

TRAVELZOO

FORM 8-K (Current report filing)

Filed 05/02/18 for the Period Ending 05/01/18

Address	590 MADISON AVENUE 37TH FLOOR NEW YORK, NY, 10022
Telephone	2124844900
CIK	0001133311
Symbol	TZOO
SIC Code	7373 - Services-Computer Integrated Systems Design
Industry	Leisure & Recreation
Sector	Consumer Cyclical
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 26, 2018

Travelzoo

(Exact name of registrant as specified in its charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

000-50171
(**Commission**
File Number)

36-4415727
(I.R.S. Employer
Identification No.)

590 Madison Avenue, 37th Floor
New York, New York
(Address of principal executive offices)

10022
(Zip Code)

Registrant's telephone number, including area code (212) 484-4900
(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))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 26, 2018, based on the unanimous approval by the compensation committee of the Board of Directors, Travelzoo entered into an option agreement with Rachel Barnett, General Counsel and a member of the Board of Directors. Ms. Barnett received options to purchase 50,000 shares of Travelzoo's common stock. The options vest in twelve equal installments. The first installment vested on April 26, 2018, and the remaining eleven installments will vest from June 30, 2018 to December 31, 2020.

The information set forth above relating to the option agreement between Travelzoo and Ms. Barnett is qualified in its entirety by reference to the full text of the agreement, which is filed as an exhibit to this report and is incorporated by reference herein.

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.

TRAVELZOO

Date: May 1, 2018

By: /s/ Glen Ceremony

Glen Ceremony
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
10.19	Non-qualified Option Agreement between Travelzoo and Rachel Barnett, dated April 26, 2018

NONQUALIFIED STOCK OPTION AGREEMENT

THIS AGREEMENT is made this day of 26 April 2018, by and between Travelzoo ("Company"), and Rachel Barnett ("Optionee"). Reference is made to the Employment Agreement ("Employment Agreement") entered into by and between the Company and Optionee, dated July 30, 2013, and as amended on May 22, 2017.

WHEREAS, the Company desires to grant to Optionee the option to purchase certain shares of its stock, in accordance with the terms of this Agreement, which such option is intended to be a nonstatutory stock option that is not intended to be an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, Ms. Barnett serves as a Director and General Counsel of the Company pursuant to the Employment Agreement between the parties;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter set forth, it is covenanted and agreed as follows:

1. Grant and Terms of Option. Pursuant to action of the Compensation Committee of the Board of Directors of the Company ("Committee"), the Company grants, effective April 26, 2018 ("Date of Grant"), to Optionee the option to purchase all or any part of Fifty (50,000) shares of the common stock of the Company ("Common Stock"), to vest over the period from the Date of Grant as set forth in the below table, at the purchase price of \$10.50 per share, which is the fair market value of the Common Stock determined as the official NASDAQ close share price of the next business day following the Company's Q1 2018 earning's announcement, provided, however, that the right to exercise such option shall be, and is hereby, restricted as follows:

(a) Subject to the terms of this Agreement, the 50,000 stock options shall vest in quarterly installments as follows:

Vesting Date	Percentage of Stock Options Vesting
On April 26, 2018	8.33%
On June 30, 2018	8.33%
On September 30, 2018	8.33%
On December 31, 2018	8.33%
On March 31, 2019	8.33%
On June 30, 2019	8.33%
On September 30, 2019	8.33%
On December 31, 2019	8.33%
On March 31, 2020	8.33%
On June 30, 2020	8.33%
On September 30, 2020	8.33%
On December 31, 2020	8.33%

On or after December 31, 2020, during the term hereof, Optionee will have become entitled to purchase the entire number of shares (50,000 shares) to which this option relates.

(b) In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the Date of Grant, which shall be the term of the option.

(c) The purchase price of the shares subject to the option may be paid for (i) in cash, (ii) in the discretion of the Board of Directors or the Compensation Committee, by tender of shares of Common Stock already owned by Optionee, or (iii) in the discretion of the Board of Directors or the Compensation Committee, by such other method as the Board of Directors or the Compensation Committee may determine.

(d) The option may not be exercised for a fraction of a share.

2. Anti-Dilution Provisions. In the event that, during the term of this Agreement, there is any change in the number of shares of outstanding Common Stock of the Company by reason of stock dividends, recapitalizations, mergers, consolidations, split-ups, combinations or exchanges of shares and the like, not including any issuances of shares for consideration or capital increases by the Company, the number of shares covered by this option agreement and the price thereof shall be adjusted, to the same proportionate number of shares and price as in this original agreement.

3. Non-Transferability. Neither the option hereby granted nor any rights thereunder or under this Agreement may be assigned, transferred or in any manner encumbered except upon the prior written consent of the Company or by will or the laws of descent and distribution, and any attempted assignment, transfer, mortgage, pledge or encumbrance except as herein authorized, shall be void and of no effect. The option may be exercised during Optionee's lifetime only by Optionee or her guardian or legal representative as set forth herein.

4. Termination of Employment/ Directorship Service.

(a) In the event of the termination of the Employment of Optionee and Optionee no longer serves as a director of the Company, including upon death or disability, Optionee's (or, in the event of death, the legatee or legatees of Optionee under her last will, or her personal representatives or distributees) right to exercise the option, only to the extent it was vested and she was entitled to exercise it on the date of termination of employment or the last day she served as a director, whichever is later, shall continue for 90 days after such date but not after ten (10) years from the Date of Grant. If the Optionee (or, in the event of death, the legatee or legatees of Optionee under her last will, or her personal representatives or distributees) does not exercise the option within 90 days following such date, any unexercised vested option shall be null and void.

5. Method of Exercise/Shares Issued on Exercise of Option. The option may be exercised (in whole or in part) at any time during the period specified in this Agreement, by delivering to the Secretary of the Company not less than 30 days prior to the date of exercise (or such shorter period as the Company shall approve) (a) a written notice of exercise designating the number of shares to be purchased, signed by Optionee, and (b) payment of the full amount of the purchase price of the shares with respect to which the option is exercised. If the written notice of exercise is delivered by mail, or by any other means of delivery, the date of delivery and the date of exercise shall be the date the written notice is actually received by the Secretary. It is the intention of the Company that on any exercise of this option it will transfer to Optionee shares of its authorized but unissued stock or transfer Treasury shares, or utilize any combination of Treasury shares and authorized but unissued shares, to satisfy its obligations to deliver shares on any exercise hereof.

Notwithstanding anything to the contrary herein, the Board of Directors or the Compensation Committee shall determine the methods by which payments are made with respect to the options granted under this Agreement, the form of payment including, without limitation: (i) cash, (ii) shares of stock (including, in the case of payment of the exercise price of an award, shares of stock issuable pursuant to the exercise of the award) held for such period of time as may be required by the Board of Directors or the Compensation Committee in order to avoid adverse accounting consequences and having a fair market value on the date of delivery equal to the aggregate payments required, or (iii) other property acceptable to the Board of Directors or the Compensation Committee (including through the delivery of a notice that Optionee has placed a market sell order with a broker with respect to shares of stock then issuable upon exercise or vesting of an award, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate payments required; provided that payment of such proceeds is then made to the Company upon settlement of such sale). The Board of Directors

or the Compensation Committee shall also determine the methods by which shares of stock shall be delivered or deemed to be delivered to Optionee.

6. Board Administration. The Board of Directors, the Compensation Committee, or any successor or committee authorized by the Board of Directors, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

7. Option not an Incentive Stock Option. It is intended that this option shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended, or otherwise qualify for any special tax benefits to Optionee.

8. No Contract of Employment. Nothing contained in this Agreement shall be considered or construed as creating a contract of employment for any specified period of time.

9. Restrictions on Exercise. This option may not be exercised if the issuance of Common Stock upon Optionee's exercise or the method of payment of consideration for such Common Stock would constitute a violation of any applicable Federal or state securities law or other applicable law or regulation. As a condition to the exercise of this option, the Company may require Optionee to make any representations and warranty to the Company as may be required by any applicable law or regulation.

10. Termination of Option. Notwithstanding anything to the contrary herein, this option shall not be exercisable after the expiration of the term of ten (10) years from the Date of Grant, as set forth in Section 1(b) hereof.

11. Withholding upon Exercise. The Company reserves the right to withhold, in accordance with any applicable laws, from any consideration payable to Optionee any taxes required to be withheld by U.S. Federal, state or local law as a result of the grant or exercise of this option. If the amount of any consideration payable to Optionee is insufficient to pay such taxes or if no consideration is payable to Optionee, upon request of the Company, Optionee shall pay to the Company in cash an amount sufficient for the Company to satisfy any U.S. Federal, state or local tax withholding requirements it may incur as a result of the grant or exercise of this option.

12. Severability. Any word, phrase, clause, sentence or other provision herein which violates or is prohibited by any applicable law, court decree or public policy shall be modified as necessary to avoid the violation or prohibition and so as to make this Agreement enforceable as fully as possible under applicable law, and if such cannot be so modified, the same shall be ineffective to the extent of such violation or prohibition without invalidating or affecting the remaining provisions herein.

13. Non-Waiver of Rights. The Company's failure to enforce at any time any of the provisions of this agreement or to require at any time performance by Optionee of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this agreement, or any part hereof, or the right of the Company thereafter to enforce each and every provision in accordance with the terms of this agreement.

14. Entire Agreement; Amendments. No modification, amendment or waiver of any of the provisions of this agreement shall be effective unless in writing specifically referring hereto, and signed by the parties hereto. This agreement supersedes all prior agreements and understandings between Optionee and the Company to the extent that any such agreements or understandings conflict with the terms of this agreement.

15. Assignment. This agreement shall be freely assignable by the Company to and shall inure to the benefit of, and be binding upon, the Company, its successors and assigns and/or any other entity which shall succeed to the business presently being conducted by the Company.

