

**BARNES & NOBLE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations**  
(In thousands, except per share data)

	13 weeks ended		26 weeks ended	
	July 30, 2005	July 31, 2004 Restated (a) (b)	July 30, 2005	July 31, 2004 Restated (a) (b)
Sales	\$ 1,170,800	1,100,349	2,267,970	2,158,546
Cost of sales and occupancy	826,401	775,719	1,596,220	1,526,133
Gross profit	344,399	324,630	671,750	632,413
Selling and administrative expenses	276,471	252,620	542,530	497,054
Depreciation and amortization	43,198	45,812	86,509	90,737
Pre-opening expenses	2,662	2,247	5,109	4,895
Operating profit	22,068	23,951	37,602	39,727
Interest expense, net	(665)	(3,706)	(994)	(8,203)
Debt redemption charge	-	(14,582)	-	(14,582)
Income before taxes and minority interest	21,403	5,663	36,608	16,942
Income taxes	8,722	2,308	14,918	6,895
Income before minority interest	12,681	3,355	21,690	10,047
Minority interest	786	496	1,683	1,034
Income from continuing operations	13,467	3,851	23,373	11,081
Income from discontinued operations (net of income tax)	-	4,883	-	9,098
Net income	<u>\$ 13,467</u>	<u>8,734</u>	<u>23,373</u>	<u>20,179</u>
Basic income per common share:				
Income from continuing operations	\$ 0.20	0.06	0.34	0.17
Income from discontinued operations	-	0.07	-	0.13
Net income	<u>\$ 0.20</u>	<u>0.13</u>	<u>0.34</u>	<u>0.30</u>
Diluted income per common share:				
Income from continuing operations	\$ 0.18	0.05	0.32	0.16
Income from discontinued operations	-	0.07	-	0.12
Net income	<u>\$ 0.18</u>	<u>0.12</u>	<u>0.32</u>	<u>0.28</u>
Weighted average common shares outstanding				
Basic	68,323	68,591	69,023	68,369
Diluted	73,087	71,052	73,743	70,884
Percentage of sales:				
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales and occupancy	70.6%	70.5%	70.4%	70.7%
Gross profit	29.4%	29.5%	29.6%	29.3%
Selling and administrative expenses	23.6%	23.0%	23.9%	23.0%
Depreciation and amortization	3.7%	4.2%	3.8%	4.2%
Pre-opening expenses	0.2%	0.2%	0.2%	0.2%
Operating profit	1.9%	2.2%	1.7%	1.8%
Interest expense, net	-0.1%	-0.3%	0.0%	-0.4%
Debt redemption charge	0.0%	-1.3%	0.0%	-0.7%
Income before taxes and minority interest	1.8%	0.5%	1.6%	0.8%
Income taxes	0.7%	0.2%	0.7%	0.3%
Income before minority interest	1.1%	0.3%	1.0%	0.5%
Minority interest	0.1%	0.0%	0.1%	0.0%
Income from continuing operations	<u>1.2%</u>	<u>0.3%</u>	<u>1.0%</u>	<u>0.5%</u>

(a) Restated to reflect certain adjustments relating to lease accounting.

(b) Reflects the change in the reporting period used to consolidate the results of Barnes & Noble.com.