

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

	13 weeks ended		39 weeks ended	
	October 28, 2006	October 29, 2005	October 28, 2006	October 29, 2005
Sales	\$ 1,111,958	1,081,785	3,382,852	3,349,755
Cost of sales and occupancy	780,933	761,808	2,363,555	2,359,117
Gross profit	<u>331,025</u>	<u>319,977</u>	<u>1,019,297</u>	<u>990,638</u>
Selling and administrative expenses	290,391	272,280	850,212	813,721
Depreciation and amortization	41,694	43,892	123,466	130,401
Pre-opening expenses	4,501	4,161	10,486	9,270
Operating profit (loss)	<u>(5,561)</u>	<u>(356)</u>	<u>35,133</u>	<u>37,246</u>
Interest expense, net	(894)	(917)	(108)	(1,911)
Income (loss) before taxes and minority interest	<u>(6,455)</u>	<u>(1,273)</u>	<u>35,025</u>	<u>35,335</u>
Income taxes	(2,630)	(519)	14,273	14,399
Income (loss) before minority interest	<u>(3,825)</u>	<u>(754)</u>	<u>20,752</u>	<u>20,936</u>
Minority interest	1,053	1,081	3,043	2,764
Net income (loss)	<u>\$ (2,772)</u>	<u>327</u>	<u>23,795</u>	<u>23,700</u>
Income (loss) per common share:				
Basic	\$ (0.04)	0.00	0.36	0.35
Diluted	\$ (0.04)	0.00	0.34	0.33
Weighted average common shares outstanding				
Basic	64,947	66,819	65,254	68,288
Diluted	64,947	71,257	69,244	72,915
Percentage of sales:				
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales and occupancy	70.2%	70.4%	69.9%	70.4%
Gross profit	<u>29.8%</u>	<u>29.6%</u>	<u>30.1%</u>	<u>29.6%</u>
Selling and administrative expenses	26.1%	25.2%	25.1%	24.3%
Depreciation and amortization	3.7%	4.1%	3.6%	3.9%
Pre-opening expenses	0.4%	0.4%	0.3%	0.3%
Operating profit (loss)	<u>-0.5%</u>	<u>0.0%</u>	<u>1.0%</u>	<u>1.1%</u>
Interest expense, net	-0.1%	-0.1%	0.0%	-0.1%
Income (loss) before taxes and minority interest	<u>-0.6%</u>	<u>-0.1%</u>	<u>1.0%</u>	<u>1.1%</u>
Income taxes	-0.2%	0.0%	0.4%	0.4%
Income (loss) before minority interest	<u>-0.3%</u>	<u>-0.1%</u>	<u>0.6%</u>	<u>0.6%</u>
Minority interest	0.1%	0.1%	0.1%	0.1%
Net income (loss)	<u>-0.2%</u>	<u>0.0%</u>	<u>0.7%</u>	<u>0.7%</u>