chairperson of the audit committee. Each of Messrs. DiRomualdo and Mrkonic and Ms. Collins and Ms. Wittman 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 Exchange Act. The audit committee met 12 times during fiscal year 2016, and its report is presented below. 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.ulta.com>.

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**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS<sup>1</sup>**

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. 16, *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 twelve meetings during fiscal year 2016.

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 the fiscal year 2016, ended January 28, 2017, for filing with the SEC. The audit committee has appointed Ernst & Young LLP to be Ulta Beauty's independent registered public accounting firm for the fiscal year 2017, ending February 3, 2018.

**Audit Committee of the Board of Directors**

Robert F. DiRomualdo (Chairperson)  
Michelle L. Collins  
George R. Mrkonic  
Vanessa A. Wittman

<sup>1</sup> 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 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.

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**COMPENSATION COMMITTEE**

The compensation committee met seven times during fiscal year 2016, and its report is presented below. During fiscal year 2016, 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. 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. Due to Mr. Eck's service as Interim Chief Executive Officer during a portion of fiscal year 2013, he does not qualify as an outside director for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) and therefore has not approved any compensation that is intended to be qualified performance based compensation within the meaning of Section 162(m) of the Code. 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.ulta.com>. Under this charter, the compensation committee is responsible for:

setting our compensation philosophy;

reviewing and approving the compensation for the Chief Executive Officer 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, Section 162(m) of the Code and NASDAQ rules.

**Compensation Consultant**

During fiscal year 2016 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.

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**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 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, 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 the 2016 fiscal year, 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.

**REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS<sup>2</sup>**

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 2016 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

<sup>2</sup> 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.

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**COMPENSATION 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 2016:

<b>Named Executive Officer</b>	<b>Title</b>
Mary N. Dillon	Chief Executive Officer
Scott M. Settersten	Chief Financial Officer, Treasurer and Assistant Secretary
Jodi J. Caro	General Counsel and Corporate Secretary
Jeffrey J. Childs	Chief Human Resources Officer
David C. Kimbell	Chief Merchandising and Marketing Officer

***Executive Summary***

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

Fiscal year 2016 was a strong year for us. We:

increased net sales by 23.7% to \$4.9 billion;

increased net income by 28.0% to \$409.8 million;

increased income per diluted share by 30.9%;

opened 100 net new stores (representing a 11% increase in square footage) for a total of 974 stores in 48 states and the District of Columbia;

grew our e-commerce sales by 56.2%;

grew our loyalty card membership to approximately 23 million active members;

added significant new brands to our product offering; and

continued to invest in our supply chain and omni-channel capabilities.

The combination of the above financial highlights contributed to stock price growth of 49.8% over last fiscal year and contributed to our stock price growth of 174% since July 1, 2013 when Ms. Dillon became our Chief Executive Officer. Additionally, during 2016 the Company was added to the S&P 500, a reflection of our growth and strong market position.

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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 March 28, 2017 for a more detailed description of our fiscal year 2016 financial results.

The alignment of performance and pay in fiscal 2016 reflects our compensation philosophy, delivered through a performance-based compensation program that provides the opportunity to earn meaningful compensation upon achievement of superior performance. 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 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 strong operating performance, we exceeded our EBT target for 2016, resulting in a payout under our annual incentive plan of 194.57% of target.

Our long-term incentive program ( LTIP ) is designed to balance annual incentive focus on operating performance and support our long-range plan to drive long-term profitable growth. The LTIP includes non-qualified stock options ( NQSOs ) 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 with a third year of time vesting, and time based restricted stock units ( RSUs ) with three-year cliff vesting.

At our 2016 Annual Meeting of Stockholders, 91.8% of stockholders indicated their approval of the compensation paid to our NEOs through the advisory vote to approve executive compensation ( say-on-pay ). We also received approval from our shareholders for the Amended and Restated Ulta Beauty 2011 Incentive

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Award Plan with 96.5% voting in favor of the plan. The Compensation Committee believes that these votes affirm 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 continue to review and assess our compensation programs to ensure that they are aligned with our business strategies and the type and mix of short-term and long-term incentive vehicles used are appropriate to continue to align management with shareholders' interests and to reward for high performance.

### ***Philosophy***

Our executive compensation philosophy is to provide compensation opportunities that attract, retain and motivate talented key executives. We accomplish this by:

evaluating the competitiveness and effectiveness of our compensation programs against other comparable businesses based on industry, size, and other relevant business factors;

linking annual incentive compensation to our performance on key measurable financial, operational and strategic goals that drive stockholder value;

focusing a significant portion of the executive's compensation on equity-based incentives to align interests closely with stockholders; and

managing pay for performance such that pay is tied to business and individual performance.

### ***Overview of 2016 Compensation***

Our 2016 fiscal year 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 shareholders' long-term interests.

### ***Components of Compensation***

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

Our NEOs have the majority of target compensation delivered in variable, performance-based elements.

As part of our continued emphasis on creating shareholder value, we utilize a single goal of performance against budget for EBT for the corporate annual incentive for all officers. This focus on a single performance objective

reflects the Company's strong linkage between shareholder value creation and management incentives. For the 2016 fiscal year, we achieved performance above target resulting in bonuses for the NEOs payable at 194.57% of their target annual incentives.

We continued 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 two separate two-year performance goals with a third year of vesting.



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The charts below show the percentage of our NEOs' 2016 target compensation that was performance-based.

The weighting of our long-term incentives more heavily to stock options and PBSs emphasizes long-term alignment with shareholder 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.

***Executive Compensation Policies and Practices***

The Compensation Committee and management seek to ensure that our executive compensation and benefits program 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
<b>Pay-for-Performance:</b> Majority of pay is performance-based and not guaranteed	<b>X No Excise Tax Gross-Ups:</b> The Company does not provide any excise tax gross-up payments in connection with a change in control
<b>Multiple Performance Metrics and Time Horizon:</b> Use multiple performance metrics focusing on top-line and bottom-line growth and multi-year vesting and measurement periods for long-term incentives	<b>X No Repricing or Buyouts of Stock Options:</b> The Company's equity plan prohibits repricing or buyouts of underwater stock options
<b>Annual Compensation Risk Review:</b> Annually assess risk in compensation programs	<b>X No Tax Gross-ups for Perquisites:</b> The Company does not provide tax gross-ups to NEOs for the limited perquisites we provide
<b>Double-Trigger Change in Control Equity Vesting:</b> Include double-trigger change in control provisions for equity awards	<b>X No Hedging, Derivatives, Pledging or Margin Accounts:</b> 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
<b>Share Ownership Guidelines:</b> NEOs must comply with share ownership requirements	<b>X No Dividends on Unearned PBSs and RSUs:</b> No dividends or dividend equivalents are paid on PBSs or RSUs until such PBSs and RSUs become vested and earned

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**What We Do**

**What We Don't Do**

**Limited Perquisites:** Provide limited perquisites

**X 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

**Peer Groups:** Use appropriate peer groups when establishing compensation

***2016 Executive Compensation***

In determining executive compensation levels for our NEOs, the Compensation Committee considers:

nature and scope of role of each NEO;

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;

accounting and tax impact of each element of compensation; and

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

In considering NEO pay levels for fiscal year 2016, the Compensation Committee reviewed 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 2015 Retail / Wholesale Executive Compensation Survey Report, and compensation survey data for similarly sized general industry companies from the Willis Towers Watson 2015 CDB General Industry Executive Compensation Survey report.

Compensation decisions in March 2016 were made, in part, based on the pay levels and practices of the following peer group of 17 companies: Big Lots, Inc.; Cabela's Incorporated; Carter's, Inc.; Dick's Sporting Goods, Inc.; Dollar Tree, Inc.; DSW Inc.; Foot Locker, Inc.; GNC Holdings, Inc.; L Brands, Inc.; The Michaels Companies, Inc.; Michael Kors Holdings Limited; Ralph Lauren Corporation; Sally Beauty Holdings, Inc.; Signet Jewelers Limited; Tractor Supply Company; Tailored Brands, Inc. (previously known as The Men's Wearhouse); and Under Armour, Inc. The committee conducted a review prior to March 2016 of the peer group to ensure that the companies comprising the

group remained appropriate from both a size and industry perspective. As a result of the review, no changes were made.

The determination of our NEOs compensation, other than that of the Chief Executive Officer, was made based on the recommendation to the committee from the Chief Executive Officer. This determination takes into account such factors as total compensation philosophy, individual performance, and the positioning of Ulta Beauty's executive total compensation levels relative to market.

The Compensation Committee does not rely solely on market data or peer group compensation data in making its individual compensation determinations, but rather the Compensation Committee considers our Chief Executive Officer's input as to an executive's performance and internal pay equity among current executives and newly hired executives.

**Table of Contents*****Compensation Components******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 Chief Executive Officer 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 increases approved for fiscal year 2016 were:

<b>Named Executive Officer</b>	<b>2016 Base Salary (\$)</b>	<b>Percentage Increase</b>
Mary N. Dillon	1,000,000	
Scott M. Settersten	580,030	12%
Jodi J. Caro	436,815	4%
Jeffrey J. Childs	499,326	4%
David C. Kimbell	580,374	13%

These base salary levels are competitive with our market. The salary increases for Messrs. Settersten and Kimbell reflect continued company and individual performance and were, in part, made to bring their compensation in line with the competitive market. Mr. Childs and Ms. Caro's increases were reflective of the general salary increase applicable to other employees and, also reflect the competitive positioning of their current compensation.

***Annual Incentives***

The target annual incentives, shown as a percentage of their base salaries, for the NEOs were as follows:

<b>Named Executive Officer</b>	<b>2016 Annual Incentive Target</b>
Mary N. Dillon	150%
Scott M. Settersten	65%
Jodi J. Caro	50%
Jeffrey J. Childs	65%
David C. Kimbell	65%

Ms. Dillon's annual incentive for 2016 was increased from 130% to 150% to improve the competitiveness of her total compensation and better align her compensation relative to market.

In fiscal year 2016, the annual incentives awards for our NEOs were based on achievement of an EBT target of \$599 million. This was based on a rigorous goal setting process in which management and the Compensation Committee worked collaboratively to set stretch targets. No annual incentive was payable unless performance under the EBT goal exceeded 92% of the target and 100% of targeted incentive was payable, if the target goal was met. A maximum annual incentive opportunity of 200% could be earned for performance of 110% of the EBT target.

Based on the company's EBT performance of \$655.7 million, the annual incentives paid out at 194.57% based on an EBT performance of approximately 109% to target. The Compensation Committee can use negative discretion to reduce calculated awards, but did not apply any discretion to the awards for 2016 performance.

**Table of Contents*****Long-Term Incentive Plan***

During 2016, 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 LTIP award with a value that is targeted to a percentage of base salary. The Compensation Committee approved awards in 2016 at the targeted percentage of base salary as follows:

<b>Named Executive Officer</b>	<b>2016 LTIP Target Percentages</b>
Mary N. Dillon	385%
Scott M. Settersten	170%
Jodi J. Caro	85%
Jeffrey J. Childs	85%
David C. Kimbell	170%

The Compensation Committee increased the annual long-term incentive award for Ms. Dillon and Messrs. Settersten and Kimbell to further align their compensation opportunities with shareholders for long-term value creation and provide market competitive long-term compensation awards.

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

Options 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;

ratable vesting, on an annual basis over a four-year period; and

ten-year term from the date of grant.

PBSs granted under the LTIP have the following characteristics:

tied to achievement of a two-year cumulative revenue and EBT target;

33% of PBS grant value tied to attainment of revenue target and 67% of PBS grant value tied to attainment of EBT target;

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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 are delivered to the recipient.

RSUs granted under the LTIP generally have the following characteristics:

entitle the holder to receive an equal number of shares of common stock at settlement; and

cliff vest 100% at the end of three years from grant date.

PBS awards made in 2015 were earned based on two-year cumulative revenue and EBT targets as follows:

	<b>Revenue</b>	<b>33%</b>	<b>EBT</b>	<b>67%</b>
	<b>Percent to Target</b>	<b>Payout</b>	<b>Percent to Target</b>	<b>Payout</b>
Threshold	95%	50%	85%	50%
Target	100%	100%	100%	100%
Maximum	105%	200%	110%	200%

The two-year cumulative revenue and EBT targets were \$8.32 billion and \$1.04 billion and we achieved \$8.78 billion and \$1.16 billion, respectively, resulting in a maximum 200% earning of the PBS award. Although the performance period is complete, the awards have a one year time vesting remaining.

**Share Ownership Guidelines**

The Compensation Committee has adopted 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:

<b>Position</b>	<b>Required Amount</b>
CEO	6X Base Salary
Other NEOs	3X Base Salary
SVPs	2X Base Salary

Shares of common stock held in a brokerage account, or for the executives benefit in trust, or through a tax qualified retirement plan, or RSUs, and the gain in value (i.e., in-the-money value ) of vested and unvested stock options and SARs 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 their position.

**Clawback Provisions**

The Company has a clawback provision that applies to the PBSs, and any shares issued upon settlement of the PBSs are subject to forfeiture, or repayment pursuant to the terms of any policy that the Company may implement in



compliance with the requirements of applicable law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act.

***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,

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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.

### ***Long-Term Incentive Granting Policy***

We have a general policy of making LTIP grants (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 until two weeks before the next quarter close. The annual LTIP grant is generally made in the open window following our fourth quarter earnings announcement. This timing of 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 are allowed to 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 2016 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. In addition, we offer group health, life, accident and disability insurance to eligible employees. In 2016, 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.

### ***Accounting and Tax Considerations***

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.

**Table of Contents****SUMMARY COMPENSATION TABLE**

The following table sets forth the compensation of our NEOs for the fiscal year ending January 28, 2017:

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$) (1)</b>	<b>Option Awards (\$) (2)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>All Other Compensation (\$) (3)</b>	<b>Total (\$)</b>
Mary N. Dillon	2016	1,000,000		1,925,270	1,925,012	2,918,550	73,189	7,842,021
Chief Executive Officer and Director	2015	1,000,000	158,000	1,550,102	13,940,025	1,865,215	49,646	18,562,988
	2014	971,250		1,378,881	2,146,477	1,644,326	54,729	6,195,663
(Principal Executive Officer)								
Scott M. Settersten	2016	580,030		493,207	493,077	733,567	29,203	2,329,084
Chief Financial Officer	2015	518,956	38,000	162,540	162,540	449,363	15,826	1,347,225
	2014	450,006		43,953	248,639	380,930	13,765	1,137,293
(Principal Financial Officer)								
Robi J. Caro (4)	2016	436,815		185,816	185,659	424,955	20,445	1,253,690
General Counsel and Corporate Secretary	2015	208,831	14,000	50,077	150,035	161,391	212	585,546
Jeffrey J. Childs	2016	499,326		212,470	212,249	631,500	31,021	1,586,566
Chief Human Resources Officer	2015	480,124	42,000	156,190	156,060	486,928	22,282	1,343,584
	2014	466,140	250,000	45,519	257,554	520,856	14,613	1,554,682
David C. Kimbell	2016	580,374		493,590	493,339	734,002	29,202	2,330,507
Chief Merchandising and Marketing Officer	2015	514,987	38,000	313,741	163,395	446,562	22,289	1,498,974
	2014	457,000	280,000	550,464	635,050	385,788	8,491	2,316,792

- (1) The grant date fair value of the RSUs and PBSs are based on the closing sales 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 \$1,155,162, \$295,886, \$111,413, \$127,520 and \$296,077 for Ms. Dillon, Mr. Settersten, Ms. Caro, Mr. Childs and Mr. Kimbell, respectively.
- (2) Amounts shown represent the grant date fair value of options granted in the year indicated as computed in accordance with FASB ASC Topic 718. For a discussion of the assumptions made in the valuation reflected in these columns, see Note 10 to the Financial Statements for fiscal 2016 contained in the Form 10-K filed on March 28, 2017.
- (3) All other compensation includes 401(k) and deferred compensation match, car service, club memberships, and life insurance and long-term disability premiums as indicated on the table below for fiscal 2016:

**Name**

	<b>401(k) Match (\$)</b>	<b>Deferred Compensation Match (\$)</b>	<b>Life Insurance/Supplemental LTD Premiums (\$)</b>
Mary N. Dillon	3,189	30,000	32,848
Scott M. Settersten		17,158	12,045
Jodi J. Caro	3,189	12,969	4,287
Jeffrey J. Childs	3,189	14,824	13,008
David C. Kimbell	3,189	17,190	8,823

**Table of Contents****GRANTS OF PLAN-BASED AWARDS**

The following table sets forth certain information with respect to grants of plan-based awards for fiscal 2016 to the NEOs.

Name	Grant Date	Board of Directors Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (3)			Number of Shares of Underlying Stock (#)	Number of Securities Options (#)	Exercise Price of Awards (\$)	Grant Date Fair Value of Stock and Options Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Mary N. Dillon			750,000	1,500,000	3,000,000							
	3/25/2016	3/25/2016				3,012	6,024	12,048			1,155,162	
	3/25/2016	3/25/2016							36,632	191.76	1,925,012	
	3/25/2016	3/25/2016							4,016		770,108	
Scott M. Settersten			188,510	377,020	754,040							
	3/25/2016	3/25/2016				772	1,543	3,086			295,886	
	3/25/2016	3/25/2016							9,383	191.76	493,077	
	3/25/2016	3/25/2016							1,029		197,321	
Jodi J. Caro			109,204	218,408	436,816							
	3/25/2016	3/25/2016				291	581	1,162			111,413	
	3/25/2016	3/25/2016							3,533	191.76	185,659	
	3/25/2016	3/25/2016							388		74,403	
Jeffrey J. Childs			162,281	324,562	649,124							
	3/25/2016	3/25/2016				333	665	1,330			127,520	
	3/25/2016	3/25/2016							4,039	191.76	212,249	
	3/25/2016	3/25/2016							443		84,950	
David C. Kimbell			188,622	377,243	754,486							
	3/25/2016	3/25/2016				772	1,544	3,088			296,077	
	3/25/2016	3/25/2016							9,388	191.76	493,339	
	3/25/2016	3/25/2016							1,030		197,513	

(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 FASB ASC Topic 718. For a discussion of the assumptions made in the valuation reflected in these columns, see Note 10 to the Financial Statements for fiscal 2016 contained in the Form 10-K filed on March 28, 2017.

**Table of Contents****OUTSTANDING EQUITY AWARDS AS OF JANUARY 28, 2017**

The following table presents information concerning NQSOs, PBSs and RSUs held by the NEOs as of January 28, 2017.

	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price Per Share (\$)	Option Expiration Date	Equity Incentive Plan Awards: Number of Shares of Performance- based Stock that have not Vested (1)(#)	Equity Incentive Plan Awards: Market Value of Performance- based Stock that have not Vested (\$)	Number of Shares that have not Vested (#)	Market Value of Shares that have not Vested (\$)
Mary N. Dillon (2)					12,048	3,270,309	40,626	11,027,521
		21,173	99.01	7/1/2023				
		33,466	97.89	3/28/2024				
	8,611	25,834	151.20	3/27/2025				
		200,000	164.06	9/15/2025				
		36,632	191.76	3/25/2026				
Scott M. Settersten (3)					3,086	837,664	3,198	868,065
	2,760		24.53	6/14/2020				
	5,000		69.96	9/13/2021				
	1,348		86.06	5/10/2022				
	4,278	1,427	74.91	3/19/2023				
	3,876	3,877	97.89	3/28/2024				
	903	2,709	151.20	3/27/2025				
		9,383	191.76	3/25/2026				
Jodi J. Caro (4)					1,162	315,413	691	187,565
	837	2,512	165.27	8/3/2025				
		3,533	191.76	3/25/2026				
Jeffrey J. Childs (5)					1,330	361,015	2,561	695,158
	4,992	1,665	121.74	10/1/2023				
	4,015	4,016	97.89	3/28/2024				
	867	2,601	151.20	3/27/2025				
		4,039	191.76	3/25/2026				
David C. Kimbell (6)					3,088	838,207	4,647	1,261,382
	5,620	5,621	98.64	3/18/2024				

	3,937	3,937	97.89	3/28/2024			
	907	2,724	151.20	3/27/2025			
		9,388	191.76	3/25/2026			

- (1) Amounts represent the number and value of the performance-based awards through the end of fiscal 2016 for which the performance period has not ended.
- (2) The vesting schedule for Ms. Dillon's outstanding options, PBSs and RSUs as of January 28, 2017 is as follows:

Type of Expiration													
Award	date	3/15/17	3/16/17	7/1/17	3/15/18	3/16/18	7/1/18	9/15/18	3/15/19	9/15/19	3/15/20	9/15/20	9/15/21
Mary N. Dillon (2)													
NQ	7/1/2023			6,173			15,000						
NQ	3/28/2024		16,733			16,733							
NQ	3/27/2025	8,611			8,611				8,612				
NQ	9/15/2025							50,000		50,000		50,000	50,000
NQ	3/25/2026	9,158			9,158				9,158		9,158		
PBS					12,302				12,048				
RSU			3,870	10,706	4,101		5,631		4,016				



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(3) The vesting schedule for Mr. Settersten's outstanding options, PBSs and RSUs as of January 28, 2017 is as follows:

Name	Type of Award	Expiration date	Expiration						
			3/15/17	3/16/17	3/19/17	3/15/18	3/16/18	3/15/19	3/15/20
Scott M. Settersten (3)									
	NQ	3/19/2023			1,427				
	NQ	3/28/2024		1,938			1,939		
	NQ	3/27/2025	903			903		903	
	NQ	3/25/2026	2,345			2,346		2,346	2,346
	PBS					1,290		3,086	
	RSU			449		430		1,029	

(4) The vesting schedule for Ms. Caro's outstanding options, PBSs and RSUs as of January 28, 2017 is as follows:

Name	Type of Award	Expiration date	Expiration						
			3/15/17	8/3/17	3/15/18	8/3/18	3/15/19	8/3/19	3/15/20
Jodi J. Caro (4)									
	NQ	8/3/2025		837		837		838	
	NQ	3/25/2026	883		883		883		884
	PBS						1,162		
	RSU					303		388	

(5) The vesting schedule for Mr. Childs' outstanding options, PBSs and RSUs as of January 28, 2017 is as follows:

Name	Type of Award	Expiration date	Expiration						
			3/15/17	3/16/17	3/19/17	3/15/18	3/16/18	3/15/19	3/15/20
Jeffrey J. Childs (5)									
	NQ	10/1/2023			1,665				
	NQ	3/28/2024		2,008			2,008		
	NQ	3/27/2025	867			867		867	
	NQ	3/25/2026	1,009			1,010		1,010	1,010
	PBS					1,240		1,330	
	RSU			465		413		443	

(6) The vesting schedule for Mr. Kimbell's outstanding options, PBSs and RSUs as of January 28, 2017 is as follows:

Name	Type of Award	Expiration date	Expiration						
			3/15/17	3/16/17	3/18/17	3/15/18	3/16/18	3/18/18	3/15/19
David C. Kimbell (6)									

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NQ	3/18/2024			2,810		2,811	
NQ	3/28/2024		1,968			1,969	
NQ	3/27/2025	908			908		908
NQ	3/25/2026	2,347			2,347		2,347
PBS					1,298		3,088
RSU		248	456	685	681		1,279

**Table of Contents****OPTION EXERCISES AND STOCK VESTED**

The following table presents information concerning exercises of stock options and vesting of RSUs during fiscal year ending January 28, 2017.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$ (1))	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$ (2))
Mary N. Dillon	61,982	9,158,432	4,073	992,753
Scott M. Settersten	10,490	2,320,006	6,119	1,172,390
Jodi J. Caro				
Jeffrey J. Childs			367	70,240
David C. Kimbell			248	46,592

- (1) The value realized on exercise and sale or exercise and hold of options is based on the closing sales price of our common stock on the transaction date as reported on the NASDAQ Global Select Market. The value realized was determined without considering any taxes that may have been owed or withheld.
- (2) The value realized on vesting of stock awards is based on the closing sales price of our common stock on the vesting date as reported on the NASDAQ Global Select Market. The value realized was determined without considering any taxes that may have been owed or withheld.

**2016 NON-QUALIFIED DEFERRED COMPENSATION**

The Ulta Beauty Non-qualified Deferred Compensation Plan allows participants to defer up to 75% of their base salary and 100% of their annual cash bonus. We match 100% of the contributions up to 3% of salary deferred. We do not match or make any other contributions to the plan with regards to bonus or long-term compensation. Participants may direct the investment of their contributions to the plan among several mutual funds, similar to those available under our 401(k) plan.

The table below sets forth certain information as of January 28, 2017 with respect to the non-qualified deferred compensation plans in which our NEOs may participate.

Name	Executive Contributions in Last Fiscal Year (\$ (1)(2))	Registrant Contributions in Last Fiscal Year (\$)	Aggregate Earnings (Losses) in Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Mary N. Dillon (3)	783,484	30,000	112,227		1,841,752
Scott M. Settersten (4)	30,944	17,158	33,341		280,002

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Jodi J. Caro	40,716	12,969	1,161	54,846
Jeffrey J. Childs (5)	14,869	14,824	12,519	98,580
David C. Kimbell (6)	109,247	17,190	14,676	232,105

- (1) Included in the amount listed under the Salary , Bonus and Non-Equity Incentive Plan Compensation columns in the Summary Compensation Table above.
- (2) Contributions include salary and bonus deferrals, including bonuses earned in fiscal 2016 but paid in fiscal 2017.
- (3) \$916,041 was previously reported as compensation to Ms. Dillon in the Summary Compensation Table for prior years.
- (4) \$198,559 was previously reported as compensation to Mr. Settersten in the Summary Compensation Table for prior years.

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- (5) \$56,368 was previously reported as compensation to Mr. Childs in the Summary Compensation Table for prior years.
- (6) \$90,992 was previously reported as compensation to Mr. Kimbell in the Summary Compensation Table for prior years.

***Severance and Change in Control Benefits***

Pursuant to the terms of Ms. Dillon's written offer of employment, in the event that her employment is terminated without Cause (as defined below), she will be entitled to the following as severance subject to her providing a general release of claims:

Severance equal to 18 months of her base salary, payable in installments over a period of 18 months; and

Any bonus actually earned, pro-rated based on the percentage of the fiscal year Ms. Dillon is employed by the Company.

For this purpose Cause shall mean Ms. Dillon's:

Commission of an act of fraud or embezzlement;

The unauthorized, intentional or grossly negligent disclosure of confidential information which is injurious to the Company;

Willful breach of any fiduciary duty owed to the Company;

Indictment for a felony or any crime involving fraud, dishonesty or moral turpitude;

Intentional misconduct as an employee, including knowing and intentional violation of the Company's written policies, or specific directions of the Board;

Failure substantially to perform her duties, following written notice (other than by reason of disability); and

Willful engagement in misconduct that may reasonably result in injury to the reputation or business prospects of the Company.

Any act or failure to act shall be considered willful only if done or omitted to be done without a good faith, reasonable belief that such act or failure to act was in our best interest. Ms. Dillon will have ten business days to cure any curable act after written notice from the Company of cause. Ms. Dillon's employment may be terminated for cause retroactively, if such reasons are later discovered after her termination.

In connection with her written offer of employment, Ms. Dillon entered into an agreement not to disclose or use our confidential information at any time. She also agreed not to work for, or otherwise be involved with, any competitor for a period of 18 months following her termination for any reason.

Although Messrs. Settersten, Childs and Kimbell and Ms. Caro do not have contractual rights to severance, we would likely pay each at least six months' severance and continued health benefits in connection with a termination without cause in exchange for a general release of claims. In addition, if any of them were terminated without cause within 12 months following a change in control, all of their outstanding options and RSUs would vest and become exercisable regardless of when granted. Upon a change in control, the PBSs would vest either at the target or the number of PBSs that would have been earned based on actual performance through the date of the change in control.

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The following chart sets forth the amounts that Ms. Dillon, Messrs. Settersten, Childs and Kimbell and Ms. Caro would receive in the event of a change of control or that their employment was terminated without cause, for good reason, or due to death or disability, or in connection with a change in control, on the last day of the 2016 fiscal year, January 28, 2017. These amounts do not include any value for amounts payable under retirement plans or insurance policies applicable to employees in general.

<b>Name</b>	<b>Change in Control (\$ (1))</b>	<b>Involuntary Not for Cause Termination / Good Reason (\$) (2)</b>	<b>Death / Disability (\$) (3)</b>	<b>Involuntary Termination in Connection with Change in Control (\$) (4)</b>
Mary N. Dillon	1,635,155	4,448,214	50,658,066	53,471,125
Scott M. Settersten	418,832	299,777	6,874,342	6,755,287
Jodi J. Caro	157,707	218,408	982,344	1,043,045
Jeffrey J. Childs	180,508	256,491	4,004,819	4,080,802
David C. Kimbell	419,103	300,021	6,174,090	6,055,008

- (1) Includes the market value of all unvested PBSs, for which the performance period has not ended, at target value.
- (2) Includes amounts related to severance, health care costs, and pro-rated bonus payouts (as applicable).
- (3) Includes the market value of all exercisable and unexercisable options, all unvested PBSs at target value unless the performance period has ended and, all unvested RSUs.
- (4) Includes amounts related to severance, health care costs, pro-rated bonus payouts (as applicable), the market value of all exercisable and unexercisable options and all unvested RSUs.

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**PROPOSAL THREE**

**ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION**

The Board of Directors is committed to excellence in governance. As part of that commitment, Ulta Beauty is asking stockholders to vote on a resolution to approve the compensation of our NEOs as disclosed in this Proxy Statement. This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on the Company and the Board of Directors. However, the Board and the compensation committee value the opinions of the stockholders and will carefully consider the outcome of the vote when making future compensation decisions. In accordance with the results of the non-binding advisory vote at our 2011 Annual Meeting of Stockholders concerning the frequency of an advisory vote on the compensation paid to our NEOs, this non-binding advisory vote will be held on an annual basis unless the stockholders select a different frequency of the advisory vote on the compensation of our NEOs at the Annual Meeting or until the Board elects to implement a different frequency.

As described more fully in the Compensation Discussion and Analysis ( CD&A ) section of this Proxy Statement, our executive compensation program is structured to provide compensation opportunities that: (i) reflect the competitive marketplace in which the Company operates; (ii) link annual incentive compensation to Company performance goals that support stockholder value; (iii) focus a significant portion of an executive's compensation on equity-based incentives to align interests closely with stockholders; and (iv) attract, motivate and retain key executives who are critical to our long-term success. A significant portion of the Company's executive compensation is performance-based, and we emphasize such incentives to ensure that total compensation reflects our overall success or failure and to motivate executive officers to meet appropriate performance measures.

We believe that the fiscal 2016 compensation of our NEOs was appropriate and aligned with the Company's performance. We urge stockholders to read the CD&A section of this Proxy Statement, as well as the Summary Compensation Table and the related tables and disclosures, for a more complete understanding of how our executive compensation policies and procedures operate.

The Company is asking stockholders to approve the following advisory resolution at the Annual Meeting:

**RESOLVED**, that the stockholders of Ulta Beauty, Inc. (the Company ) approve, on an advisory basis, the compensation of the Company's NEOs as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion thereto.

Because the vote is advisory, it will not be binding upon the Board or the compensation committee. However, the compensation committee will consider the outcome of the vote in determining future compensation policies and decisions.

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 advisory resolution on executive compensation. 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 approved.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL THREE**





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**PROPOSAL FOUR**

**ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

In addition to providing stockholders with the opportunity to cast an advisory say on pay vote on executive compensation, Ulta Beauty is also asking stockholders to vote on whether future advisory votes on the Company's executive compensation should be held every one, two or three years.

The Board recommends that stockholders select a frequency of every year, because it believes that an annual vote will promote best governance practices and facilitate our compensation committee's and our management's consideration of the views of our stockholders in structuring our compensation programs for our NEOs. We believe that an annual vote will provide our compensation committee and our management with more direct input on, and reactions to, our current compensation practices, and better allow our compensation committee and our management to measure how they respond to the prior year's vote.

When voting on this advisory vote, stockholders should understand that they are not voting for or against the Board's recommendation to hold the advisory vote every year. Rather, stockholders have the option to recommend that such advisory vote on the Company's executive compensation be held every one, two or three years, or to abstain entirely from voting on the proposal. Please mark on the enclosed proxy your preference as to how frequently stockholders will vote on future stockholder advisory votes on the Company's executive compensation, as either every year, every two years or every three years, or you may abstain from voting.

We will consider the frequency indicated by the highest number of votes of those shares present in person or represented by proxy and entitled to vote at the Annual Meeting as the preference of our stockholders on the frequency on which we should seek an advisory vote on the compensation of our named executive officers. Abstentions and broker non-votes will be counted towards a quorum, but will not be counted for any other purpose with respect to this matter.

This advisory vote is non-binding on the Company and the Board. While the Board and the compensation committee value the opinions of the stockholders and will consider the outcome of the vote when determining the frequency of future say on pay votes, the Board may decide that it is in the best interest of the Company and the stockholders to hold an advisory vote on executive compensation more or less frequently than the option preferred by the stockholders.

We intend to hold our next advisory vote on the frequency of future stockholder advisory votes on the Company's executive compensation at our annual meeting in 2023.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE IN FAVOR OF EVERY YEAR WITH RESPECT TO PROPOSAL FOUR**

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The following table presents information concerning the beneficial ownership of the shares of our common stock as of April 3, 2017 by:

each person we know to be the beneficial owner of 5% or more of our outstanding shares of common stock;

each of our NEOs, directors and nominees; and

all of our executive officers, directors and nominees as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned by them, subject to community property laws where applicable. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of April 3, 2017 are deemed to be outstanding and to be beneficially owned by the person holding the options for the purpose of computing the percentage ownership of that person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

The following table lists applicable percentage ownership based on 62,137,799 shares of common stock outstanding as of April 3, 2017. Unless otherwise indicated, the address for each of the beneficial owners in the table below is c/o Ulta Beauty, Inc., 1000 Remington Blvd., Suite 120, Bolingbrook, IL 60440.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage Beneficially Owned
<b>5% stockholders:</b>		
The Vanguard Group (1)	5,400,593	8.7%
100 Vanguard Blvd.		
Malvern, Pennsylvania 19355		
Capital World Investors (2)	4,905,700	7.9%
333 South Hope Street		
Los Angeles, California 90071		
BlackRock Inc. (3)	4,004,209	6.4%
55 East 52nd Street		
New York, New York 10055		

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage Beneficially Owned</b>
<b>NEOs, directors and nominees:</b>		
Mary N. Dillon (4)	40,593	*
Scott M. Settersten (5)	19,153	*
Jodi J. Caro (6)	1,720	*
Jeffrey J. Childs (7)	22,107	*
David C. Kimbell (8)	8,331	*
Michelle L. Collins	1,859	*
Robert F. DiRomualdo (9)	344,846	*
Dennis K. Eck	472,029	*

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<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage Beneficially Owned</b>
<b>NEOs, directors and nominees:</b>		
Catherine A. Halligan	3,921	*
Charles Heilbronn (10)	2,161,291	3.5%
Michael R. MacDonald	3,816	*
George R. Mrkonic	3,011	*
Lorna E. Nagler (11)	38,261	*
Charles J. Philippin (12)	139,928	*
Vanessa A. Wittman	2,390	*
<b>All current directors and executive officers as a group (15 persons)</b>	<b>3,263,256</b>	<b>5.2%</b>

\* Less than 1%

- (1) Based solely on the Schedule 13G/A filed by The Vanguard Group on February 13, 2017. This holder reports sole voting power with respect to 92,469 of these shares, shared voting power with respect to 10,580 of these shares, sole dispositive power with respect to 5,299,740 of these shares and shared dispositive power with respect to 100,853 of these shares.
- (2) Based solely on the Schedule 13G filed by Capital World Investors, a division of Capital Research and Management Company, on February 13, 2017. This holder reports sole voting and dispositive power with respect to all of these shares.
- (3) Based solely on the Schedule 13G filed by BlackRock, Inc. on January 30, 2017. This holder reports sole voting power with respect to 3,387,829 of these shares and sole dispositive power with respect to all of these shares.
- (4) Includes options to purchase 9,158 shares of common stock exercisable at \$191.76.
- (5) Includes options to purchase 2,760 shares of common stock exercisable at \$24.53 per share, options to purchase 5,000 shares of common stock exercisable at \$69.96 per share, options to purchase 1,348 options of common stock exercisable at \$86.06 per share, options to purchase 1,806 shares of common stock exercisable at \$151.20 and options to purchase 2,345 shares of common stock exercisable at \$191.76.
- (6) Includes options to purchase 837 shares of common stock exercisable at \$165.27 per share and options to purchase 883 shares of common stock exercisable at \$191.76 per share.
- (7) Includes options to purchase 6,657 shares of common stock exercisable at \$121.74 per share, options to purchase 6,023 shares of common stock exercisable at \$97.89 per share, options to purchase 1,734 shares of common stock exercisable at \$151.20 and options to purchase 1,009 shares of common stock exercisable at \$191.76.
- (8) Includes options to purchase 1,815 shares of common stock exercisable at \$151.20 and options to purchase 2,347 shares of common stock exercisable at \$191.76.
- (9) Mr. DiRomualdo holds 4,309 shares directly and is deemed to beneficially own all 340,537 shares of common stock held by Naples Ventures LLC, where he is a principal along with Janice DiRomualdo. Mr. DiRomualdo has sole voting and investment power with respect to the shares he holds directly, and has shared voting and investment power with respect to the shares held by Naples Ventures LLC. Mr. DiRomualdo disclaims beneficial ownership of all shares held by Naples Ventures LLC except to the extent of his pecuniary interest therein. 339,585 shares held by Naples Ventures LLC are currently pledged as security.
- (10) Mr. Heilbronn holds 58,928 shares directly and is deemed to beneficially own all 2,102,363 shares of common stock held by Mousseluxe SARM. Mr. Heilbronn has sole voting power and sole investment power with respect to the 58,928 shares he holds directly, and he has been granted a power of attorney and proxy to exercise voting and investment power with respect to all of the shares shown as beneficially owned by Mousseluxe SARM. Pursuant to this authority, Mr. Heilbronn makes all voting and investment decisions with respect to all such shares and

may be deemed to beneficially own all such shares. Mr. Heilbronn disclaims beneficial ownership of all such shares except to the extent of his pecuniary interest therein.

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- (11) Includes options to purchase 16,667 shares of common stock exercisable at \$25.80 per share and options to purchase 16,666 shares of common stock exercisable at \$57.42 per share.
- (12) Includes options to purchase 50,000 shares of common stock exercisable at \$13.44 per share.
- (13) Total percentage equals the quotient of total holdings over the sum of shares outstanding and the options referenced in the footnotes above.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who own more than 10% of a registered class of our equity securities to file reports of beneficial ownership and changes in beneficial ownership with the SEC. To our knowledge, based solely on a review of the copies of such forms furnished to us and written representations that no other forms were required during the fiscal year ended January 28, 2017, our directors, executive officers and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements, except for one transaction for Mr. Childs which was filed two days late.

**CERTAIN RELATIONSHIPS AND TRANSACTIONS**

**Related Party Transaction Approval Policy**

Our Board of Directors has adopted written policies and procedures for the approval or ratification of any related party transaction, defined as any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds \$120,000 and one of our executive officers, directors, director nominees, 5% stockholders (or their immediate family members) or any entity with which any of the foregoing persons is an employee, general partner, principal or 5% stockholder, each of whom we refer to as a related person, has a direct or indirect interest as set forth in Item 404 of Regulation S-K. The policy provides that management must present to the audit committee for review and approval each proposed related party transaction (other than related party transactions involving compensation matters, certain ordinary course transactions, transactions involving competitive bids or rates fixed by law, and transactions involving services as a bank depository, transfer agent or similar services). The audit committee must review the relevant facts and circumstances of the transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the related party's interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of our Code of Business Conduct, and either approve or disapprove the related party transaction. If advance approval of a related party transaction requiring the audit committee's approval is not feasible, the transaction may be preliminarily entered into by management upon prior approval of the transaction by the Chairperson of the audit committee subject to ratification of the transaction by the audit committee at its next regularly scheduled meeting. No director may participate in approval of a related party transaction for which he or she is a related party.

**Related Party Transactions and Relationships**

Since the beginning of fiscal year 2016, we have engaged in the following related party transactions with our directors, executive officers and holders of 5% or more of our common stock.

*Transactions with Vendors*

Charles Heilbronn, one of our directors, is Executive Vice President and Secretary, as well as a director, of Chanel, Inc. In fiscal year 2016, Chanel, Inc. sold to Ulta Beauty approximately \$16.9 million of fragrances on an arm's length basis pursuant to Chanel's standard wholesale terms and is expected to continue to sell fragrances to Ulta Beauty during fiscal year 2017.





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**MISCELLANEOUS**

**Other Matters**

The Board of Directors knows of no other matters that will be presented for consideration at the 2017 Annual Meeting of Stockholders. If any other matters are properly brought before the Annual Meeting, it is the intention of the proxy holders, Mary N. Dillon, our Chief Executive Officer, and Jodi J. Caro, our General Counsel and Corporate Secretary, to vote on such matters in accordance with their best judgment.

**Your vote is important. Whether or not you plan to attend the Annual Meeting in person, we hope you will vote as soon as possible. You may vote over the internet, as well as by telephone, or, if you requested to receive printed proxy materials, by mailing a proxy or voting instruction card. Please review the instructions on each of your voting options described in this Proxy Statement, as well as in the Notice you received in the mail.**

By Order of the Board of Directors

Jodi J. Caro

*General Counsel and Corporate Secretary*

April 19, 2017

**A COPY OF ULTA BEAUTY'S ANNUAL REPORT TO THE SEC ON FORM 10-K FOR THE FISCAL YEAR ENDED JANUARY 28, 2017 IS AVAILABLE WITHOUT CHARGE THROUGH THE INVESTOR RELATIONS SECTION OF OUR WEBSITE AT [HTTP://IR.ULTA.COM](http://ir.ulta.com), AND UPON WRITTEN REQUEST TO: INVESTOR RELATIONS, ULTA BEAUTY, INC., 1000 REMINGTON BLVD., SUITE 120, BOLINGBROOK, IL 60440.**

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***ULTA BEAUTY, INC.***

***1000 REMINGTON BLVD.***

***SUITE 120***

***BOLINGBROOK, IL 60440***

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 31, 2017. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 31, 2017. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR  
YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**The Board of Directors recommends you vote  
FOR ALL of the following Nominees:**

**For All** To withhold authority  
**Withhold All** to vote for any  
**For All Except** individual nominee(s),  
**All** mark For All Except  
and write the  
number(s) of the  
nominee(s) on the line  
below.

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**1. Election of Directors**

**Nominees**

- |                                   |                  |                         |               |
|-----------------------------------|------------------|-------------------------|---------------|
| 01 Michelle L. Collins<br>Wittman | 02 Dennis K. Eck | 03 Charles J. Philippin | 04 Vanessa A. |
|-----------------------------------|------------------|-------------------------|---------------|

**The Board of Directors recommends you vote FOR proposals 2 and 3.**

**For Against Abstain**

**2.** To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm, for our fiscal year 2017, ending February 3, 2018

**3** Advisory resolution to approve the Company's executive compensation

**The Board of Directors recommends you vote 1 YEAR on the following proposal:**

**1 year 2 years Abstain**

**4** Advisory vote on the frequency of future advisory votes on the Company's executive compensation

**NOTE:** Such other business as may properly come before the meeting or any adjournment or postponement thereof

**Yes No**

Please indicate if you plan to attend this meeting

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Date

Signature (Joint  
Owners)

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**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Proxy Statement, Annual Report on Form 10-K is/are available at [www.proxyvote.com](http://www.proxyvote.com)

**ULTA BEAUTY, INC.**

**Annual Meeting of Stockholders**

**June 1, 2017 10:00 AM**

**This proxy is solicited on behalf of the Board of Directors**

The undersigned hereby appoints Mary N. Dillon and Jodi J. Caro as proxies, with full power of substitution, to represent and vote as designated on the reverse side, all the shares of Common Stock of Ulta Beauty, Inc. held of record by the undersigned on April 3, 2017, at the Annual Meeting of Stockholders to be held at the Company's headquarters located at 1000 Remington Boulevard Suite 120, Bolingbrook, IL 60440, on June 1, 2017, or any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors recommendations.**

**Continued and to be signed on reverse side**