UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

RICHARD SCARANTINO, Individually and On Behalf of All Others Similarly Situated,	)	
Plaintiff,	)	Case No. _____
v.	)	JURY TRIAL DEMANDED
BARNES & NOBLE, INC., LEONARD RIGGIO, GEORGE CAMPBELL JR., MARK D. CARLETON, SCOTT S. COWEN, WILLIAM T. DILLARD II, AL FERRARA, PAUL B. GUENTHER, PATRICIA L. HIGGINS, IRWIN D. SIMON, KIMBERLY A. VAN DER ZON, CHAPTERS HOLDCO INC., and CHAPTERS MERGER SUB INC.,	)	CLASS ACTION
Defendants.	)	

COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, by his undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to himself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action stems from a proposed transaction announced on June 7, 2019 (the "Proposed Transaction"), pursuant to which Barnes & Noble, Inc. ("Barnes & Noble" or the "Company") will be acquired by affiliates of Elliott Advisors (UK) Limited, Chapters HoldCo Inc. ("Parent") and Chapters Merger Sub, Inc. ("Merger Sub," and collectively with Parent, "Chapters").

2. On June 6, 2019, Barnes & Noble's Board of Directors (the "Board" or "Individual Defendants") caused the Company to enter into an agreement and plan of merger (the "Merger

Agreement") with Chapters. Pursuant to the terms of the Merger Agreement, Barnes & Noble's stockholders will receive $6.50 in cash for each share of Barnes & Noble common stock they own.

3. On July 9, 2019, defendants filed a Solicitation/Recommendation Statement (the "Solicitation Statement") with the United States Securities and Exchange Commission ("SEC") in connection with the Proposed Transaction.

4. The Solicitation Statement omits material information with respect to the Proposed Transaction, which renders the Solicitation Statement false and misleading. Accordingly, plaintiff alleges herein that defendants violated Sections 14(e), 14(d), and 20(a) of the Securities Exchange Act of 1934 (the "1934 Act") in connection with the Solicitation Statement.

JURISDICTION AND VENUE

5. This Court has jurisdiction over all claims asserted herein pursuant to Section 27 of the 1934 Act because the claims asserted herein arise under Sections 14(e), 14(d), and 20(a) of the 1934 Act and Rule 14a-9.

6. This Court has jurisdiction over defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391 because a substantial portion of the transactions and wrongs complained of herein occurred in this District.

PARTIES

8. Plaintiff is, and has been continuously throughout all times relevant hereto, the owner of Barnes & Noble common stock.

9. Defendant Barnes & Noble is a Delaware corporation and maintains its principal executive offices at 122 Fifth Avenue, New York, New York 10011. Barnes & Noble's common stock is traded on the New York Stock Exchange under the ticker symbol "BKS."

10. Defendant Leonard Riggio is Chairman of the Board of the Company.

11. Defendant George Campbell Jr. is a director of the Company.

12. Defendant Mark D. Carleton is a director of the Company.

13. Defendant Scott S. Cowen is a director of the Company.

14. Defendant William T. Dillard II is a director of the Company.

15. Defendant Al Ferrara is a director of the Company.

16. Defendant Paul B. Guenther is a director of the Company.

17. Defendant Patricia L. Higgins is a director of the Company.

18. Defendant Irwin D. Simon is a director of the Company.

19. Defendant Kimberly A. Van Der Zon is a director of the Company.

20. The defendants identified in paragraphs 10 through 19 are collectively referred to herein as the "Individual Defendants."

21. Defendant Parent is a Delaware corporation and a party to the Merger Agreement.

22. Defendant Merger Sub is a Delaware corporation, a wholly-owned subsidiary of Parent, and a party to the Merger Agreement.

CLASS ACTION ALLEGATIONS

23. Plaintiff brings this action as a class action on behalf of himself and the other public stockholders of Barnes & Noble (the "Class"). Excluded from the Class are defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any defendant.

24. This action is properly maintainable as a class action.

25. The Class is so numerous that joinder of all members is impracticable. As of June 5, 2019, there were approximately 73,206,809 shares of Barnes & Noble common stock outstanding, held by hundreds, if not thousands, of individuals and entities scattered throughout the country.

26. Questions of law and fact are common to the Class, including, among others, whether defendants will irreparably harm plaintiff and the other members of the Class if defendants' conduct complained of herein continues.

27. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

28. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for defendants, or adjudications that would, as a practical matter, be dispositive of the interests of individual members of the Class who are not parties to the adjudications or would substantially impair or impede those non-party Class members' ability to protect their interests.

29. Defendants have acted, or refused to act, on grounds generally applicable to the Class as a whole, and are causing injury to the entire Class. Therefore, final injunctive relief on behalf of the Class is appropriate.

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

30. Barnes & Noble is the nation's largest retail bookseller, and a leading retailer of

content, digital media, and educational products.

31. The Company operates 627 Barnes & Noble bookstores in fifty states, and one of the Web's premier e-commerce sites, BN.com (www.bn.com).

32. The Company's Nook Digital business offers a line-up of popular NOOK® tablets and eReaders and an expansive collection of digital reading and entertainment content through the NOOK Store®.

33. The NOOK Store (www.nook.com) features digital books, periodicals, and comics, and offers the ability to enjoy content across a wide range of popular devices through Free NOOK Reading Apps™ available for Android™, iOS®, and Windows®.

34. On June 6, 2019, Barnes & Noble's Board caused the Company to enter into the Merger Agreement with Chapters.

35. Pursuant to the terms of the Merger Agreement, Barnes & Noble's stockholders will receive $6.50 in cash for each share of Barnes & Noble common stock they own.

36. According to the press release announcing the Proposed Transaction:

> Barnes & Noble, Inc. (NYSE:BKS, "Barnes & Noble") announces today that it has entered into a definitive agreement to be acquired by funds advised by Elliott Advisors (UK) Limited ("Elliott") for $6.50 per share in an all-cash transaction valued at approximately $683 million, including the assumption of debt.
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> Elliott's acquisition of Barnes & Noble, the largest retail bookseller in the United States, follows its June 2018 acquisition of Waterstones, the largest retail bookseller in the United Kingdom. James Daunt, CEO of Waterstones, will assume also the role of CEO of Barnes & Noble following the completion of the transaction and will be based in New York.
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> The $6.50 per share purchase price represents a 43% premium to the 10-day volume weighted average closing share price of Barnes & Noble's common stock ended June 5, 2019, the day before rumors of a potential transaction were reported in the media.
>
> The announced transaction with Elliott is the culmination of an extensive Strategic Alternative Review conducted by the Special Committee of the Barnes & Noble

> Board of Directors, which was announced on October 3, 2018. The Board of Directors of Barnes & Noble unanimously approved the transaction and recommend the transaction to Barnes & Noble shareholders. Leonard Riggio, the Founder and Chairman of Barnes & Noble, has also entered into a voting agreement in support of the transaction. . . .
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> The transaction is subject to customary closing conditions, including the receipt of regulatory and stockholder approval, and is expected to close in the third quarter of 2019. The merger agreement provides for the acquisition to be consummated through a merger structure. However, the parties expect to amend the agreement to utilize a tender offer structure, which is expected to reduce the time to closing by a number of weeks. . . .
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> Evercore is acting as financial advisor and Baker Botts L.L.P. is acting as legal advisor to the Special Committee of Barnes & Noble and Guggenheim Securities LLC is acting as financial advisor and Paul, Weiss, Rifkind, Wharton & Garrison LLP is acting as legal advisor to the Board of Directors of Barnes & Noble. Credit Suisse Securities L.L.C. is acting as financial advisor and Debevoise & Plimpton LLP is acting as legal advisor to Elliott.

37. The Merger Agreement contains a "no solicitation" provision that prohibits the Individual Defendants from soliciting alternative proposals and severely constrains their ability to communicate and negotiate with potential buyers who wish to submit or have submitted unsolicited alternative proposals. Section 5.2(a) of the Merger Agreement provides:

> The Company will, and will cause each of its Subsidiaries, officers, directors and employees, and will use its reasonable best efforts to cause the Representatives of the Company to, immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Person (other than an Excluded Party for so long as such Person or group is an Excluded Party) conducted heretofore with respect to any Alternative Transaction Proposal and, with respect to any such Person with whom such activities, discussions or negotiations have been terminated, the Company shall promptly require such Person to return or destroy, in accordance with the terms of the applicable confidentiality agreement, any information furnished by or on behalf of the Company. The Company shall promptly terminate access by any Person (other than an Excluded Party for so long as such Person or group is an Excluded Party) to any physical or electronic data rooms relating to any Alternative Transaction Proposal. From and after the date of this Agreement until the earlier to occur of the Effective Time and the termination of this Agreement in accordance with Article VII, the Company shall not, and shall cause its Subsidiaries, officers, directors and employees not to, and shall use its reasonable best efforts to cause its Representatives not to, directly or indirectly, (i) solicit or initiate, or knowingly induce, facilitate or encourage, any inquiries or the

> making of any proposal or offer that constitutes or would reasonably be expected to lead to an Alternative Transaction Proposal, (ii) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or to knowingly cooperate in any way that would otherwise reasonably be expected to lead to, any Alternative Transaction Proposal except, in each case, prior to 11:59 p.m., Eastern Time, on June 13, 2019 (the "Keep-Shop Expiration Time"), from an Excluded Party (for so long as such Person or group is an Excluded Party) or (iii) approve or recommend, make any public statement approving or recommending, or enter into any agreement relating to, any inquiry, proposal or offer that constitutes or would reasonably be expected to lead to an Alternative Transaction Proposal, except in each case as provided herein; provided, however, that, notwithstanding anything to the contrary in this Agreement, the Company and its Representatives may (A) seek to clarify the terms and conditions of any proposal or offer to determine whether such inquiry or proposal would reasonably be expected to lead to a Superior Proposal and (B) inform any Person that makes an Alternative Transaction Proposal of the restrictions imposed by this Section 5.2. Promptly following the execution and delivery of this Agreement, the Company shall deliver to Parent a list of the Excluded Parties and a summary of the material terms of the Alternative Transaction Proposals submitted by such parties.

38. Additionally, the Company must promptly advise Chapters of any proposals or inquiries received from other parties. Section 5.2(c) of the Merger Agreement states:

> In addition to the obligations of the Company set forth in Sections 5.2(a), (b), (d) and (e) hereof, as promptly as practicable (and in any event within 24 hours) following receipt of any Alternative Transaction Proposal by the Company, the Company shall (i) provide Parent with written notice of such Alternative Transaction Proposal (other than an Alternative Transaction Proposal made by an Excluded Party prior to the date hereof), which notice shall include a summary of the material terms thereof (including, if applicable, copies of any written requests, proposals or offers, including proposed agreements) and the name of the Person or group making such Alternative Transaction Proposal and (ii) provide Parent with all information as is reasonably necessary to keep Parent informed on a current basis of all material oral or written communications regarding, and the status and terms of, any Alternative Transaction Proposal (including any material amendments thereto) (including any Alternative Transaction Proposal or material amendment thereto made by an Excluded Party).

39. Moreover, the Merger Agreement contains a highly restrictive "fiduciary out" provision permitting the Board to change its recommendation of the Proposed Transaction under

extremely limited circumstances, and grants Chapters a "matching right" with respect to any "Superior Proposal" made to the Company. Section 5.2(e) of the Merger Agreement provides:

> Notwithstanding anything to the contrary set forth in Section 5.2(d), at any time prior to obtaining the Company Stockholder Approval: (x) the Board of Directors of the Company or any committee thereof may make a Company Adverse Recommendation Change in response to an Intervening Event if the Board of Directors of the Company or such committee has determined in good faith, after consultation with its outside legal counsel, that the failure to take such action would be reasonably likely to be inconsistent with the directors' fiduciary duties under applicable Law or (y) the Board of Directors of the Company or any committee thereof may, following receipt of a bona fide written Alternative Transaction Proposal that did not result from a breach of this Section 5.2 and that the Board of Directors of the Company or such committee determines in good faith (after consultation with its outside legal counsel and financial advisor) constitutes a Superior Proposal, make a Company Adverse Recommendation Change or cause the Company to terminate this Agreement pursuant to Section 7.1(c)(i) in order to enter into a definitive agreement with respect to such Superior Proposal (a "Company Acquisition Agreement"), but only if the Board of Directors of the Company or such committee has determined in good faith, after consultation with its outside legal counsel, that the failure to make a Company Adverse Recommendation Change or terminate this Agreement and enter into a Company Acquisition Agreement with respect to such Superior Proposal would be reasonably likely to be inconsistent with the directors' fiduciary duties under applicable Law. Prior to the Company taking any action permitted:
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> (i) under Section 5.2(e)(x), (I) the Company shall have (1) provided Parent four Business Days' prior written notice (such period of time, the "Company Notice Period"), which notice shall (x) state that an Intervening Event has occurred, (y) provide a reasonably detailed description of such Intervening Event and (z) state that the Company intends to make an Adverse Recommendation Change, (2) to the extent requested by Parent, engaged (and used its reasonable best efforts to cause its Representatives to engage) in good faith negotiations with Parent during the Company Notice Period to amend this Agreement in a manner that would obviate the need to make a Company Adverse Recommendation Change, (3) considered in good faith any bona fide offer made by Parent to the Company during the Company Notice Period and (II) following the expiration of the Company Notice Period, and taking into account any negotiations with, or consideration of any bona fide offers made by, Parent during the Company Notice Period, the Board of Directors of the Company or the applicable committee thereof again makes the determination set forth in Section 5.2(e)(x);
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> (ii) under Section 5.2(e) (y), with respect to a Superior Proposal received (A) from a Person or Group who is not an Excluded Party or (B) following the Keep-Shop Expiration Time, (I) the Company shall have (1) provided Parent four Business

> Days' prior written notice, which notice shall state (x) that the Company has received a Superior Proposal, (y) the material terms of such Superior Proposal and (z) that the Company intends to make a Company Adverse Recommendation Change or to terminate this Agreement and enter into a Company Acquisition Agreement, (2) to the extent requested by Parent, engaged (and used its reasonable best efforts to cause its Representatives to engage) in good faith negotiations with Parent during the Company Notice Period to amend this Agreement and (3) considered in good faith any bona fide offer made by Parent to the Company during the Company Notice Period, and (II) following the expiration of the Company Notice Period, and taking into account any negotiations with, or consideration of any bona fide offers made by, Parent during the Company Notice Period, the Board of Directors of the Company or the applicable committee thereof again makes the determination set forth in Section 5.2(e)(y) (it being understood and agreed that any amendments or other revisions to the financial terms or any other material term of any Alternative Transaction Proposal that was previously the subject of a notice hereunder will be deemed to be a new Alternative Transaction Proposal, and shall require a new notice to Parent as provided above, but, with respect to any such subsequent notice, the Company Notice Period shall be deemed to be three Business Days); or
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> (iii) with respect to a Superior Proposal received from an Excluded Party prior to the Keep-Shop Expiration Time, (A) the Company shall have (1) provided Parent two Business Days' prior written notice (the "Keep-Shop Notice Period"), which notice shall state (x) that the Company has received a Superior Proposal from an Excluded Party, (y) the material terms of such Superior Proposal and (z) that the Company intends to make a Company Adverse Recommendation Change or to terminate this Agreement and enter into a Company Acquisition Agreement, (2) to the extent requested by Parent, engaged (and used its reasonable best efforts to cause its Representatives to engage) in good faith negotiations with Parent during the Keep-Shop Notice Period to amend this Agreement, and (3) considered in good faith any bona fide offer made by Parent to the Company during the Keep-Shop Notice Period, and (B) following the expiration of the Keep-Shop Notice Period and any negotiations with, or consideration of any bona fide offers made by, Parent during the Keep-Shop Notice Period, the Company Special Committee again makes the determination set forth in Section 5.2(e)(y) (it being understood and agreed that any amendments or other revision to the financial terms or any other material terms of any Alternative Transaction Proposal that was previously the subject of a notice hereunder will be deemed to be a new Alternative Transaction Proposal, and shall require a new notice to Parent as provided above).

40. The Merger Agreement also provides for a "termination fee" of $14.5 million payable by the Company to Chapters if the Individual Defendants cause the Company to terminate the Merger Agreement.

The Solicitation Statement Omits Material Information, Rendering It False and Misleading

41. Defendants filed the Solicitation Statement with the SEC in connection with the Proposed Transaction.

42. As set forth below, the Solicitation Statement omits material information with respect to the Proposed Transaction, which renders the Solicitation Statement false and misleading.

43. First, the Solicitation Statement omits material information regarding the Company's financial projections.

44. The Solicitation Statement fails to disclose the Company's projected unlevered free cash flows and all underlying line items.

45. The disclosure of projected financial information is material because it provides stockholders with a basis to project the future financial performance of a company, and allows stockholders to better understand the financial analyses performed by the company's financial advisor in support of its fairness opinion.

46. Second, the Solicitation Statement omits material information regarding the analyses performed by the Company's financial advisors in connection with the Proposed Transaction, Evercore Group L.L.C. ("Evercore") and Guggenheim Securities ("Guggenheim").

47. With respect to Evercore's Discounted Cash Flow Analysis, the Solicitation Statement fails to disclose: (i) unlevered, after-tax free cash flows and all underlying line items; (ii) the ranges of terminal values for the Company; (iii) Evercore's basis for applying terminal year enterprise value to EBITDA multiples ranging from 3.0x to 4.0x and a perpetuity growth rate range of (3.0 %) to 0.0%; (iv) the individual inputs and assumptions underlying the discount rates ranging from 9.5% to 10.5%; (v) the Company's average net debt as used in the analysis; and (vi) the number of fully diluted shares of the Company.

48. With respect to Evercore's Net Present Value of Future Stock Price Analysis, the Solicitation Statement fails to disclose: (i) the Company's estimated net debt and fully diluted shares as used in the analysis; and (ii) the individual inputs and assumptions underlying the discount rates of 11.5% to 12.5%.

49. With respect to Evercore's Premium Paid Analysis, the Solicitation Statement fails to disclose: (i) the transactions observed by Evercore in the analysis; and (ii) the premiums paid in the transactions.

50. With respect to Guggenheim's Discounted Cash Flow Analyses, the Solicitation Statement fails to disclose: (i) after-tax unlevered free cash flows and all underlying line items; (ii) the terminal values for the Company; (iii) the individual inputs and assumptions underlying the discount rate range of 9.50%-11.50%; and (iv) Guggenheim's basis for using a reference range of perpetual growth rates of (4.00)%-0.00%.

51. With respect to Guggenheim's Selected Publicly Traded Companies Analysis, the Solicitation Statement fails to disclose the individual multiples and metrics for the companies observed by Guggenheim in the analysis.

52. With respect to Guggenheim's Selected Precedent Merger and Acquisition Transactions Analysis, the Solicitation Statement fails to disclose the individual multiples and metrics for the transactions observed by Guggenheim in the analysis.

53. With respect to Guggenheim's Premia Paid in Selected Precedent Merger and Acquisition Transactions, the Solicitation Statement fails to disclose the premiums paid in the transactions observed by Guggenheim in the analysis.

54. With respect to Guggenheim's Wall Street Equity Research Analyst Stock Price Targets, the Solicitation Statement fails to disclose: (i) the price targets observed by Guggenheim

in the analysis; and (ii) the sources thereof.

55. When a banker's endorsement of the fairness of a transaction is touted to shareholders, the valuation methods used to arrive at that opinion as well as the key inputs and range of ultimate values generated by those analyses must also be fairly disclosed.

56. Third, the Solicitation Statement omits material information regarding potential conflicts of interest of Evercore and Guggenheim.

57. The Solicitation Statement fails to disclose the circumstances under which the "additional discretionary fee may be paid to Evercore by Barnes & Noble," as well as the estimated amount of such fee.

58. The Solicitation Statement fails to disclose the timing and nature of the past services Guggenheim provided to Barnes & Noble, as well as the amount of compensation Guggenheim received for providing such services.

59. The Solicitation Statement fails to disclose the amount of compensation Guggenheim received for providing past services to Parent and its affiliates.

60. Full disclosure of investment banker compensation and all potential conflicts is required due to the central role played by investment banks in the evaluation, exploration, selection, and implementation of strategic alternatives.

61. The omission of the above-referenced material information renders the Solicitation Statement false and misleading, including, *inter alia*, the following section of the Solicitation Statement: The Solicitation or Recommendation.

62. The above-referenced omitted information, if disclosed, would significantly alter the total mix of information available to the Company's stockholders.

COUNT I

(Claim for Violation of Section 14(e) of the 1934 Act Against Defendants)

63. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

64. Section 14(e) of the 1934 Act states, in relevant part, that:

> It shall be unlawful for any person to make any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading . . . in connection with any tender offer or request or invitation for tenders[.]

65. Defendants disseminated the misleading Solicitation Statement, which contained statements that, in violation of Section 14(e) of the 1934 Act, in light of the circumstances under which they were made, omitted to state material facts necessary to make the statements therein not misleading.

66. The Solicitation Statement was prepared, reviewed, and/or disseminated by defendants.

67. The Solicitation Statement misrepresented and/or omitted material facts in connection with the Proposed Transaction as set forth above.

68. By virtue of their positions within the Company and/or roles in the process and the preparation of the Solicitation Statement, defendants were aware of this information and their duty to disclose this information in the Solicitation Statement.

69. The omissions in the Solicitation Statement are material in that a reasonable shareholder will consider them important in deciding whether to tender their shares in connection with the Proposed Transaction. In addition, a reasonable investor will view a full and accurate disclosure as significantly altering the total mix of information made available.

70. Defendants knowingly or with deliberate recklessness omitted the material information identified above in the Solicitation Statement, causing statements therein to be

materially incomplete and misleading.

71. By reason of the foregoing, defendants violated Section 14(e) of the 1934 Act.

72. Because of the false and misleading statements in the Solicitation Statement, plaintiff and the Class are threatened with irreparable harm.

73. Plaintiff and the Class have no adequate remedy at law.

COUNT II

(Claim for Violation of 14(d) of the 1934 Act Against Defendants)

74. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

75. Section 14(d)(4) of the 1934 Act states:

> Any solicitation or recommendation to the holders of such a security to accept or reject a tender offer or request or invitation for tenders shall be made in accordance with such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

76. Rule 14d-9(d) states, in relevant part:

> Any solicitation or recommendation to holders of a class of securities referred to in section 14(d)(1) of the Act with respect to a tender offer for such securities shall include the name of the person making such solicitation or recommendation and the information required by Items 1 through 8 of Schedule 14D-9 (§ 240.14d-101) or a fair and adequate summary thereof[.]

Item 8 requires that directors must "furnish such additional information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not materially misleading."

77. The Solicitation Statement violates Section 14(d)(4) and Rule 14d-9 because it omits the material facts set forth above, which renders the Solicitation Statement false and/or misleading.

78. Defendants knowingly or with deliberate recklessness omitted the material information set forth above, causing statements therein to be materially incomplete and

misleading.

79. The omissions in the Solicitation Statement are material to plaintiff and the Class, and they will be deprived of their entitlement to make a fully informed decision with respect to the Proposed Transaction if such misrepresentations and omissions are not corrected prior to the expiration of the tender offer.

80. Plaintiff and the Class have no adequate remedy at law.

COUNT III

(Claim for Violation of Section 20(a) of the 1934 Act Against the Individual Defendants and Chapters)

81. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

82. The Individual Defendants and Chapters acted as controlling persons of Barnes & Noble within the meaning of Section 20(a) of the 1934 Act as alleged herein. By virtue of their positions as directors of Barnes & Noble and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Solicitation Statement filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading.

83. Each of the Individual Defendants and Chapters was provided with or had unlimited access to copies of the Solicitation Statement alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause them to be corrected.

84. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control and influence the particular transactions giving rise to the violations as alleged

herein, and exercised the same. The Solicitation Statement contains the unanimous recommendation of the Individual Defendants to approve the Proposed Transaction. They were thus directly connected with and involved in the making of the Solicitation Statement.

85. Chapters also had direct supervisory control over the composition of the Solicitation Statement and the information disclosed therein, as well as the information that was omitted and/or misrepresented in the Solicitation Statement.

86. By virtue of the foregoing, the Individual Defendants and Chapters violated Section 20(a) of the 1934 Act.

87. As set forth above, the Individual Defendants and Chapters had the ability to exercise control over and did control a person or persons who have each violated Section 14(e) of the 1934 Act and Rule 14a-9, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the 1934 Act.

88. As a direct and proximate result of defendants' conduct, plaintiff and the Class are threatened with irreparable harm.

89. Plaintiff and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment and relief as follows:

A. Enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction;

B. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages;

C. Directing the Individual Defendants to file a Solicitation Statement that does not contain any untrue statements of material fact and that states all material facts required in it or necessary to make the statements contained therein not misleading;

D. Declaring that defendants violated Sections 14(e), 14(d), and 20(a) of the 1934 Act, as well as Rule 14a-9 promulgated thereunder;

E. Awarding plaintiff the costs of this action, including reasonable allowance for plaintiff's attorneys' and experts' fees; and

F. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

Dated: July 16, 2019

RIGRODSKY & LONG, P.A.

By: */s/ Gina M. Serra*

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