
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): October 18, 2020

RH

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-35720
(Commission
File Number)

45-3052669
(I.R.S. Employer
Identification No.)

15 Koch Road, Corte Madera, California 94925
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (415) 924-1005

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.0001 par value	RH	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On October 18, 2020, the board of directors of RH granted Gary Friedman, the Chairman and Chief Executive Officer of RH, a new multi-year stock option award. The new award (the “2020 award”) contains essentially the same terms and conditions as the last multi-year award granted to Mr. Friedman in 2017 (the “2017 award”) by utilizing both time-based service period requirements and performance-based metrics.

The 2020 award covers 700,000 shares of common stock and has an exercise price of \$385.30 per share which was the market price for RH’s stock effective on the grant date. As was the case for the 2017 award, the 2020 award may be exercised at any time but the selling restrictions on the underlying shares only lapse upon the achievement of both time-based service requirements and stock price performance-based metrics as described further below.

The time-based restrictions of the 2020 award are measured over a four-year performance year period which will begin in May 2021, on the anniversary of the grant of the 2017 award. The time-based restrictions will lapse on each of the anniversary dates from May 2022 through May 2025 if (i) Mr. Friedman remains employed at the end of such service year by RH with the authority, duties, or responsibilities of a chief executive officer at such date and (ii) the stock price performance-based metrics have been achieved in such year as described below.

The stock price performance-based restrictions of the 2020 award are measured annually over the performance year period and may lapse as to only one-quarter of the award in each of the first four performance years, with the first performance year beginning in May 2021. The stock price performance-based metrics for the 2020 award are set at \$500 per share, \$650 per share and \$800 per share. With respect to any given performance year, if the “twenty day average trading price” for RH common stock exceeds \$500 per share, \$650 per share, or \$800 per share during such performance year, then the selling restrictions will lapse as to 58,333 shares, 58,333 share, and 58,334 shares, respectively, on the last day of such performance year, if Mr. Friedman remains in service with RH at such date.

Any selling restrictions that have not lapsed in any performance year during the first four performance years may be achieved in a successive performance year through the end of the eighth performance year which ends in May 2029, provided Mr. Friedman continues to satisfy the service requirement through the date the performance target is achieved. Any selling restrictions that have not lapsed by the end of the eighth performance year will thereafter only lapse on the 20th anniversary of May 2021.

RH issued a press release announcing the grant of the 2020 award on October 21, 2020 that is available on the investor relations section of its website. A copy of such press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The foregoing summary of the terms of the 2020 award does not purport to be complete and is qualified in its entirety by reference to the Notice of Stock Option Award and Stock Option Award Agreement with respect to the 2020 award, a copy of which is attached as Exhibit 10.1 hereto and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Notice of Stock Option Award and Stock Option Award Agreement by and between RH and Gary Friedman dated as of October 18, 2020
99.1	Press Release dated October 21, 2020
104	Cover Page Interactive Data File-the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RII

Dated: October 21, 2020

By: /s/ Jack Preston

Jack Preston
Chief Financial Officer

RESTORATION HARDWARE HOLDINGS, INC. 2012 STOCK INCENTIVE PLAN

NOTICE OF STOCK OPTION AWARD

Grantee's Name and Address: Gary Friedman

You (the "Grantee") have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the Restoration Hardware Holdings, Inc. ("RH") 2012 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	GF-004
Date of Award	October 18, 2020
Exercise Price per Share	\$385.30
Total Number of Shares Subject to the Option (the "Shares")	700,000
Total Exercise Price	\$269,710,000
Type of Option:	<input type="checkbox"/> Incentive Stock Option <input checked="" type="checkbox"/> Non-Qualified Stock Option
Expiration Date:	October 17, 2030

A. Vesting Schedule:

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

The Option shall be fully vested and exercisable upon the Date of Award.

B. Transfer Restrictions:

Except as specifically provided below, the Shares issued upon exercise of the Option shall be subject to the Transfer Restrictions (as defined below) until the twentieth (20th) anniversary of the Date of Award Commencement (as defined below).

1. The Transfer Restrictions shall lapse to the extent that the Twenty Day Average Trading Price (as defined below) for a share of Common Stock equals or exceeds a stated price level in the following table during a Performance Year (as defined below) ending on or before the 4th anniversary of the Date of Award Commencement, so long as the Grantee remains in Continuous Service through the last day of such Performance Year:

Shares with Lapsed Transfer Restrictions	Twenty Day Average Trading Price
58,333	\$ 500
58,333	\$ 650
58,334	\$ 800

To the extent that the Twenty Day Average Trading Price requirements in this Paragraph B.1 (collectively, the “Stock Price Goals”) are met with respect to such a Performance Year, the date on which the Transfer Restrictions lapse shall be the last day of such Performance Year. For the avoidance of doubt, except as otherwise specifically provided for in this Notice, the Plan or the Option Agreement, Transfer Restrictions shall not lapse as to more than: (i) 175,000 Shares with respect to the 1st Performance Year, (ii) an additional 175,000 Shares with respect to the 2nd Performance Year (for a total of 350,000 Shares for the first two Performance Years), (iii) an additional 175,000 with respect to the 3rd Performance Year (for a total of 525,000 Shares for the first three Performance Years) and (iv) an additional 175,000 Shares with respect to the 4th Performance Year (for a total of 700,000 Shares). For example, if the Twenty Day Average Trading Price is at or above \$800 in each of the first four Performance Years and the Grantee remains in Continuous Service during the entire period, the Transfer Restrictions for 175,000 of the Shares shall lapse on the last day of each such Performance Year (for a cumulative total of 700,000 Shares), provided that the Grantee remained in Continuous Service through each such date.

2. Any Shares for which the Transfer Restrictions have lapsed under Paragraph B.1 above shall remain transferable irrespective of the Company’s subsequent stock price performance, including if the Twenty Day Average Trading Price falls below the Stock Price Goal corresponding to such Shares that was previously achieved.
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3. Shares that remain subject to Transfer Restrictions due to not achieving one or more of the Stock Price Goals for a Performance Year ending on or before May 1, 2025 shall be carried forward to, and such Transfer Restrictions will be eligible to lapse in, a later Performance Year if the missed Stock Price Goal is subsequently achieved during any such later Performance Year, so long as the Grantee remains in Continuous Service through such date. For example, if none of the Stock Price Goals are met before the 4th anniversary of the Date of Award Commencement, and each of them is met after the 4th Performance Year and on or before the 8th anniversary of the Date of Award Commencement, then the Transfer Restrictions as to (i) 233,332 Shares will lapse on the date on which the \$500 Stock Price Goal is met, (ii) 233,332 Shares will lapse on the date on which the \$650 Stock Price Goal is met and (iii) 233,336 Shares will lapse on the date on which the \$800 Stock Price Goal is met, provided in each instance the Grantee remains in Continuous Service through such date. As another example, if none of the Stock Price Goals are met before the 1st anniversary of the Date of Award Commencement, and each of the stated price levels is met during the 2nd Performance Year, then (a) the Transfer Restrictions as to (i) 58,333 Shares will lapse on the date on which the \$500 Stock Price Goal is met, (ii) 58,333 Shares will lapse on the date on which the \$650 Stock Price Goal is met and (iii) 58,334 Shares will lapse on the date on which the \$800 Stock Price Goal is met, provided in each instance the Grantee remains in Continuous Service through such date, (b) the Transfer Restrictions as to 175,000 Shares shall lapse on the last day of such 2nd Performance Year provided the Grantee remains in Continuous Service through such date, and (c) the Transfer Restrictions as to the remaining 350,000 Shares shall be eligible to lapse in subsequent years in accordance with the terms of this Notice, the Plan and the Option Agreement.
 4. In the event of a Corporate Transaction or a Change in Control (other than a Change in Control pursuant to Section 2(j)(ii) of the Plan) (each, a “Qualifying Change in Control”), (x) if the consideration paid to the outstanding holders of RH Common Stock in such Qualifying Change in Control is in the form of substantially all cash consideration, then any remaining Transfer Restrictions on the Shares will lapse to the extent that the Stock Price Goals are achieved by virtue of the substantially all cash consideration paid or payable for Common Stock due to the Qualifying Change in Control, as determined by the Administrator in its sole discretion, provided that the Grantee remains in Continuous Service through the date of such Qualifying Change in Control, and (y) if the consideration paid to the outstanding holders of RH Common Stock in such Qualifying Change in Control is not in the form of substantially all cash consideration, then as to any portion of the Option that is neither Assumed nor Replaced in or as a result of such a Qualifying Change in Control, the Shares underlying such Option shall be automatically released from any Transfer Restrictions immediately prior to the date of such Qualifying Change in Control if the Grantee’s Continuous Service has not then terminated. Notwithstanding any other provision regarding Transfer Restrictions in this Notice, the Plan or the Option Agreement, if a Stock Price Goal is not met as of the date of a Qualifying Change in Control referred to in clause (x) of the preceding sentence (taking into account the price paid in substantially all cash consideration for shares of RH Common Stock in such Qualifying Change in Control), then (a) all Shares that remain subject to Transfer Restrictions upon such Qualifying Change in Control shall be treated as specified in Paragraph C.4 below, and (b) nothing shall limit the Company’s right to terminate the Option under Section 11(a) of the Plan if it is not exercised prior to the date of, or in connection with, such Qualifying Change in Control.
 5. If the Grantee’s Continuous Service is terminated by the Company or a Related Entity without Cause or by the Grantee for Good Reason, or is terminated on account of the Grantee’s death or Disability (each a “Qualifying Termination”), then any Shares that are then subject to Transfer Restrictions and for which the Transfer Restrictions would be eligible to lapse at any time during the 12-month period following such termination of employment had the Grantee remained in Continuous Service during such 12-month period (“Qualifying Termination Shares”) will be eligible to lapse under this Notice, based solely upon the achievement of the applicable Stock Price Goals at any point during such 12-month period (for the avoidance of doubt, if the Stock Price Goals have been met as of the date of the Qualifying Termination as to any Shares in a Performance Year and the Transfer Restrictions applicable to such Shares would vest within one year of the Qualifying Termination based upon Grantee remaining in Continuous Service for all or some portion of the remaining year, then the Transfer Restrictions applicable to such Shares shall lapse on the date of the Qualifying Termination).
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6. Any Shares for which the Transfer Restrictions have not lapsed by the 8th anniversary of the Date of Award Commencement under Paragraphs B.1 through B.5 above and have not otherwise been forfeited, repurchased or cancelled as provided in this Notice, the Plan or the Option Agreement shall only be eligible to lapse on the 20th anniversary of the Date of Award Commencement.
 7. The Company may cause the cancellation of the Option, require reimbursement of any Option proceeds from the Grantee, and effect any other right of repurchase or recoupment of compensation (a) as provided (x) in this Notice, the Plan or the Option Agreement, (y) in accordance with any “clawback” policies that may from time to time be adopted or modified in the future by the Company following the Date of Award, or (z) under any other clawback or other similar provisions as in force under Applicable Laws or (b) if any event or circumstance that constitutes Cause has occurred and the applicable cure period (if any) has expired; provided that, with respect to any particular event or circumstance that constitutes Cause, the Company has notified the Grantee that it intends to cancel the Option, and/or to require reimbursement of any Option proceeds, within six months after the Administrator learns, to a substantial degree of certainty, that the particular event or circumstance has occurred (disregarding, for purposes of this proviso only, whether or not any applicable cure period has expired, and whether or not any applicable board hearing process has been completed).
 8. The Stock Price Goals above shall be subject to adjustment in connection with stock splits, reverse stock splits, dividends of additional shares of common stock to the holders of outstanding common stock and other similar transactions that have an effect on all of the outstanding shares of RH Common Stock with the adjustments to be determined as provided in Section 10 of the Plan by the Committee in its reasonable discretion.
 9. “Continuous Service” for purposes of determining whether Transfer Restrictions have lapsed under this Notice, the Plan or the Option Agreement shall only refer to and include service at RH or any Parent or Subsidiary of RH as an employee with the authority, duties, or responsibilities of a chief executive officer of RH or any successor. For avoidance of doubt, “Continuous Service” for purposes of whether the Option remains exercisable under the Option Agreement shall be as defined under the Plan.
 10. Definitions:
 - a. “Cause” means Cause as defined in the Grantee’s Executive Employment Agreement entered into by and between the Grantee and the Company effective as of July 2, 2013; provided, however, that (x) solely for purposes of this Option, the words “No termination for Cause may occur pursuant to”, in the third sentence of that definition, shall be replaced by the words “Cause shall not arise under” and (y) no other change or amendment to the definition of Cause will be taken into account for purposes of this Option unless explicitly provided for in the governing documents for such change or amendment.
 - b. “Date of Award Commencement” means May 2, 2021, which is the first day of the first Performance Year.
 - c. “Good Reason” will have the meaning ascribed to such term in the Grantee’s Executive Employment Agreement entered into by and between the Grantee and the Company effective as of July 2, 2013; provided, however, that no subsequent amendments to such agreement that affect the definition of Good Reason will be taken into account for purposes of this Option unless explicitly provided for in the governing documents for such amendment.
 - d. “Performance Year” means a twelve (12) month period that begins on the Date of Award Commencement or any anniversary of the Date of Award Commencement and ends on May 1 of the following calendar year; provided, however, that no Performance Year shall end on a date later than May 1, 2029.
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- e. "Ten Day Volume Weighted Average Price" will mean, as of any date, the volume-weighted average Fair Market Value of the Common Stock for the last ten 10 consecutive trading days, as determined after market close on the tenth (10th) such consecutive trading day.
- f. "Termination Date" shall be the date on which the Grantee's Continuous Service terminates.
- g. "Twenty Day Average Trading Price" will equal or exceed a specified Stock Price Goal when the Ten Day Volume Weighted Average Price for Common Stock has reached and remained at or above such goal for 20 consecutive trading days. Notwithstanding the foregoing, the Twenty Day Average Trading Price shall not be measured and achieved during any period in which the Company is engaged in open-market repurchases of Common Stock during any trading day that is included in the calculation of such Twenty Day Average Trading Price (including any trading day that is included in the Ten Day Volume Weighted Average Price) or during any trading day that is within the 10 trading days immediately prior to a trading day that is included in such calculations.
- h. "Transfer Restrictions" will mean that the Shares sold to the Grantee hereunder may not be sold, assigned, transferred by gift, pledged, hypothecated, or otherwise transferred or disposed of, hedged or otherwise made the subject of any derivative transaction, by the Grantee, except by will or by the laws of descent and distribution. The foregoing restriction shall not prohibit the Grantee's ability to sell, assign, transfer by gift, pledge, hypothecate, or otherwise transfer or dispose of, hedge or otherwise make the subject of any derivative transaction, any equity that is not covered by the Option or any Shares that are not subject to Transfer Restrictions.

C. Repurchase Right

- 1. In the event the Grantee's Continuous Service is terminated by the Company or a Related Entity for Cause (other than pursuant to clauses (B) or (E) of the definition of Cause), the Company shall have the right, for a period of ninety days after such Termination Date, to repurchase any Shares then subject to Transfer Restrictions on the trading day immediately following the 185th calendar day after such Termination Date. The repurchase price shall be the aggregate Exercise Price per Share for such Shares. The repurchase price payable by the Company under this Paragraph C.1 may be paid on a deferred basis by means of a Promissory Note (as defined below). The Grantee may, prior to the repurchase date, elect to forgo such payment, in whole or in part, in which case the Grantee shall convey such Shares (the shares for which the Grantee elected to forego the repurchase) to the Company for no consideration on the repurchase date.
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2. In the event the Grantee's Continuous Service is terminated by the Company or a Related Entity for Cause pursuant to clauses (B) or (E) of the definition of Cause, or by the Grantee without Good Reason, the Company shall have the right, for a period of ninety (90) days commencing on the date that is one-hundred and twenty (120) days after the date of such termination, to elect to purchase from such Grantee any Shares that remain subject to the Transfer Restrictions as of the date of such termination. The repurchase date shall be the trading day immediately following the 185th calendar day after the expiration of the Grantee's applicable post-termination exercise period set forth in Section 5 of the Option Agreement, and the repurchase price shall be the Fair Market Value of the Shares as of the repurchase date. The repurchase price payable by the Company under this Paragraph may be paid in lump sum in cash on the repurchase date or, in the Administrator's sole discretion, on a deferred basis by means of a Promissory Note. In the event the Company elects to pay such repurchase price with a Promissory Note, the Grantee may, prior to the repurchase date, elect to forgo such payment, in whole or in part, in which case the Grantee shall convey such Shares (the shares for which the Grantee elected to forgo the repurchase) to the Company for no consideration on the repurchase date or if the Option with respect to such Shares has not been exercised, it shall lapse unexercised. In the event the Company fails to exercise its repurchase right within the applicable ninety (90) day period set forth in this Paragraph C.2, the Transfer Restrictions then applicable to any Shares held by the Grantee pursuant to the exercise of the Option shall continue to lapse in accordance with the terms and conditions set forth above other than the requirement of Continuous Service.
 3. In the event the Grantee's Continuous Service is terminated by the Company or a Related Entity on account of a Qualifying Termination, the Company shall have the right, for a period of ninety (90) days commencing on the date that is one (1) year and (90) days following the date of such termination, to elect to repurchase from the Grantee any Shares that remain subject to the Transfer Restrictions as of the date that is one (1) year and (90) days following the date of termination. The repurchase date shall be the trading day immediately following the 185th calendar day after the expiration of the Grantee's applicable post-termination exercise period set forth in Section 5, 6 or 7 of the Option Agreement, and the repurchase price shall be the Fair Market Value of the Shares as of the repurchase date. The repurchase price payable by the Company under this Paragraph may be paid in lump sum in cash on the repurchase date or, in the Administrator's sole discretion, on a deferred basis by means of a Promissory Note. In the event the Company elects to pay such repurchase price with a Promissory Note, the Grantee may, prior to the repurchase date, elect to forgo such payment, in whole or in part, in which case the Grantee shall convey such Shares (the shares for which the Grantee elected to forgo the repurchase) to the Company for no consideration on the repurchase date or if the Option with respect to such Shares has not been exercised, it shall lapse unexercised. In the event the Company fails to exercise its repurchase right within the applicable ninety (90) day period set forth in this Paragraph C.3, the Transfer Restrictions then applicable to any Shares held by the Grantee pursuant to the exercise of the Option shall continue to lapse in accordance with the terms and conditions set forth above other than the requirement of Continuous Service.
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4. Immediately prior to a Qualifying Change in Control in which there is consideration paid in the form of substantially all cash consideration to the outstanding holders of RH Common Stock in such Qualifying Change in Control, the Company shall have a right of repurchase with respect to any Shares that remain subject to Transfer Restrictions after giving effect to such Qualifying Change in Control by virtue of the Stock Price Goal have not been met as a result of such Qualifying Change in Control. Such right of repurchase may be exercised by the Company at any time within the 90 days prior to such Qualifying Change in Control through the date that is 185 days after such Qualifying Change in Control. Any repurchase of Shares pursuant to the exercise of such right of repurchase shall become effective on the later of (a) immediately prior to the completion of such Qualifying Change in Control, or (b) 185 calendar days after such Shares have been issued upon exercise of the Option. The Company shall have the right to continue to hold the Shares that remain subject to the Transfer Restrictions on and after a Qualifying Change in Control in escrow on such terms and conditions as it determines are appropriate in its discretion in order to effectuate the provisions of this Paragraph C.4. The repurchase price shall be the Fair Market Value of such Shares as of the repurchase date. In the case of a repurchase in connection with a Qualifying Change in Control in which the shares of the Company's Common Stock are acquired by means of cash consideration in the transaction, then the Fair Market Value of the Shares shall be equal to the amount of such cash consideration payable in the transaction. The repurchase price payable by the Company under this Paragraph C.4 may be paid on a deferred basis by means of a Promissory Note. For the avoidance of doubt, the Company may issue such Promissory Note in respect of any Shares that are subject to repurchase in the case of a Qualifying Change in Control in which the transaction consideration consists of cash and the Grantee shall not be entitled to receive such cash consideration for the Shares being repurchased and instead the Company can replace the cash consideration with the Promissory Note. The Grantee may, prior to the repurchase date, elect to forgo such payment, in whole or in part, in which case the Grantee shall convey such Shares (the shares for which the Grantee elected to forego the repurchase) to the Company for no consideration on the repurchase date or if the Option with respect to such Shares has not been exercised, it shall lapse unexercised.
5. Any promissory note to be issued by the Company under Paragraphs C.1 through C.4 (a "Promissory Note") shall be on such terms and conditions as determined to be reasonable by the Administrator at the time of the repurchase; provided, however, that (i) interest shall be at a fair market rate that is appropriate for the Company's credit risk as of the repurchase date, (ii) the term of the loan may be up to twenty years from the repurchase date, (iii) the loan shall not be accelerated upon a Qualifying Change in Control or a Corporate Transaction (other than a liquidation of the Company), (iv) the Transfer Restrictions defined in Paragraph B.10h. above shall apply to the Promissory Note as if it were a Share and shall not lapse until the end of the twenty year Transfer Restriction period applicable to a Share, and (v) the Promissory Note shall be unsecured and may be subordinated to such other indebtedness of the Company as the Administrator shall determine in its sole discretion.

The Company's repurchase right described above is referred to herein as the "Repurchase Right".

D. Definitions

1. For purposes of the terms and conditions related to the Repurchase Right and the lapse of the Transfer Restrictions described above and notwithstanding anything in the Plan to the contrary, "Fair Market Value" means, on the date of determination, the fair market value of the Common Stock, as reasonably determined in good faith by the Administrator in accordance with the Plan, in its sole discretion (taking into account all of the terms applicable to the Option, including the Transfer Restrictions).
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IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

RH,
a Delaware corporation

By: /s/ Jack Preston

Title: Chief Financial Officer

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE TRANSFER RESTRICTIONS DESCRIBED IN THIS NOTICE SHALL LAPSE ONLY AS DESCRIBED IN THIS NOTICE. THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE (AS DEFINED BOTH IN THE NOTICE AND IN THE PLAN), NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE COMPANY OR RELATED ENTITY TO WHICH THE GRANTEE PROVIDES SERVICES TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE (AS DEFINED BOTH IN THE PLAN AND THE NOTICE), WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE EXCEPT AS OTHERWISE REQUIRED UNDER ANY EXECUTIVE'S EMPLOYMENT AGREEMENT OR ANY OTHER WRITTEN AGREEMENT BETWEEN THE PARTIES. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Option Agreement shall be resolved by the Administrator in accordance with Section 15 of the Option Agreement. The Grantee further agrees to the arbitration, venue selection and waiver of a jury trial in accordance with Section 16 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: 10/18/2020

Signed: /s/ Gary Friedman

Grantee

STOCK OPTION AWARD AGREEMENT

1. **Grant of Option.** RH, a Delaware corporation (“RH” or the “Company”), hereby grants to the Grantee (the “Grantee”) named in the Notice of Stock Option Award (the “Notice”), an option (the “Option”) to purchase the Total Number of Shares of Common Stock subject to the Option (the “Shares”) set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the “Exercise Price”) subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the “Option Agreement”) and the Company’s 2012 Stock Incentive Plan, as amended from time to time (the “Plan”), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

If designated in the Notice as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. However, notwithstanding such designation, the Option will qualify as an Incentive Stock Option under the Code only to the extent the \$100,000 dollar limitation of Section 422(d) of the Code is not exceeded. The \$100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to options designated as Incentive Stock Options which become exercisable for the first time by the Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the shares subject to such options shall be determined as of the grant date of the relevant option.

2. **Exercise of Option.**

(a) **Right to Exercise.** The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 13 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction or Change in Control. The Grantee shall be subject to reasonable limitations on the maximum number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) **Method of Exercise.** The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A) or by such other procedure as specified from time to time by the Administrator which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price and all applicable income and employment taxes required to be withheld. The Option shall be deemed to be exercised upon receipt by the Company of such notice accompanied by the Exercise Price and all applicable withholding taxes, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 3(e) below to the extent such procedure is available to the Grantee at the time of exercise and such an exercise would not violate any Applicable Law.

(c) **Taxes.** No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax and employment tax withholding obligations, including, without limitation, such other tax obligations of the Grantee incident to the receipt of Shares. Upon exercise of the Option, the Company or the Grantee’s employer may offset or withhold (from any amount owed by the Company or the Grantee’s employer to the Grantee) or collect from the Grantee or other person an amount sufficient to satisfy such tax withholding obligations. Furthermore, in the event of any determination that the Company has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Option, the Grantee agrees to pay the Company the amount of such deficiency in cash within five (5) business days after receiving a written demand from the Company to do so, whether or not the Grantee is an employee of the Company at that time.

(d) **Section 16(b).** Notwithstanding any provision of this Option Agreement to the contrary, other than termination of the Grantee’s Continuous Service for Cause, if a sale within the applicable time periods set forth in

Sections 5, 6 or 7 herein of Shares acquired upon the exercise of the Option would subject the Grantee to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such Shares by the Grantee would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Grantee's termination of Continuous Service, or (iii) the Expiration Date.

3. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law and, provided further, that the portion of the Exercise Price equal to the par value of the Shares must be paid in cash or other legal consideration permitted by the Delaware General Corporation Law:

(a) cash;

(b) check;

(c) if permitted by the Administrator, the surrender of Shares held for the requisite period, if any, necessary to avoid a charge to the Company's earnings for financial reporting purposes, or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised;

(d) only with respect to that portion of the Option no longer subject to Transfer Restrictions, payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator in accordance with the Plan) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share (the number of net Shares to be received shall be rounded down to the nearest whole number of Shares); or

(e) only with respect to that portion of the Option no longer subject to Transfer Restrictions, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company-designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction.

4. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. If the exercise of the Option within the applicable time periods set forth in Section 5, 6 and 7 of this Option Agreement is prevented by the provisions of this Section 4, the Option shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice.

5. Termination or Change of Continuous Service.

(a) In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect.

(b) In the event the Grantee's Continuous Service is terminated by the Company or a Related Entity for Cause (other than pursuant to clauses (B) and (E) of the definition of Cause), the Grantee's right to exercise the Option shall terminate on the Termination Date.

(c) In the event the Grantee's Continuous Service is terminated by the Company or a Related Entity for Cause pursuant to clause (B) and (E) of the definition of Cause or terminated by the Grantee without Good Reason, the Grantee may, but only within one hundred twenty (120) days commencing on the Termination Date (but

in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date.

(d) In the event the Grantee's Continuous Service is terminated by the Company or a Related Entity without Cause or terminated by the Grantee for Good Reason, the Grantee may, but only within the one (1) year and ninety (90) days commencing on the Termination Date (but in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date.

(e) The post-termination exercise periods described in this Section 5 shall commence on the Termination Date. In no event shall the Option be exercised later than the Expiration Date set forth in the Notice.

(f) If the Grantee does not exercise the Option within the applicable post-termination exercise period, the Option shall terminate.

6. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within the one (1) year and ninety (90) days commencing on the Termination Date (but in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date. If the Grantee does not exercise the Option within the time specified herein, the Option shall terminate.

7. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, the person who acquired the right to exercise the Option pursuant to Section 8 may exercise the portion of the Option that was vested at the date of termination within the one (1) year and ninety (90) days commencing on the date of death (but in no event later than the Expiration Date). If the Option is not exercised within the time specified herein, the Option shall terminate.

8. Transferability of Option. The Option, if an Incentive Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Grantee only by the Grantee. The Option, if a Non-Qualified Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution, provided, however, that a Non-Qualified Stock Option may be transferred during the lifetime of the Grantee to the extent and in the manner authorized by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Incentive Stock Option or Non-Qualified Stock Option in the event of the Grantee's death on a beneficiary designation form provided by the Administrator. Following the death of the Grantee, the Option, to the extent provided in Section 7, may be exercised (a) by the person or persons designated under the deceased Grantee's beneficiary designation or (b) in the absence of an effectively designated beneficiary, by the Grantee's legal representative or by any person empowered to do so under the deceased Grantee's will or under the then Applicable Laws of descent and distribution. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

9. Additional Terms Related to Transfer Restrictions.

(a) Transfer upon Death. Notwithstanding the Transfer Restrictions set forth in the Notice, the Shares may be transferred by will or by the laws of descent and distribution, provided, that the Transfer Restrictions shall continue to apply to and be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

(b) Legends. The Grantee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE RESTRICTED BY THE TERMS OF THAT CERTAIN OPTION AGREEMENT BETWEEN THE COMPANY AND THE NAMED STOCKHOLDER. THE SHARES REPRESENTED BY THIS CERTIFICATE MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH SUCH AGREEMENT, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

(c) Stop Transfer Notices. In order to ensure compliance with the Transfer Restrictions, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(d) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Option Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

(e) Additional Shares or Substituted Securities. In the event of any transaction described in Sections 10 or 11 of the Plan, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Transfer Restrictions, but only to the extent the Shares are at the time covered by such Transfer Restrictions.

(f) Escrow of Stock. For purposes of facilitating the enforcement of the provisions of the Transfer Restrictions, the Grantee agrees, immediately upon receipt of the certificate(s) for the Shares, to deliver such certificate(s), together with an Assignment Separate from Certificate in the form attached hereto as Exhibit B, executed in blank by the Grantee with respect to each such stock certificate, to the Secretary or Assistant Secretary of the Company, or their designee, to hold in escrow for so long as such Shares are subject to the Transfer Restrictions, with the authority to take all such actions and to effectuate all such transfers and/or releases as may be necessary or appropriate to accomplish the objectives of this Option Agreement in accordance with the terms hereof, including but not limited to the provisions of Paragraph C.4 of the Notice with respect to a Qualifying Change in Control. The Grantee hereby acknowledges that the appointment of the Secretary or Assistant Secretary of the Company (or their designee) as the escrow holder hereunder with the stated authorities is a material inducement to the Company to make this Option Agreement and that such appointment is coupled with an interest and is accordingly irrevocable. The Grantee agrees that the Shares may be held electronically in a book entry system maintained by the Company’s transfer agent or other third-party and that all the terms and conditions of this Section 9(f) applicable to certificated Shares will apply with the same force and effect to such electronic method for holding the Shares. The Grantee agrees that such escrow holder shall not be liable to any party hereto (or to any other party) for any actions or omissions unless such escrow holder is grossly negligent relative thereto. The escrow holder may rely upon any letter, notice or other document executed by any signature purported to be genuine and may resign at any time. Subject to the provisions of any security agreement relating to Grantee’s purchase of the Shares, upon the expiration of the Transfer Restrictions, the escrow holder will transmit to the Grantee the certificate evidencing the Shares with respect to which the Transfer Restrictions have lapsed.

10. Term of Option. To the extent that this Option is not exercised prior to the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein, then this Option will lapse. After the Expiration Date or such earlier termination date, the Option shall be of no further force or effect and may not be exercised.

11. Additional Terms Related to the Company’s Repurchase Right.

(a) Assignment. Whenever the Company shall have the right to purchase Shares under this Repurchase Right, the Company may designate and assign one or more employees, officers, directors or shareholders of the Company or other persons or organizations, to exercise all or a part of the Company’s Repurchase Right.

(b) Additional Shares or Substituted Securities. In the event of any transaction described in Sections 10 or 11 of the Plan, any new, substituted or additional securities or other property which is by reason of any such transaction distributed with respect to the Shares shall be immediately subject to the Repurchase Right, but only to the extent the Shares are at the time covered by such right.

12. Tax Consequences. The Grantee may incur tax liability as a result of the Grantee’s purchase or disposition of the Shares. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

13. Entire Agreement: Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

14. Construction. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

15. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

16. Arbitration; Venue and Waiver of Jury Trial. The Company, the Grantee, and the Grantee's assignees pursuant to Section 8 (a "party" or the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be resolved by final and binding arbitration in accordance with the Arbitration Agreement between the Grantee, on the one hand, and the Company or any affiliate of the Company, on the other hand, except as otherwise provided herein. Notwithstanding the foregoing, either the Company or the Grantee may bring an action in court to compel arbitration under the Arbitration Agreement and to enforce an arbitration award, and nothing in this Option Agreement precludes a party from filing an administrative charge before an agency that has jurisdiction over an arbitrable claim or prohibits either party from seeking provisional relief pursuant to Section 1281.8 of the California Code of Civil Procedure. In addition, to the extent that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement is not covered by and subject to arbitration according to the terms of such Arbitration Agreement, it shall be brought, in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of San Francisco) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. **THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING.** If any one or more provisions of this Section 16 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

17. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

END OF AGREEMENT

EXHIBIT A

RESTORATION HARDWARE HOLDINGS, INC. 2012 STOCK INCENTIVE PLAN

EXERCISE NOTICE

RH

15 Koch Road, Suite K
Corte Madera, CA 94925
Attention: Secretary

1. Exercise of Option. Effective as of today _____, _____, the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase _____ shares of the Common Stock (the "Shares") of RH (the "Company") under and pursuant to the Company's 2012 Stock Incentive Plan, as amended from time to time (the "Plan") and the [] Incentive [X] Non-Qualified Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") dated _____, _____. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 11 of the Plan.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 3(e) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within thirty (30) days of any disposition of any shares acquired by exercise of the Option if such disposition occurs within two (2) years from the Date of Award or within one (1) year from the date the Shares were transferred to the Grantee.

7. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. This Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

8. Construction. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

9. Administration and Interpretation. The Grantee hereby agrees that any question or dispute regarding the administration or interpretation of this Exercise Notice shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Delaware without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Delaware to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

12. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

13. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:

Accepted
by:

GRANTEE:

RH

(Signature)

By: _____
Title: _____

Address:

Address:

15 Koch Road, Suite K
Corte Madera, CA 94925



EXHIBIT B

STOCK ASSIGNMENT SEPARATE FROM CERTIFICATE

[Please sign this document but do not date it. The date and information of the transferee will be completed if and when the shares are assigned.]

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____, _____ () shares of the Common Stock of RH, a Delaware corporation (the "Company"), standing in his name on the books of, represented by Certificate No. _____ herewith, and does hereby irrevocably constitute and appoint the Secretary of the Company attorney to transfer the said stock in the books of the Company with full power of substitution.

DATED: _____



RH ANNOUNCES NEW MULTI-YEAR STOCK OPTION AWARD FOR CHAIRMAN & CEO GARY FRIEDMAN

October 21, 2020 – RH announced today a new multi-year stock option award for RH Chairman and Chief Executive Officer, Gary Friedman with performance terms and conditions based upon the future stock price of RH.

The new award (the “2020 award”) contains essentially the same terms and conditions as the last multi-year award granted to Mr. Friedman in 2017 by utilizing both time-based service period requirements and performance-based metrics. The 2020 award includes RH stock price performance targets of \$500, \$650 and \$800 per share, which represent a substantial premium above the prevailing RH common stock price at the time of the grant.

The 2020 award is the third multi-year stock option award provided to Mr. Friedman since the 2012 initial public offering, with the previous two awards covering successive four year time periods from 2013 to 2017 and from 2017 to 2021, respectively. The time period for the new award commences in May, 2021 on the anniversary date of the 2017 stock option award providing a continuation of the stock price performance measurement period for each of the four successive performance years through May, 2025.

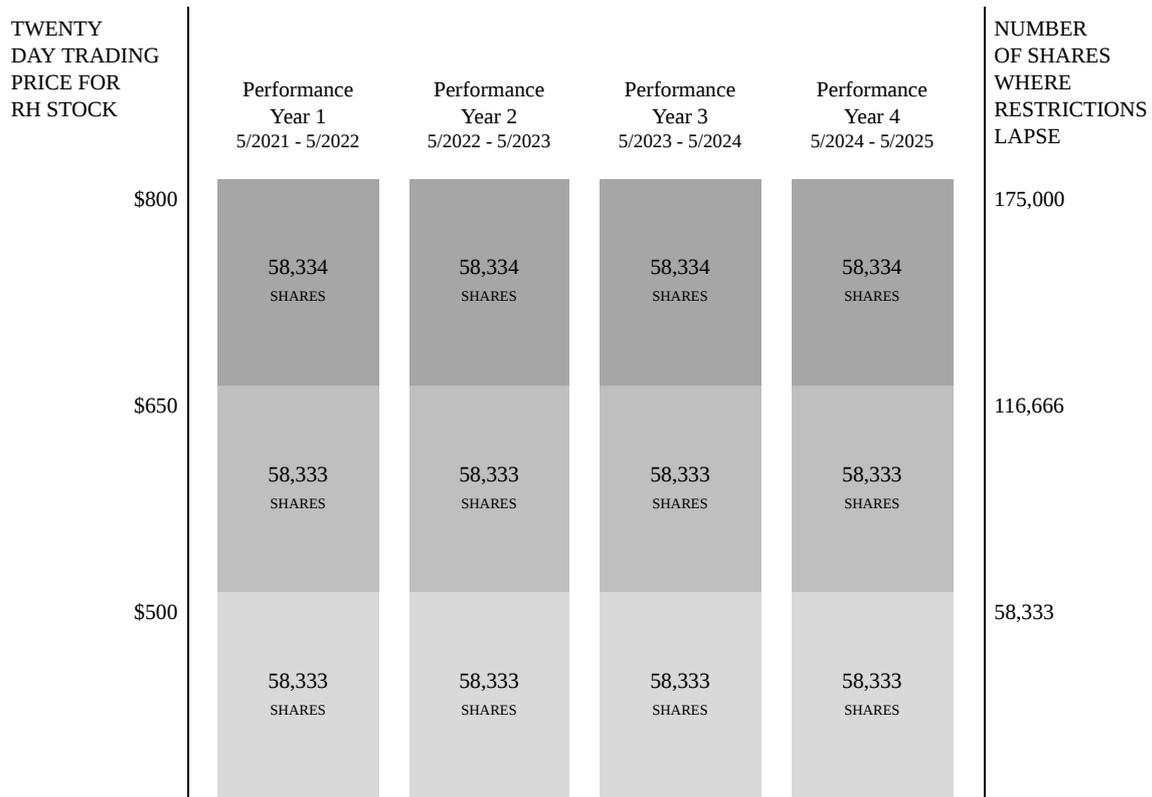
The RH stock price has substantially exceeded the performance hurdles under the 2017 award granted to Mr. Friedman. The Board of Directors and the compensation committee concluded that the 2017 award was a successful incentive structure for the CEO using a combination of both time-based restrictions and performance-based restrictions to create strong alignment between the CEO and the Company’s shareholders. Since the original 2012 performance-based award at the time of the Company’s IPO price of \$24 per share, RH stock has outperformed the vast majority of leading consumer and technology companies including Amazon, Apple, Google, LVMH, Lululemon, Home Depot, Nike, and Starbucks. The 2020 award provides for the continuation of this performance methodology at enhanced price levels that are substantially above the current RH stock price.

The 2020 award has an exercise price of \$385.30 per share which was the market price for RH’s stock effective on the grant date.

The following table quantifies the stock price appreciation from the date of grant that would be required to achieve each performance target under the 2020 award:

	STOCK PRICE TARGET (\$)	PREMIUM TO GRANT DATE STOCK PRICE (%)
Exercise Price	\$ 385.30	0%
Performance Target	\$ 500.00	29.8%
Performance Target	\$ 650.00	68.7%
Performance Target	\$ 800.00	107.6%

The 2020 award covers a total of 700,000 shares. The following chart presents graphically the number of shares that would become unrestricted in each performance measurement year after May, 2021 assuming that the various stock performance targets are achieved:



DETAILED TERMS OF THE 2020 STOCK OPTION AWARD

The 2020 award has essentially the same terms and conditions as the 2017 award except that the stock price performance levels, the exercise price and the number of shares covered by the new award have been adjusted to take into account current market conditions including the RH common stock price and the number of RH shares outstanding.

As was the case for the 2017 award, the new award may be exercised at any time but the selling restrictions on the underlying shares only lapse upon the achievement of both the stock price performance-based targets and certain time-based service period requirements, as further described below.

The key terms of the new stock option award are:

- Time-Based Restrictions. The time-based restrictions are measured over a four year service period which will begin in May, 2021 on the anniversary of the grant of the 2017 equity award. The time-based restrictions will lapse on each of the anniversary dates from May, 2022 through May, 2025 provided (i) Mr. Friedman remains employed at the end of such service year by RH with the authority, duties, or responsibilities of a chief executive officer at such date, and (ii) the stock price goals have been achieved in such service year as described further below.
- Performance-Based Restrictions. The stock price targets are measured annually over a “performance year” and may lapse as to only one-quarter of the award in each of the first four performance years, with the first performance year being measured from May, 2021 through May, 2022. The stock price performance targets for the 2020 award are set at \$500 per share, \$650 per share and \$800 per share.
 - To achieve any given price target, RH’s weighted average stock price, measured over a period of the last ten trading days on a volume weighted average price, must remain at or above the performance hurdles stated above for twenty consecutive trading days (i.e., a trailing ten day average minimum price that must be sustained for twenty consecutive trading days (the “twenty day average trading price”). These features have the effect of requiring that the stock remain above the target price for a sustained period of time.
 - Stock price performance is measured annually over a “performance year,” and the selling restrictions may lapse for up to one-quarter of the award in any given performance year. The first four performance years for the 2020 award run from May, 2021 through May, 2022 and then in each successive May to May time period through May, 2025. These performance years have been set to commence after the expiration of the fourth performance year for the 2017 award which occurs in May, 2021.
 - With respect to any given performance year, if the “twenty day average trading price” as described above for RH common stock exceeds \$500 per share, \$650 per share, or \$800 per share during such performance year, then the selling restrictions will lapse as to 58,333 shares, 58,333 shares, and 58,334 shares, respectively, on the last day of such performance year, if Mr. Friedman remains employed by RH with the authority, duties, or responsibilities of a chief executive officer at such date.

Any share selling restrictions that have not lapsed in any performance year during the first four performance years can lapse if the stock price performance targets are achieved in a successive performance year through the end of the eighth performance year which ends in May, 2029, provided Mr. Friedman continues to satisfy the service requirement through the date the performance target is achieved. The selling restrictions with respect to any performance year can only lapse if the performance hurdles are satisfied in that year or a later year, not in a previous year.

Any share selling restrictions that have not lapsed by the end of the eighth performance year will thereafter only lapse on the twentieth anniversary of May, 2021. As a result, if the stock price targets are not achieved by the end of the eighth performance year, the underlying shares issuable upon any exercise of the option could not be sold until the twentieth anniversary of May, 2021, with RH having certain rights to repurchase such shares at a point in time after exercise using an unsecured promissory note until such twentieth anniversary.

It is estimated the 2020 award will result in aggregate non-cash stock compensation expense in the range of \$171 million to \$176 million, of which approximately \$108 million to \$112 million will be recognized as a one-time charge in RH’s third quarter. The remaining expense will be amortized on an accelerated basis over the period from the date of grant through May, 2025, such that approximately two-thirds will be recognized in the first two years following the date of the grant.

RH (NYSE: RH) is a curator of design, taste and style in the luxury lifestyle market. The Company offers its collections through its retail galleries across North America, the Company's multiple Source Books, and online at RH.com, RHModern.com, RHBabyandChild.com, RHTeen.com and Waterworks.com.

FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements within the meaning of the federal securities laws, including statements relating to the Company's estimate and expectations of the amount and timing of the non-cash stock compensation charge for the stock option granted to Mr. Friedman, statements relating to the time-based and performance-based restrictions contained in the stock option agreement for the 2020 award including any implications concerning the future stock price of RH common stock to exceed the stock price metrics of \$500 per share, \$650 per share and \$800 per share contained in the 2020 award or to exceed the stock price performance of other companies, statements related to the alignment of the incentives of the CEO with RH's shareholders as a result of the terms and conditions of the 2020 award, statements related to the operation of the selling restrictions contained in the 2020 award, statements related to the intentions of the Board of Directors and compensation committee in structuring the 2020 award and any other similar statements or implications set forth in this release. The actual amount of the non-cash compensation charge could differ materially from the estimate set forth in this release and there can be no assurance that the Company will achieve the price performance objectives or that if such prices are achieved that they will be sustained in future periods. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. We cannot assure you that future developments affecting us will be those that we have anticipated. Important risks and uncertainties that could cause actual results to differ materially from our expectations include, among others, risks related to the global outbreak of the COVID-19 virus and its impact on our business; risks related to civil unrest; risks related to general economic conditions and the housing market as well as the impact of economic conditions on consumer confidence and spending; changes in customer demand for our products; our ability to anticipate consumer preferences and buying trends; consumer spending based on weather and other conditions beyond our control; risks related to the number of new business initiatives we are undertaking; our ability to obtain our products in a timely fashion or in the quantities required; risks related to our sourcing and supply chain including our dependence on imported products produced by foreign manufacturers and risks related to importation of such products, as well as those risks and uncertainties disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in RH's most recent Form 10-K and Forms 10-Q filed with the Securities and Exchange Commission, and similar disclosures in subsequent reports filed with the SEC, which are available on our investor relations website at ir.rh.com and on the SEC website at www.sec.gov. Any forward-looking statement made by us in this press release speaks only as of the date on which we make it. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.