BARNES & NOBLE INC

FORM 8-K
(Current report filing)

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Address	122 FIFTH AVE NEW YORK, NY 10011
Telephone	2126333300
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Industry	Other Specialty Retailers
Sector	Consumer Cyclicals
Fiscal Year	05/03

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): April 27, 2017

BARNES & NOBLE, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-12302	06-1196501
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

122 Fifth Avenue, New York, New York	10011
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (212) 633-3300

Not Applicable
(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:

☐ 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))

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

On April 27, 2017, Barnes & Noble, Inc. (the "Company") issued a press release announcing that Leonard Riggio stepped down as Chief Executive Officer and that Demos Parneros was promoted to Chief Executive Officer, effective immediately (the "Press Release"). Mr. Parneros was also appointed to the Company's Board of Directors (the "Board"), effective immediately, to hold office until the Company's annual meeting of stockholders to be held in 2017. Leonard Riggio will continue to be a member of the Board and will be the Board's Non-Executive Chairman. A copy of the Press Release is attached hereto as Exhibit 99.1.

Mr. Parneros, 55, joined the Company as Chief Operating Officer in November 2016. Mr. Parneros was previously employed by Staples, Inc. ("Staples") for approximately 30 years. During this time period, Mr. Parneros gained leadership experience in all aspects of retail management, including operations, human resources, merchandising, e-commerce, marketing and real estate. From January 2013 to March 2016, Mr. Parneros served as President, North American Stores & Online at Staples, where he was responsible for a team of 50,000 associates, across 1,800 stores and Staples' online business. Prior to this position, Mr. Parneros was President, U.S. Stores at Staples from April 2002 to December 2012. Since January 2014, Mr. Parneros has been a member of the board of directors of KeyCorp and since July 2009 he has been a member of the board of advisors of Modell's Sporting Goods.

Amendment to the Employment Agreement with Demos Parneros

In connection with his promotion, Mr. Parneros and the Company entered into an amendment to his employment agreement with the Company (the "Amendment"). The Amendment provides that he will serve as the Chief Executive Officer and report to the Board. The Amendment also provides that he is entitled to: (i) an annual base salary of $1,200,000, or such higher amount as determined by the Compensation Committee of the Board (the "Committee"); (ii) an annual target bonus amount of 150% of his annual base salary, with a maximum annual bonus amount of 200% of his annual base salary; and (iii) an annual grant of equity or equity-based awards of the Company with an aggregate grant date value equal to 300% of his annual base salary.

The Amendment also changed certain provisions in his employment agreement related to severance in the event of certain terminations. In the event that Mr. Parneros' employment is terminated by the Company without "cause" or in connection with a non-renewal of the term of his employment agreement or he terminates for "good reason", subject to the execution of a release of claims against the Company, Mr. Parneros will be entitled to: (i) an amount equal to two times the sum of his annual base salary, average bonus over the previous three fiscal years and benefits costs; (ii) any unpaid, but earned bonus for the fiscal year prior to the date of his termination of employment; and (iii) full vesting of any equity awards that vest solely based on continued employment. If such a termination of employment occurs within two years following a "change in control", Mr. Parneros will be entitled to: (i) an amount equal to three times the sum of his annual base salary, average bonus over the previous three fiscal years and benefits costs; (ii) any unpaid, but earned bonus for the fiscal year prior to the date of his termination of employment; and (iii) full vesting of any equity awards that vest solely based on continued employment. In the event that his employment is terminated due to death or disability, Mr. Parneros will be entitled to: (i) payment of a prorated bonus based on actual performance of the applicable performance goals; and (ii) prorated vesting of outstanding equity awards, with the vesting of any performance-based equity awards being determined based on the actual performance of the applicable performance goals.

The Amendment also increases the time period in which Mr. Parneros is subject to the non-competition and non-solicit covenants from one year following termination of employment to two years following termination of employment.

The foregoing description of the Amendment is a summary of its material terms, does not purport to be complete, and is qualified in its entirety by reference to the Amendment filed as Exhibit 10.1 to this report and incorporated by reference herein.

ITEM 9.01 Financial Statements and Exhibits.

(c) Exhibits:

Exhibit No.	Description of Exhibit
10.1	Amendment to Employment Agreement , dated April 27, 2017, between Barnes & Noble, Inc. and Demos Parneros .
99.1	Press Release of Barnes & Noble, Inc., dated April 27, 2017.

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 thereunto duly authorized.

BARNES & NOBLE, INC.,

Date: April 27, 2017

By: /s/ Bradley A. Feuer
Name: Bradley A. Feuer
Title: Vice President, General Counsel & Corporate Secretary

Barnes & Noble, Inc.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
10.1	Amendment to Employment Agreement , dated April 27, 2017, between Barnes & Noble, Inc. and Demos Parneros .
99.1	Press Release of Barnes & Noble, Inc., dated April 27, 2017.

Exhibit 10.1

April 27, 2017

Mr. Demos Parneros
122 Fifth Avenue
New York, NY 10011

Dear Mr. Parneros:

Reference is made to that certain letter agreement by and between you and Barnes & Noble, Inc. (the "Company"), dated as of November 17, 2016 (the "Letter Agreement"). Capitalized terms contained herein but not defined shall have the meanings ascribed to them in the Letter Agreement.

The purpose of this letter (this "Amendment") is to confirm the parties' desire and intent to amend the Letter Agreement effective as of April 27, 2017. Accordingly, we are pleased to agree as follows:

1. The first sentence of the Letter Agreement is replaced in its entirety with the following:

"This letter agreement (the "Agreement") is intended to set forth our mutual understanding regarding your employment as Chief Executive Officer of Barnes & Noble, Inc. (the "Company")."

2. Section 1 of the Letter Agreement is replaced in its entirety with the following:

"1. Duties. You agree to be Chief Executive Officer of the Company for the remaining term of this Agreement. In this capacity, you shall perform such duties and have such responsibilities as are typically associated with the office of Chief Executive Officer, including such duties and responsibilities as are prescribed by the Board of Directors of the Company (the "Board") consistent with the office of Chief Executive Officer. You shall report to the Board. While you are the Company's employee, you agree to devote your full business time and attention to the performance of your duties and responsibilities hereunder; provided, however, that you may continue to serve on the boards of KeyCorp and Modell's Sporting Goods on which you serve as of the date of this Agreement and may serve on the boards of such other entities as the Board may approve following the date of this Agreement. You shall serve as a member of the Board, and the Company shall nominate you at the expiration of each term of office as a member of the Board during the term of this Agreement. Subject to Section 2(b), you shall serve as a member of the Board for each period for which you are so elected or appointed without any additional compensation."

3. Section 2 of the Letter Agreement shall be replaced in its entirety with the following:

"2. Term. (a) The initial term of this Agreement shall be for a period beginning on November 21, 2016 (the "Effective Date") and ending on April 27, 2020 (the "Initial Renewal Date") or, if earlier, the termination of your employment in accordance with the provisions set forth below. On the Initial Renewal Date and each anniversary of the Initial Renewal Date thereafter (each such anniversary, a "Renewal Date"), the term of this Agreement shall automatically extend for an additional period of one year, unless your employment has earlier terminated or either party hereto has given the other party written notice of non-renewal at least 90 days prior to the immediately succeeding Renewal Date. The period commencing on the Effective Date and ending on the Initial Renewal Date shall be the "Initial Term" and each one-year period commencing on the Initial Renewal Date shall be a "Renewal Term". In the event that either party has given written notice of non-renewal, and your employment with the Company continues after the expiration of the

Initial Term or any Renewal Term, such post-expiration employment shall be "at-will" and either party may terminate such employment with or without notice and for any reason or no reason."

4. Section 3.1 of the Letter Agreement shall be replaced in its entirety with the following:

"3.1 Annual Base Salary. Beginning in fiscal year 2018 and during the remaining portion of the Initial Term and any Renewal Term, the Company shall pay you, for all services you perform hereunder, an annual base salary of U.S. $1,200,000, or such higher amount as the Compensation Committee of the Board (the "Compensation Committee") may determine, payable in accordance with the Company's payroll schedule applicable to executive officers of the Company ("Annual Base Salary")." For the avoidance of doubt, your Annual Base Salary for the remainder of fiscal year 2017 is $900,000. The amount you receive as annual base salary is pro-rated based on the number of days you were employed by the Company in fiscal year 2017."

5. Section 3.2 of the Letter Agreement shall be replaced in its entirety with the following:

"3.2 Bonus Compensation. Beginning with fiscal year 2018 and during the remaining portion of the Initial Term and any Renewal Term, the Company shall make you eligible for annual bonus compensation, as determined by the Compensation Committee, with an annual target amount of not less than 150% of your Annual Base Salary and an annual maximum amount of not more than 200% of your Annual Base Salary, which shall be paid in accordance with and subject to the terms and conditions of such incentive or compensation plan or arrangement specified by the Compensation Committee. With respect to fiscal year 2017, you will receive a one-time guaranteed annual bonus in the amount of U.S. $450,000, which shall be paid in accordance with and subject to the terms and conditions of such incentive or compensation plan or arrangement specified by the Compensation Committee."

6. The second sentence of Section 3.5 of the Letter Agreement shall be replaced in its entirety with the following:

"During each subsequent fiscal year and at the same time as other executive officers of the Company, you shall be granted Company equity awards or equity-based awards with an aggregate grant date value equal to 300% of your Annual Base Salary."

7. The first sentence of Section 3.7 of the Letter Agreement shall be replaced in its entirety with the following:

"During the Initial Term and any Renewal Term, the Company shall obtain in your name (a) a life insurance policy providing for a death benefit of U.S. $2,500,000 payable to any beneficiary or beneficiaries named by you and (b) a disability insurance policy providing for monthly payments to you of U.S. $12,800, during the period of any disability until the earlier of your attaining age 65 or death; provided that the term "disability" in any such disability insurance policy shall be defined in a manner consistent with the definition in Section 2(c)(ii)."

8. Section 3.9 of the Letter Agreement shall be replaced in its entirety with the following:

"3.9 Severance. (a) In the event that, during the Initial Term or any Renewal Term, (1) your employment is terminated by the Company without Cause or as a result of the Company electing by written notice not to renew the term of this Agreement or (2) you voluntarily terminate your employment for Good Reason, then (i) the Company shall pay you (a) an amount equal to two times the sum of (A) your then Annual Base Salary, (B) the average of the annual bonuses actually paid or payable to you with respect to the three completed fiscal years (beginning on May 1, 2016) preceding the date of your termination of employment (or such lesser number of completed fiscal years beginning on May 1, 2016 and ending on the date of your termination of employment) and (C) the aggregate annual dollar amount of the payments made or to be made to you or on your behalf for purposes of providing you with the benefits set forth in Sections 3.3, 3.6 and 3.7 above and (b) any bonus (as described in Section 3.2) for any fiscal year which has ended prior to the fiscal year in which the termination of your employment occurs that has been earned, but not yet paid as of the termination of your employment (such sum, the “Cash Severance Amount”) and (ii) any outstanding unvested equity awards or equity-based awards that vest solely based on your continued employment will vest as though you remained employed through any period you are required to be employed in order for the awards to be fully vested and, less, in each case, all applicable withholding and other applicable taxes and deductions (the “Equity Vesting”); provided that (x) you execute and deliver to the Company, and do not revoke, a release of all claims against the Company substantially in the form attached hereto as Exhibit A (“Release”) and (y) you have not materially breached as of the date of such termination any provisions of this Agreement. The Company’s obligation to pay the Cash Severance Amount and provide the Equity Vesting shall be cancelled upon the occurrence of any material breach of any provisions of this Agreement. In the event such payment has already been made or vesting has occurred, you shall promptly repay to the Company such cash payment and the value as of the vesting date of equity awards and equity-based awards that so vested, as applicable. The Cash Severance Amount shall be paid in cash in a single lump sum and the Equity Vesting shall be provided, in each case, on the later of (1) the first day of the month following the month in which such termination occurs and (2) the date the Revocation Period (as defined in the Release) has expired. Notwithstanding anything in this paragraph to the contrary, if a Release is not executed and delivered to the Company within 60 days of such termination of employment (or if such Release is revoked in accordance with its terms), the Cash Severance Amount shall not be paid and the Equity Vesting shall not be provided. Upon the termination of your employment hereunder for Cause or by your voluntary termination of your employment hereunder without Good Reason (or your termination of your employment as a result of your electing by written notice not to renew the term of this Agreement), you shall be entitled only to the payment of (1) such installments of your Annual Base Salary that have been earned through the date of such expiration and/or termination and (2) any bonus (as described in Section 3.2) for any fiscal year which has ended prior to the fiscal year in which the termination of your employment occurs that has been earned but not yet paid as of the termination of your employment. Upon the termination of your employment hereunder by your death or Disability, you shall be entitled only to the payment of (1) such installments of your Annual Base Salary that have been earned through the date of such expiration and/or termination, (2) any bonus (as described in Section 3.2) for any fiscal year which has ended prior to the fiscal year in which your termination of employment occurs that has been earned but not yet paid as of the termination of your employment and (3) as determined in the sole discretion of the Company and unless any applicable award agreement provides for more favorable terms, any outstanding unvested equity awards or equity-based awards shall vest on a pro-rata basis based on your last day of employment relative to the vesting period of the applicable award, and with respect to any performance-based awards subject to the determination of the applicable performance metrics.”

9. The first three sentences of Section 3.10(a) of the Letter Agreement shall be replaced in their entirety with the following:

“If at any time during the Initial Term and any Renewal Term (1) there is a Change of Control (as defined below) and (2) your employment is terminated by the Company by non-renewal of this Agreement or without Cause or you voluntarily terminate your employment for Good Reason, in either case, within two years following the Change of Control, then (i) the Company shall pay you (a) an amount equal to three times the sum of (A) your then Annual Base Salary, (B) the average of the annual bonuses actually paid or payable to you with respect to the three completed fiscal years (beginning on May 1, 2016) preceding the date of your termination of employment (or such lesser number of completed fiscal years beginning on May 1, 2016 and ending on the date of your termination of employment) and (C) the aggregate annual dollar amount of the payments made or to be made to you or on your behalf for purposes of providing you with the benefits set forth in Sections 3.3, 3.6 and 3.7 above and (b) any bonus (as described in Section 3.2) for any fiscal year which has ended prior to the fiscal year in which your termination of employment occurs that has been earned but not yet paid as of the termination of your employment (such sum, the “CIC Cash Severance Amount”) and (ii) the Company will provide for the Equity Vesting less, in each case, all applicable withholding and other applicable taxes and deductions. The CIC Cash Severance Amount shall be paid to you in cash in a single lump sum within 30 days after the date your termination of employment and the Equity Vesting shall be provided immediately upon the termination of your employment.”

10. The first sentence of Section 4.1 of the Letter Agreement shall be replaced in its entirety with the following:

"As consideration for the Company's agreements hereunder (including the Company making you eligible for severance pursuant to Sections 3.9 and 3.10), you agree that during the Initial Term and any Renewal Term and for a period of two years after the termination for any reason of your employment, you shall not, directly or indirectly, (a) employ or retain, or induce or cause any other person or entity to employ or retain, any person who is, or who at any time in the twelve-month period prior to such time had been, employed or retained by the Company or any of its subsidiaries or affiliates; or (b) provide services, whether as principal or as agent, officer, director, employee, consultant, shareholder, or otherwise, alone or in association with any other person, corporation or other entity, to any Competing Business (as defined below); provided, however, that you may provide services to a Competing Business (other than Amazon.com, Inc. and its subsidiaries and affiliates and their respective successors (collectively, "Amazon")) that is engaged in one or more businesses other than the Business Area (as defined below) but only to the extent that you do not provide services, directly or indirectly, to the segment of such Competing Business that is engaged in the Business Area."

11. Other Provisions of the Letter Agreement Unaffected . All terms and conditions contained in the Letter Agreement, other than as amended by this Amendment, will remain in full force and effect and shall be unaffected by this Amendment.

This Amendment may be executed in one or more identical counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank.]

If the foregoing accurately reflects our agreement, kindly sign and return to us the enclosed duplicate copy of this Amendment.

Very truly yours,

BARNES & NOBLE, INC.

By: /s/ Leonard Riggio
Name: Leonard Riggio
Title: Executive Chairman

Date: April 25, 2017

Accepted and Agreed to:

DEMOS PARNEROS

By: /s/ Demos Parneros
Name: Demos Parneros

Date: April 26, 2017

Exhibit 99.1

**BARNES & NOBLE PROMOTES DEMOS PARNEROS
TO CHIEF EXECUTIVE OFFICER**

New York, NY – April 27, 2017 – Barnes & Noble, Inc. (NYSE: BKS), today announced the promotion of Demos Parneros to Chief Executive Officer and a member of the Company's Board of Directors, effective immediately. Commensurate with the appointment of Mr. Parneros, Leonard Riggio will step down as CEO and remain Chairman of the Board of Directors.

"It has become abundantly clear over the last five months that Demos is a perfect fit for our Company and an outstanding choice for Chief Executive Officer," said Leonard Riggio. "He is highly respected by our Board of Directors and our leadership team, and I believe Demos is fully prepared to help foster a new era of growth for Barnes & Noble."

Mr. Parneros has been Chief Operating Officer of Barnes & Noble since November 2016. He joined the Company with 30 years of leadership experience in all aspects of retail management, including operations, human resources, merchandising, e-commerce, marketing and real estate. Prior to joining the Company, Mr. Parneros served as President, North American Stores & Online at Staples, Inc. He joined Staples in 1987 as a General Manager and worked his way up the ranks through multiple management positions, including Senior Vice President Mid-Atlantic Operations, President, US Stores, President, US Retail, and President North American Stores & Online, where he was responsible for a team of 50,000 associates and 1,800 stores and Staples' online business. Mr. Parneros has been a director of KeyCorp since January 2014 and a director at Modell's Sporting Goods since July 2009. He received his B.S. from New York University and graduated from Harvard Business School's Advanced Management Program. He can be found on the following social media platforms: Facebook , Instagram and Twitter .

About Barnes & Noble, Inc.
Barnes & Noble, Inc. (NYSE: BKS) is a Fortune 500 company, the nation's largest retail bookseller, and a leading retailer of content, digital media and educational products. The Company operates 634 Barnes & Noble bookstores in 50 states, and one of the Web's premier e-commerce sites, BN.com (www.bn.com). The Nook Digital business offers a lineup of popular NOOK ® tablets and eReaders and an expansive collection of digital reading and entertainment content through the NOOK Store ® . The NOOK Store features more than 4.5 million digital books in the US (www.nook.com), plus periodicals and comics, and offers the ability to enjoy content across a wide array of popular devices through Free NOOK Reading Apps ™ available for Android ™ , iOS ® and Windows ® .

General information on Barnes & Noble, Inc. can be obtained by visiting the Company's corporate website at www.barnesandnobleinc.com .

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