

RH
Form DEF 14A
June 04, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

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

RH

(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.

3) Filing Party:

4) Date Filed:

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15 Koch Road, Suite K

Corte Madera, CA 94925

NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

to be held on:

July 18, 2018

10:30 a.m. Pacific Time

Dear Stockholder:

You are cordially invited to attend our 2018 Annual Meeting of Stockholders, which will be held at 10:30 a.m. (Pacific Time) on July 18, 2018, at the Company's headquarters located at 15 Koch Road, Corte Madera, CA 94925.

We are holding the Annual Meeting for the following purposes, which are more fully described in the proxy statement:

1. To elect the three nominees named in the proxy statement to our board of directors;
2. To vote, on an advisory basis, on our named executive officer compensation;
3. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending February 2, 2019; and
4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Only stockholders of record as of the close of business on May 24, 2018 are entitled to notice and to vote at the Annual Meeting or any postponement or adjournment thereof. A list of stockholders entitled to vote will be available for inspection at our offices for ten days prior to the Annual Meeting. If you would like to view this stockholder list, please contact Investor Relations at (415) 945-4998.

Each share of stock that you own represents one vote, and your vote as a stockholder of RH is very important. For questions regarding your stock ownership, you may contact Investor Relations at (415) 945-4998 or, if you are a registered holder, our transfer agent, Computershare Investor Services, by email through their website at www.computershare.com/contactus or by phone at (800) 962-4284 (within the U.S. and Canada) or (781) 575-3120 (outside the U.S. and Canada).

The Board of Directors has approved the proposals described in the accompanying proxy statement and recommends that you vote FOR the election of all nominees for director in Proposal 1, FOR the approval of compensation of our named executive officers in Proposal 2, and FOR the ratification of the appointment of PricewaterhouseCoopers LLP in Proposal 3.

BY ORDER OF THE BOARD OF DIRECTORS

Gary Friedman

Chairman and Chief Executive Officer

Corte Madera, California

June 4, 2018

YOUR VOTE IS IMPORTANT

Instructions for submitting your proxy are provided in the Notice of Internet Availability of Proxy Materials, the Proxy Statement and your proxy card. It is important that your shares be represented and voted at the Annual Meeting. Please submit your proxy through the Internet, by telephone, or by completing the enclosed proxy card and returning it in the enclosed envelope. You may revoke your proxy at any time prior to its exercise at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Stockholder Meeting to be Held on July 18, 2018:

The Company's 2018 Notice and Proxy Statement, its fiscal 2017 Annual Report on Form 10-K and its proxy card are available for review online at www.proxyvote.com

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2018 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT SUMMARY

Information about Solicitation and Voting

The accompanying proxy is solicited on behalf of the board of directors of RH (the Company) for use at the Company's 2018 Annual Meeting of Stockholders (the Annual Meeting) to be held at the Company's headquarters located at 15 Koch Road, Corte Madera, CA 94925 on July 18, 2018, at 10:30 a.m. (Pacific Time), and any adjournment or postponement thereof.

On or about June 4, 2018, we will mail to our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2018 Notice and Proxy Statement and our fiscal 2017 Annual Report on Form 10-K (the 2017 Annual Report) via the Internet and vote online. The Notice of Internet Availability of Proxy Materials also contains instructions on how you can receive a paper copy of the proxy materials. Our 2017 Annual Report, Notice of Internet Availability of Proxy Materials and our proxy card are first being made available online on or about June 4, 2018.

About the Annual Meeting

What is the purpose of the Annual Meeting?

At our Annual Meeting, stockholders will vote upon the three proposals described in this proxy statement.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission, or the SEC, instead of mailing a printed copy of our proxy materials to all stockholders entitled to vote at the Annual Meeting, we are furnishing the proxy materials to our stockholders over the Internet. Accordingly, on or about June 4, 2018, the Company will mail a Notice of Internet Availability of Proxy Materials (the Notice) to the Company's stockholders, other than those who previously requested electronic or paper delivery. If you received a Notice by mail, you will not receive a printed copy of the proxy materials. Instead, the Notice will instruct you as to how you may access and review the proxy materials and submit your vote on the Internet or by telephone. If you received a Notice by mail and would like to receive a printed copy of the proxy materials, please follow the instructions for requesting such materials included in the Notice. On the date of mailing of the Notice, all stockholders will have the ability to access all of our proxy materials on a website referred to in the Notice. These proxy materials will be available free of charge. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the cost of the physical printing and mailing of materials.

What proposals are scheduled to be voted on at the Annual Meeting?

Stockholders will be asked to vote on three proposals. The proposals are:

1. The election to our board of directors of the three nominees named in this proxy statement;
2. An advisory vote on our named executive officer compensation; and
3. The ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm for the fiscal year ending February 2, 2019 (fiscal 2018).

What is the recommendation of the board of directors on each of the proposals scheduled to be voted on at the Annual Meeting?

The board of directors recommends that you vote:

FOR each of the nominees to the board of directors (Proposal 1);

FOR the advisory vote on named executive officer compensation (Proposal 2);

FOR the ratification of the appointment of PwC as our independent registered public accounting firm for fiscal 2018 (Proposal 3).

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Could other matters be decided at the Annual Meeting?

Our Bylaws require that we receive advance notice of any proposal to be brought before the Annual Meeting by stockholders of the Company. There are no shareholder proposals to be voted on at the Annual Meeting. If any other matter were to come before the Annual Meeting, the proxy holders appointed by our board of directors will have the discretion to vote on those matters for you.

Who can vote at the Annual Meeting?

Stockholders as of the record date for the Annual Meeting, May 24, 2018, are entitled to vote at the Annual Meeting. At the close of business on the record date, there were 21,633,790 shares of the Company's common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on May 24, 2018, your shares were registered directly in your name with our transfer agent, Computershare Investor Services, then you are considered the stockholder of record with respect to those shares.

As a stockholder of record, you may vote at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote over the Internet or by telephone, or, if you request paper proxy materials, by filling out and returning the proxy card.

Beneficial Owner: Shares Registered in the Name of a Broker or Nominee

If on May 24, 2018, your shares were held in an account with a brokerage firm, bank or other nominee, then you are the beneficial owner of the shares held in street name. As a beneficial owner, you have the right to direct your nominee on how to vote the shares held in your account, and your nominee has enclosed or provided voting instructions for you to use in directing it on how to vote your shares. However, the organization that holds your shares is considered the stockholder of record for purposes of voting at the Annual Meeting. Because you are not the stockholder of record, you may not vote your shares at the Annual Meeting unless you request and obtain a valid proxy from the organization that holds your shares giving you the right to vote the shares at the Annual Meeting.

How do I vote?

If you are a stockholder of record, you may:

vote in person we will provide a ballot to stockholders who attend the Annual Meeting and wish to vote in person;

vote by mail if you request a paper proxy card, simply complete, sign and date the enclosed proxy card, then follow the instructions on the card; or

vote via the Internet or via telephone follow the instructions on the Notice of Internet Availability or proxy card and have the Notice or proxy card available when you access the internet website or place your telephone

call.

Votes submitted via the Internet or by telephone must be received by 11:59 p.m., Eastern Time, on July 17, 2018. Submitting your proxy, whether via the Internet, by telephone or by mail if you requested a paper proxy card, will not affect your right to vote at the Annual Meeting should you decide to attend the meeting.

If you are not a stockholder of record, please refer to the voting instructions provided by your nominee to direct it how to vote your shares.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure that your vote is counted. You may still attend the Annual Meeting if you have already voted by proxy.

What if I return my proxy card directly to the Company, but do not provide voting instructions?

If a signed proxy card is returned to us without any indication of how your shares should be voted on a particular proposal at the meeting, your shares will be voted in accordance with the recommendations of our board of directors stated above. For example, if you return a signed proxy card with no indication of your vote on any of the proposals, your votes will be cast **FOR** the election of the three director nominees named in this proxy statement, **FOR** the approval, on an advisory basis, of the compensation of our named executive officers, and **FOR** the ratification of the appointment of PwC as our independent registered public accounting firm for fiscal 2018.

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If you hold your shares in street name and do not vote, and your broker does not have discretionary power to vote your shares, your shares may constitute broker non-votes (as described below) and may not be counted in determining the number of shares necessary for approval of a proposal. However, shares that constitute broker non-votes will be counted for the purpose of establishing a quorum for the Annual Meeting. Voting results will be tabulated and certified by the inspector of elections appointed for the meeting.

What is the quorum requirement for the Annual Meeting?

A majority of our outstanding shares as of the record date must be present at the meeting in order to hold the meeting and conduct business. This presence is called a quorum. Your shares are counted as present at the meeting if you are present and vote in person at the meeting or if you have properly submitted a proxy.

How are abstentions and broker non-votes treated?

Abstentions (i.e., shares present at the meeting and voted *abstain*) are counted for purposes of determining whether a quorum is present, and have no effect on the election of directors (Proposal 1), on the advisory vote to approve our named executive officer compensation (Proposal 2) or on the ratification of appointment of auditors (Proposal 3).

Broker non-votes occur when shares held by a broker for a beneficial owner are not voted because (i) the broker did not receive voting instructions from the beneficial owner, and (ii) the broker lacked discretionary authority to vote the shares. Broker non-votes are counted for purposes of determining whether a quorum is present. Note that if you are a beneficial holder and do not provide specific voting instructions to your broker, the broker that holds your shares will not be authorized to vote on the election of directors (Proposal 1) or to vote on an advisory basis to approve our named executive officer compensation (Proposal 2). Ratification of the appointment of auditors (Proposal 3) is considered to be a routine matter and, accordingly, if you do not instruct your broker, bank or other nominee on how to vote the shares in your account for Proposal 3, brokers will be permitted to exercise their discretionary authority to vote for the ratification of the appointment of auditors. Accordingly, we encourage you to provide voting instructions to your broker, whether or not you plan to attend the Annual Meeting.

What is the vote required for each proposal?

The votes required to approve each proposal are as follows:

Proposal 1. Stockholders' choices for Proposal 1 (Election of Directors) are limited to *for* and *withhold*. A plurality of the shares of common stock voting in person or by proxy is required to elect each of the three nominees for director under Proposal 1. Under plurality voting, the three nominees receiving the largest number of votes cast (votes *FOR*) will be elected. Because the election of directors under Proposal 1 is considered to be a non-routine matter under the rules of the New York Stock Exchange (NYSE), if you do not instruct your broker, bank or other nominee on how to vote the shares in your account for Proposal 1, brokers will not be permitted to exercise their voting authority and uninstructed shares may constitute broker non-votes. Abstentions and broker non-votes will have no effect on the outcome of Proposal 1 because the election of directors is based on the votes actually cast.

Proposal 2. The affirmative vote of a majority of votes cast, whether in person or by proxy, is required to approve, on an advisory basis, the compensation of our named executive officers described under Proposal 2

(Advisory Vote to Approve Executive Compensation). Because the advisory vote under Proposal 2 is considered to be a non-routine matter under the rules of the NYSE, if you do not instruct your broker, bank or other nominee on how to vote the shares in your account for Proposal 2, brokers will not be permitted to exercise their voting authority and uninstructed shares may constitute broker non-votes. Abstentions and broker non-votes will have no effect on the outcome of Proposal 2 because the advisory vote is based on the votes actually cast.

Proposal 3. The affirmative vote of a majority of votes cast, whether in person or by proxy, is required to ratify the selection of the independent registered public accounting firm for fiscal 2018 under Proposal 3 (Ratification of Appointment of Auditors). Proposal 3 is considered to be a routine matter under the rules of the NYSE and, accordingly, if you do not instruct your broker, bank or other nominee on how to vote the shares in your account for Proposal 3, brokers will be permitted to exercise their discretionary authority to vote for the ratification of the appointment of auditors. Abstentions and broker non-votes will have no effect on the outcome of Proposal 3 because the ratification of appointment of auditors is based on the votes actually cast.

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How can I get electronic access to the proxy materials?

The Notice will provide you with instructions regarding how to use the Internet to:

View the Company's proxy materials for the Annual Meeting; and

Instruct the Company to send future proxy materials to you by email.

The Company's proxy materials are also available at *ir.rh.com*. This website address is included for reference only. The information contained on the Company's website is not incorporated by reference into this proxy statement.

Choosing to receive future proxy materials by email will save the Company the cost of printing and mailing documents to you. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

Who is paying for this proxy solicitation?

The Company is paying the costs of the solicitation of proxies. Proxies may be solicited on behalf of the Company by our directors, officers, employees or agents in person or by telephone, facsimile or other electronic means. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries, upon request, for their reasonable expenses incurred in sending proxies and proxy materials to beneficial owners of our common stock. We have retained the services of Alliance Advisors LLC (Alliance) to assist in the solicitation of proxies for a fee of approximately \$25,500 plus reasonable out-of-pocket expenses. We may engage Alliance for additional solicitation work and incur fees greater than \$25,500 depending on a variety of factors, including preliminary voting results and recommendations from Institutional Shareholder Services.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

How can I change my vote after submitting my proxy?

A stockholder who has given a proxy may revoke it at any time before it is exercised at the meeting by:

delivering to the Corporate Secretary of the Company (by any means, including facsimile) a written notice stating that the proxy is revoked;

signing and delivering a proxy bearing a later date;

voting again over the Internet or by telephone; or

attending and voting at the Annual Meeting (although attendance at the meeting will not, by itself, revoke a proxy).

Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to revoke a proxy, you must contact that firm to revoke any prior voting instructions.

Where can I find the voting results?

The final results will be tallied by the inspector of elections and filed with the SEC in a current report on Form 8-K within four business days of the Annual Meeting.

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The following table sets forth information as of May 24, 2018, regarding the beneficial ownership of our common stock by:

each person or group who is known by us to own beneficially more than 5% of our outstanding shares of our common stock;

each of our named executive officers;

each of our current directors; and

all of our current executive officers and directors as a group.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. Percentage of beneficial ownership is based on 21,633,790 shares of common stock outstanding as of May 24, 2018. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each stockholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the stockholder. Unless otherwise indicated in the table or footnotes below, the address for each beneficial owner is c/o RH, 15 Koch Road, Suite K, Corte Madera, CA 94925.

Name ⁽¹⁾	Number	Percent
Gary Friedman ⁽²⁾	7,222,536	27.1 %
T. Rowe Price Associates, Inc. ⁽³⁾ 100 E. Pratt Street, Baltimore, MD 21201	3,620,113	16.7 %
FMR LLC ⁽⁴⁾ 245 Summer Street, Boston, MA 02210	3,196,491	14.8 %
The Vanguard Group ⁽⁵⁾ 100 Vanguard Blvd., Malvern, PA 19355	2,705,563	12.5 %
Blackrock, Inc. ⁽⁶⁾ 55 East 52 nd Street, New York, NY 10055	2,528,218	11.7 %
The Goldman Sachs Group, Inc. ⁽⁷⁾ 200 West Street, New York, NY 10282	1,524,709	7.0 %
Arrowstreet Capital, Limited Partnership ⁽⁸⁾ 200 Claredon Street, 30 th Floor, Boston, MA 02116	1,367,924	6.3 %
Miller Value Partners, LLC ⁽⁹⁾ One South Street, Suite 2550, Baltimore, MD 21202	1,313,180	6.1 %
Eri Chaya ⁽¹⁰⁾	300,051	1.4 %

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Carlos Alberini ⁽¹¹⁾	68,429	*
Keith Belling ⁽¹²⁾	20,586	*
Karen Boone ⁽¹³⁾	100,087	*
Mark Demilio ⁽¹⁴⁾	52,191	*
Hilary Krane ⁽¹⁵⁾	7,001	*
Katie Mitic ⁽¹⁶⁾	14,352	*
DeMonty Price ⁽¹⁷⁾	154,407	*
Ali Rowghani ⁽¹⁸⁾	9,062	*
Leonard Schlesinger ⁽¹⁹⁾	10,587	*
David Stanchak ⁽²⁰⁾	113,100	*
Sandra Stangl ⁽²¹⁾	5,000	*
All current executive officers and directors as a group (13 persons) ⁽²²⁾	8,077,389	29.7 %

* Represents beneficial ownership of less than 1% of our outstanding common stock.

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- (1) Under the rules of the SEC, our named executive officers include our principal executive officer, principal financial officer and the next three most highly compensated executive officers. As each of our five Presidents is an executive officer, we have elected to include beneficial ownership information for all five Presidents in this table.
- (2) Includes 4,976,826 shares of common stock issuable upon the exercise of options that are exercisable within 60 days of May 24, 2018. As of May 24, 2018, 1,829,472 of these options are subject to selling restrictions.
- (3) Based on the Schedule 13-F filed by T. Rowe Price Associates, Inc. on May 14, 2018.
- (4) Based on the Schedule 13-F filed by FMR LLC on May 14, 2018.
- (5) Based on the Schedule 13-F filed by Vanguard Group, Inc. on May 15, 2018.
- (6) Based on the Schedule 13-F filed by Blackrock, Inc. on May 9, 2018.
- (7) Based on the Schedule 13-F filed by The Goldman Sachs Group, Inc. on May 15, 2018.
- (8) Based on the Schedule 13-F filed on May 14, 2018 by Arrowstreet Capital, Limited Partnership.
- (9) Based on the Schedule 13-F filed by Miller Value Partners, LLC on May 15, 2018.
- (10) Includes 251,600 shares of common stock issuable upon the exercise of options that are exercisable within 60 days of May 24, 2018 and 1,000 restricted stock units that vest on June 16, 2018.
- (11) Includes 2,233 restricted stock awards that vest on June 27, 2018.
- (12) Includes 2,233 restricted stock awards that vest on June 27, 2018.
- (13) Includes 85,876 shares of common stock issuable upon the exercise of options that are exercisable within 60 days of May 24, 2018 and 1,000 restricted stock units that vest on June 16, 2018.
- (14) Includes 34,425 shares of common stock held by Mr. Demilio's family trust, 8,000 shares of common stock issuable upon the exercise of options that are exercisable within 60 days of May 24, 2018 and 2,233 restricted stock awards that vest on June 27, 2018.
- (15) Includes 2,233 restricted stock awards that vest on June 27, 2018.
- (16) Includes 2,800 shares of common stock held by Ms. Mitic's family trust and 2,233 restricted stock awards that vest on June 27, 2018.
- (17) Includes 108,900 shares of common stock issuable upon the exercise of options that are exercisable within 60 days of May 24, 2018 and 7,000 restricted stock units that vest on June 16, 2018.
- (18) Includes 791 shares of common stock held by Mr. Rowghani's living trust, of which he is a trustee, and 2,233 restricted stock awards that vest on June 27, 2018.
- (19) Includes 2,233 restricted stock awards that vest on June 27, 2018.
- (20) Includes 23,100 shares of common stock held by Mr. Stanchak's family trust, 82,000 shares of common stock issuable upon the exercise of options that are exercisable within 60 days of May 24, 2018 and 3,000 restricted stock units that vest on June 16, 2018.
- (21) Represents shares of common stock issuable upon the exercise of options that are exercisable within 60 days of May 24, 2018.
- (22) Includes 5,518,202 shares of common stock our executive officers and directors have a right to acquire upon the exercise of options that are exercisable within 60 days of May 24, 2018, 15,631 restricted stock awards that vest on June 27, 2018 and 12,000 restricted stock units that vest on June 16, 2018.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16 of the Exchange Act requires the Company's directors, executive officers and any person who owns more than 10% of the Company's common stock to file initial reports of ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms that they file.

Except as set forth herein, based solely on its review of the copies of such forms furnished to the Company and written representations from the directors and executive officers, the Company believes that all Section 16(a) filing requirements were met in a timely manner in fiscal 2017. On May 16, 2017, Forms 4 filed on behalf of Ms. Boone, Ms. Chaya and Mr. Price were filed late to report the vesting of restricted stock units that occurred in 2016. On November 28, 2017, Forms 3 filed on behalf of Mr. Stanchak and Ms. Stangl were filed late to reflect their appointment as Section 16 officers on November 17, 2017. On May 7, 2018, a Form 4 filed on behalf of Mr. Price corrected certain inadvertent errors that were made disclosing the incorrect vesting schedule in a Form 4 filed on May 6, 2016 and the incorrect vesting schedule and vested shares in a Form 4 filed on May 5, 2017, which resulted in an incorrect amount of shares beneficially owned being reported in Section 16 filings subsequent to May 5, 2017.

Stock Trading Practices

We maintain an insider trading policy that, among other things, prohibits our officers, including our named executive officers, directors and employees from trading during quarterly blackout periods and contains other restrictions on trading activities designed to avoid circumstances where Company insiders may be deemed to have traded on material nonpublic information.

Anti-hedging

Under the insider trading policy, we also prohibit short sales, hedging and similar transactions designed to decrease the risks associated with holding the Company's securities, pledging the Company's securities as collateral for loans and transactions involving derivative securities relating to our common stock. Our insider trading policy also requires that all directors and employees with titles of vice president or higher, including our named executive officers, pre-clear any proposed open market transactions.

10b5-1 Trading Plans

Each of our executive officers and directors may enter into a written plan for the automatic trading of securities in accordance with Exchange Act Rule 10b5-1 (10b5-1 Trading Plan). It has been the practice of the named executive officers to disclose on Form 4 filed with the SEC whether any sale or other transfer of shares reported has been made pursuant to a 10b5-1 Trading Plan. All 10b5-1 Trading Plans entered into by our executive officers and directors must comply with our insider trading policy, and any 10b5-1 Trading Plan must be pre-cleared in advance by the Company's corporate compliance officer. A number of members of our management team have adopted 10b5-1 Trading Plans.

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Our board of directors currently consists of nine directors, three of whom, as the Class III directors, have been nominated and are standing for election at the Annual Meeting.

Unless proxy cards are otherwise marked or a broker non-vote occurs, the persons named as proxies will vote all proxies **FOR** the election of each nominee named in this proxy statement. Proxies submitted to the Company cannot be voted at the Annual Meeting for nominees other than those nominees named in this proxy statement. However, if any director nominee is unable or unwilling to serve at the time of the Annual Meeting, the persons named as proxies may vote for a substitute nominee designated by our board of directors. Alternatively, our board of directors may reduce the size of our board of directors.

Each nominee has consented to serve as a director if elected, and our board of directors does not believe that any nominee will be unwilling or unable to serve if elected as a director. Each director will hold office until the expiration of the three-year term and until his or her successor has been duly elected and qualified or until his or her earlier resignation or removal.

Nominees for Director

Our board of directors has nominated the nominees listed below to serve as Class III directors for the term beginning at the Annual Meeting and ending at our 2021 annual meeting.

There are no familial or special relationships between any director nominee or executive officer and any other director nominee or executive officer. There are no arrangements or understandings between any director nominee or executive officer and any other person pursuant to which he or she has been or will be selected as our director and/or executive officer.

The names of each nominee for director, their ages as of May 24, 2018, and other information about each nominee are shown below.

	Director	
Nominee	Age	Since
Gary Friedman	60	2001
Carlos Alberini	62	2010
Keith C. Belling	60	2016

Gary Friedman, 60, has served as our Chairman and Chief Executive Officer of the Company, and Founder of the RH brand as we know it today since January 2014. Previously, Mr. Friedman served as our Co-Chief Executive Officer from July 2013 to January 2014, and as Chairman and Co-Chief Executive Officer from May 2010 to October 2012. From October 2012 to July 2013, Mr. Friedman served as Chairman Emeritus, Creator and Curator on an advisory basis, and as Chief Executive Officer and a member of our Board of Directors from March 2001 to October 2012, during which time he served as our Chairman from March 2005 to June 2008. Mr. Friedman joined RH from Williams-Sonoma, Inc. where he spent 14 years serving as President and Chief Operating Officer from May 2000 to March 2001, as Chief Merchandising Officer of Williams-Sonoma, Inc. and President of Retail from 1995 to 2000,

and as Executive Vice President of Williams-Sonoma, Inc. and President of the Williams-Sonoma and Pottery Barn brands from 1993 to 2000 during which time Mr. Friedman was responsible for transforming Pottery Barn from a \$50 million dollar table top and accessories business, into a billion dollar plus home furnishings lifestyle brand.

Mr. Friedman also developed and rolled out the revolutionary Williams-Sonoma Grande Cuisine stores, growing the brand from less than \$100 million to almost \$1 billion. Lastly, while at Williams-Sonoma Mr. Friedman spent several years conceptualizing and developing the West Elm brand which launched shortly after he left the company. Mr. Friedman joined Williams-Sonoma in 1988 as Senior Vice President of Stores and Operations. Mr. Friedman began his retail career in 1977 as a stock-boy at the Gap store in Santa Rosa, California. He spent eleven years with Gap, and held the positions of Store Manager, District Manager and Regional Manager overseeing 63 stores in Southern California. Mr. Friedman was selected to our board of directors because of his leadership in re-conceptualizing and developing the RH brand and business into the leading luxury home brand in the North American market, his deep and unmatched expertise in developing and rapidly growing many of the leading consumer brands in the home furnishings space, and his extensive knowledge of building and leading complex multi-branded and multi-channel organizations.

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Carlos Alberini, 62, has served on our board of directors since June 2010. Mr. Alberini has served as the Chairman and Chief Executive Officer of Lucky Brand since February 2014. Mr. Alberini served as our Co-Chief Executive Officer from June 2010 through October 2012 and from July 2013 through January 2014, and he served as our sole Chief Executive Officer from October 2012 through July 2013. Mr. Alberini was President and Chief Operating Officer of Guess?, Inc., an NYSE-listed specialty retailer of apparel and accessories, from December 2000 to June 2010. From May 2006 to July 2006, Mr. Alberini served as Interim Chief Financial Officer of Guess. Mr. Alberini served as a member of the board of directors of Guess from December 2000 to September 2011. From October 1996 to December 2000, Mr. Alberini served as Senior Vice President and Chief Financial Officer of Footstar, Inc., a retailer of footwear. From May 1995 to October 1996, Mr. Alberini served as Vice President of Finance and Acting Chief Financial Officer of the Melville Corporation, a retail holding corporation. From 1987 to 1995, Mr. Alberini was with The Bon-Ton Stores, Inc., an operator of department stores, in various capacities, including Corporate Controller, Senior Vice President, Chief Financial Officer and Treasurer. Prior to that, Mr. Alberini served in various positions at PricewaterhouseCoopers LLP, an audit firm. Mr. Alberini was selected to our board of directors because he possesses particular knowledge and experience in retail and merchandising, branded consumer goods, accounting, financing and capital finance, board practices of other large retail companies and leadership of complex organizations.

Keith C. Belling, 60, has served on our board of directors since April 2016, and previously served as an advisor to the board of directors from May 2015 to April 2016. Mr. Belling is the co-founder, Chairman and former Chief Executive Officer of popchips, inc. (popchips) a leading better-for-you snack food business that launched in 2007. Mr. Belling served as popchips Chief Executive Officer from 2007 through 2012, leading the company to sales and distribution at over 30,000 retail stores across North America and the United Kingdom and has served as the Chairman of the Board since 2007. Mr. Belling has served as an advisor to several innovative consumer, real estate and technology companies, including Modern Meadow Inc., Olly Nutrition, and LBA Realty LLC. Mr. Belling also has founded other businesses, including e-commerce company Allbusiness.com, a leading small business portal, founded in 2008, where Mr. Belling formerly served as Chief Executive Officer and which was acquired by NBCi. Mr. Belling was a real estate attorney with Morrison & Foerster LLP, where he represented a diverse clientele including developers and real estate investors. Mr. Belling has been selected to our board because of his experience as a founder, leader, and entrepreneur of several innovative consumer companies, as well as his background and experience in the real estate sector.

**THE BOARD RECOMMENDS A VOTE FOR ELECTION OF
EACH OF THE THREE NOMINATED DIRECTORS.**

Class I Directors Continuing in Office until the 2019 Annual Meeting

Eri Chaya, 44, has served as a member of our board of directors since November 2012. Ms. Chaya served as our Chief Creative Officer since April 2008, in May 2016 became Co-President, Chief Creative and Merchandising Officer and in November 2017 became our President, Chief Creative Officer. Before becoming our Chief Creative Officer, Ms. Chaya was our Vice President of Creative, beginning in July 2006. From February 2004 to June 2006, Ms. Chaya was a creative director at Goodby, Silverstein and Partners, an international advertising agency. From May 2000 to February 2004, Ms. Chaya was a creative director at Banana Republic, a clothing retailer. Ms. Chaya was selected to our board of directors because of her extensive knowledge and experience in design, product development, brand development, marketing and advertising.

Mark Demilio, 62, has served as a member of our board of directors since September 2009 and currently serves as the board's Lead Independent Director. Mr. Demilio was a member of the board of directors of Cosi, Inc., a national restaurant chain, from April 2004 to May 2017, served on its audit committee, its compensation committee and its

nominating and corporate governance committee, and served for a time as Chairman of the board of directors of Cosi and as the interim Chief Executive Officer of Cosi. Since September, 2015, Mr. Demilio has served as a member of the board of directors and Chairman of the audit committee of Schumacher Clinical Partners, a privately-held provider of emergency medicine and hospitalist services through physician staffing and management. From February 2014 through March 2016, Mr. Demilio served as a member of the board of directors and Chairman of the audit committee of The Paslin Company, a private company that designs, assembles and integrates robotic assembly lines for the automotive industry. From December 2000 until his retirement in October 2008, Mr. Demilio served as the Chief Financial Officer of Magellan Health Services, Inc., a Nasdaq-listed managed specialty healthcare company that managed the delivery of behavioral healthcare treatment services, specialty pharmaceuticals and radiology services. Mr. Demilio has also been the General Counsel for Magellan Health Service, the Chief Financial Officer and General Counsel of Youth Services International, Inc., an attorney specializing in corporate and securities law with the law firms of Miles & Stockbridge and Piper & Marbury, a financial

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analyst for CareFirst BlueCross BlueShield of Maryland and a certified public accountant with Arthur Andersen LLP. Mr. Demilio was selected to our board of directors because he possesses particular knowledge and experience in accounting, finance and capital structure, strategic planning and leadership of complex organizations and board practices of other major corporations.

Leonard Schlesinger, 65, was appointed to our board of directors in April 2014. Dr. Schlesinger has served as the Baker Foundation Professor of Business Administration at Harvard Business School, a role he returned to in July 2013 after having served as the President of Babson College from July 2008 until July 2013 and having held various positions at public and private companies. From 1999 to 2007, Dr. Schlesinger held various executive positions at Limited Brands, Inc. (now L Brands, Inc.), an NYSE-listed company, including Vice Chairman of the board of directors and Chief Operating Officer. While at Limited Brands, he was responsible for the operational and financial functions across the enterprise including Express, Limited Stores, Victoria's Secret Beauty, Bath and Body Works, C.O. Bigelow, Henri Bendel and the White Barn Candle Company. Dr. Schlesinger also previously served as Executive Vice President and Chief Operating Officer at Au Bon Pain Co., Inc. and as a director of numerous public and private retail, consumer products and technology companies. Dr. Schlesinger has also held leadership roles at leading MBA and executive education programs and other academic institutions, including twenty years at Harvard Business School where he served as the George Fisher Baker Jr. Professor of Business Administration. Dr. Schlesinger holds a Doctor of Business Administration from Harvard Business School, an M.B.A. from Columbia University and a Bachelor of Arts in American Civilization from Brown University. Dr. Schlesinger's extensive experience at numerous private and public retail companies provides the board with valuable operational, financial and business expertise.

Class II Directors Continuing in Office until the 2020 Annual Meeting

Hilary Krane, 54, has served on our board of directors since her appointment in June 2016. She has served in executive roles at NIKE, Inc. since 2010 and currently serves as its Executive Vice President, Chief Administrative Officer and General Counsel. Prior to joining NIKE, Inc., Ms. Krane was General Counsel and Senior Vice President for Corporate Affairs at Levi Strauss & Co. from 2006 to 2010. From 1996 to 2006, she was a partner and assistant general counsel at PricewaterhouseCoopers LLP. Ms. Krane has been a director at the Federal Reserve Bank of San Francisco, Portland Branch since January 2018. Ms. Krane holds a Bachelor of Arts from Stanford University and a J.D. from the University of Chicago. Ms. Krane was selected to our board of directors because of her experience contributing to the growth and development of innovative and iconic global brands.

Katie Mitic, 48, has served on our board of directors since October 2013. Ms. Mitic was previously Founder and Chief Executive Officer of Sitch, Inc., a mobile app company from 2012 to 2017. From 2010 to 2012, Ms. Mitic served as Director of Platform & Mobile Marketing for Facebook, Inc., a social networking service. From June 2009 to July 2010, Ms. Mitic served as Senior Vice President, Product Marketing of Palm, Inc., a smartphone manufacturer. From 1994 to 2010, Ms. Mitic held leadership positions at various consumer technology companies. She also serves on the board of directors, compensation committee and nominating and governance committee of eBay, Inc., a global e-commerce company and on the board of directors of Headspace, a mobile health and wellness company. Ms. Mitic holds a B.A. degree in Economics from Stanford University and an M.B.A. degree from Harvard Business School. Ms. Mitic was selected to our board of directors because of her extensive experience as a leader and entrepreneur obtained from her experience with major global consumer-facing technology companies.

Ali Rowghani, 45, was appointed to our board of directors on January 22, 2015. Mr. Rowghani has served in executive leadership positions at innovative growth companies, including Twitter, Inc. and Pixar Animation Studios, Inc. At Twitter, Mr. Rowghani was hired as the Company's first Chief Financial Officer in March 2010, and later served as Chief Operating Officer, with responsibility for business development, platform, media, product, and business

analytics, from December 2012 to June 2014. Prior to Twitter, from June 2002 to February 2010, Mr. Rowghani served in various leadership roles at Pixar, including Chief Financial Officer and Senior Vice President, Strategic Planning, reporting to Pixar founder and President, Ed Catmull. Mr. Rowghani is currently the CEO of the YCombinator Continuity Fund, which invests in growth-stage startups. Mr. Rowghani holds a B.A. in International Relations and an M.B.A. from Stanford University. Mr. Rowghani's operational and financial leadership, coupled with his expertise in scaling innovative, high-growth companies, provides the board with valuable operational and financial expertise.

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CORPORATE GOVERNANCE & DIRECTOR INDEPENDENCE

Corporate Governance Guidelines

Our Corporate Governance Guidelines generally specify the distribution of rights and responsibilities of our board of directors and detail the rules and procedures for making decisions on corporate affairs. In general, the stockholders elect our board of directors, which is responsible for the general governance of our Company, including selection and oversight of key management, and management is responsible for running our day-to-day operations.

Our Corporate Governance Guidelines are available on the Investor Relations section of our website, which is located at *ir.rh.com*, by clicking on Corporate Governance. The contents of our website are not incorporated by reference into this proxy statement and are not soliciting materials.

Code of Business Conduct and Code of Ethics

We have adopted a code of business conduct and code of ethics applicable to our principal executive, financial and accounting officers and all persons performing similar functions. Copies of these codes are available on the Investor Relations section of our website, which is located at *ir.rh.com*, by clicking on Corporate Governance. We expect that any amendments to either code, or any waiver of the requirements of either code, will be disclosed on our website or as required by applicable law or NYSE listing requirements.

Compensation Committee Interlocks and Insider Participation

No member of the compensation committee has served as one of our officers or employees at any time. None of our executive officers serves as a member of the compensation committee of any other company that has an executive officer serving as a member of our board of directors. None of our executive officers serves as a member of the board of directors of any other company that has an executive officer serving as a member of our compensation committee. None of our directors or executive officers are members of the same family.

Composition and Qualifications of our Board of Directors

Our board of directors consists of nine directors, including our Chairman and Chief Executive Officer. Our certificate of incorporation provides that, subject to any rights applicable to any then-outstanding preferred stock, our board of directors shall consist of such number of directors as determined from time to time by resolution adopted by a majority of the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. Subject to any rights applicable to any then-outstanding preferred stock, any additional directorships resulting from an increase in the number of directors may only be filled by the directors then in office, unless otherwise required by law or by a resolution passed by our board of directors. The term of office for each director will be until his or her successor is elected at our annual meeting or his or her death, resignation or removal, whichever is earliest to occur.