

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

	<u>13 weeks ended October 29, 2011</u>	<u>13 weeks ended October 30, 2010</u>	<u>26 weeks ended October 29, 2011</u>	<u>26 weeks ended October 30, 2010</u>
Sales	\$ 1,891,961	1,904,146	\$ 3,310,365	3,299,989
Cost of sales and occupancy	1,420,297	1,454,026	2,451,143	2,498,169
Gross profit	<u>471,664</u>	<u>450,120</u>	<u>859,222</u>	<u>801,820</u>
Selling and administrative expenses	415,632	403,822	826,750	786,231
Depreciation and amortization	<u>57,755</u>	<u>56,777</u>	<u>113,427</u>	<u>113,681</u>
Operating loss	(1,723)	(10,479)	(80,955)	(98,092)
Interest expense, net	<u>8,460</u>	<u>12,791</u>	<u>17,901</u>	<u>26,053</u>
Loss before taxes	(10,183)	(23,270)	(98,856)	(124,145)
Income taxes	<u>(3,620)</u>	<u>(10,690)</u>	<u>(35,687)</u>	<u>(49,023)</u>
Net loss	(6,563)	(12,580)	(63,169)	(75,122)
Net loss attributable to noncontrolling interests	-	12	-	37
Net loss attributable to Barnes & Noble, Inc.	<u>\$ (6,563)</u>	<u>(12,568)</u>	<u>\$ (63,169)</u>	<u>(75,085)</u>
Basic loss per common share:				
Loss attributable to Barnes & Noble, Inc. available for common shareholders	\$ (0.17)	(0.22)	\$ (1.16)	(1.34)
Diluted loss per common share:				
Loss attributable to Barnes & Noble, Inc. available for common shareholders	\$ (0.17)	(0.22)	\$ (1.16)	(1.34)
Weighted average common shares outstanding				
Basic	57,261	56,708	57,207	56,239
Diluted	57,261	56,708	57,207	56,239
Dividends declared per common share	\$ -	0.25	\$ -	0.50
Percentage of sales:				
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales and occupancy	<u>75.1%</u>	<u>76.4%</u>	<u>74.0%</u>	<u>75.7%</u>
Gross profit	<u>24.9%</u>	<u>23.6%</u>	<u>26.0%</u>	<u>24.3%</u>
Selling and administrative expenses	<u>22.0%</u>	<u>21.2%</u>	<u>25.0%</u>	<u>23.8%</u>
Depreciation and amortization	<u>3.1%</u>	<u>3.0%</u>	<u>3.4%</u>	<u>3.4%</u>
Operating loss	<u>-0.1%</u>	<u>-0.6%</u>	<u>-2.4%</u>	<u>-3.0%</u>
Interest expense, net	<u>0.4%</u>	<u>0.7%</u>	<u>0.5%</u>	<u>0.8%</u>
Loss before taxes	<u>-0.5%</u>	<u>-1.2%</u>	<u>-3.0%</u>	<u>-3.8%</u>
Income taxes	<u>-0.2%</u>	<u>-0.6%</u>	<u>-1.1%</u>	<u>-1.5%</u>
Net loss	<u>-0.3%</u>	<u>-0.7%</u>	<u>-1.9%</u>	<u>-2.3%</u>

BARNES & NOBLE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands)

	<u>October 29, 2011</u>	<u>October 30, 2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,633	30,163
Receivables, net	240,600	185,253
Merchandise inventories	1,836,740	1,761,118
Prepaid expenses and other current assets	180,352	126,326
Total current assets	<u>2,281,325</u>	<u>2,102,860</u>
Property and equipment:		
Land and land improvements	8,617	8,617
Buildings and leasehold improvements	1,220,869	1,210,233
Fixtures and equipment	1,725,135	1,638,652
	<u>2,954,621</u>	<u>2,857,502</u>
Less accumulated depreciation and amortization	2,280,551	2,101,057
Net property and equipment	<u>674,070</u>	<u>756,445</u>
Goodwill	521,899	526,327
Intangible assets, net	574,964	573,789
Other noncurrent assets	55,794	59,845
Total assets	<u>\$ 4,108,052</u>	<u>4,019,266</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,461,981	1,318,744
Accrued liabilities	724,136	608,301
Short-term note payable	-	100,000
Total current liabilities	<u>2,186,117</u>	<u>2,027,045</u>
Long-term debt	274,900	376,900
Long-term deferred taxes	275,868	310,712
Other long-term liabilities	418,923	481,426
Redeemable Preferred Shares; \$.001 par value; 5,000 shares authorized; 204 and zero shares issued, respectively	191,681	-
Shareholders' equity:		
Common stock; \$.001 par value; 300,000 shares authorized; 90,856 and 90,231 shares issued, respectively	91	90
Additional paid-in capital	1,331,983	1,313,678
Accumulated other comprehensive loss	(11,630)	(13,212)
Retained earnings	495,830	576,277
Treasury stock, at cost, 33,527 and 33,360 shares, respectively	(1,055,711)	(1,053,650)
Total shareholders' equity	<u>760,563</u>	<u>823,183</u>
Commitments and contingencies	-	-
Total liabilities and shareholders' equity	<u>\$ 4,108,052</u>	<u>4,019,266</u>

BARNES & NOBLE, INC. AND SUBSIDIARIES
Segment Information
(In thousands)

	<u>13 weeks ended</u> <u>October 29, 2011</u>	<u>13 weeks ended</u> <u>October 30, 2010</u>	<u>26 weeks ended</u> <u>October 29, 2011</u>	<u>26 weeks ended</u> <u>October 30, 2010</u>
Sales				
Barnes & Noble Retail	\$ 917,576	930,793	\$ 1,918,141	1,957,062
Barnes & Noble College	768,463	796,650	988,254	1,021,512
Barnes & Noble.com	205,922	176,703	403,970	321,415
Total	<u>\$ 1,891,961</u>	<u>1,904,146</u>	<u>\$ 3,310,365</u>	<u>3,299,989</u>
Gross Profit				
Barnes & Noble Retail	\$ 273,069	269,714	\$ 567,935	565,385
Barnes & Noble College	167,588	169,150	218,744	219,847
Barnes & Noble.com	31,007	11,256	72,543	16,588
Total	<u>\$ 471,664</u>	<u>450,120</u>	<u>\$ 859,222</u>	<u>801,820</u>
Selling and Administrative Expenses				
Barnes & Noble Retail	\$ 252,052	268,449	\$ 501,400	538,599
Barnes & Noble College	73,684	73,869	135,642	134,099
Barnes & Noble.com	89,896	61,504	189,708	113,533
Total	<u>\$ 415,632</u>	<u>403,822</u>	<u>\$ 826,750</u>	<u>786,231</u>
EBITDA				
Barnes & Noble Retail	\$ 21,017	1,265	\$ 66,535	26,786
Barnes & Noble College	93,904	95,281	83,102	85,748
Barnes & Noble.com	(58,889)	(50,248)	(117,165)	(96,945)
Total	<u>\$ 56,032</u>	<u>46,298</u>	<u>\$ 32,472</u>	<u>15,589</u>
Net Income (Loss)				
EBITDA	\$ 56,032	46,298	\$ 32,472	15,589
Depreciation and Amortization	(57,755)	(56,777)	(113,427)	(113,681)
Interest Expense, net	(8,460)	(12,791)	(17,901)	(26,053)
Income Taxes	3,620	10,690	35,687	49,023
Total	<u>\$ (6,563)</u>	<u>(12,580)</u>	<u>\$ (63,169)</u>	<u>(75,122)</u>
Percentage of sales:				
Gross Margin				
Barnes & Noble Retail	29.8%	29.0%	29.6%	28.9%
Barnes & Noble College	21.8%	21.2%	22.1%	21.5%
Barnes & Noble.com	15.1%	6.4%	18.0%	5.2%
Total	<u>24.9%</u>	<u>23.6%</u>	<u>26.0%</u>	<u>24.3%</u>
Selling and Administrative Expenses				
Barnes & Noble Retail	27.5%	28.8%	26.1%	27.5%
Barnes & Noble College	9.6%	9.3%	13.7%	13.1%
Barnes & Noble.com	43.7%	34.8%	47.0%	35.3%
Total	<u>22.0%</u>	<u>21.2%</u>	<u>25.0%</u>	<u>23.8%</u>