

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

	13 weeks ended	
	April 29, 2006	April 30, 2005
Sales	\$ 1,114,735	1,097,170
Cost of sales and occupancy	775,985	769,819
Gross profit	<u>338,750</u>	<u>327,351</u>
Selling and administrative expenses	281,142	266,059
Depreciation and amortization	40,555	43,311
Pre-opening expenses	3,280	2,447
Operating profit	<u>13,773</u>	<u>15,534</u>
Interest income (expense), net	1,510	(329)
Income before taxes and minority interest	<u>15,283</u>	<u>15,205</u>
Income taxes	6,228	6,196
Income before minority interest	<u>9,055</u>	<u>9,009</u>
Minority interest	936	897
Net income	<u>\$ 9,991</u>	<u>9,906</u>
Income per common share:		
Basic	\$ 0.15	0.14
Diluted	\$ 0.14	0.13
Weighted average common shares outstanding		
Basic	65,745	69,722
Diluted	70,100	74,400
Percentage of sales:		
Sales	100.0%	100.0%
Cost of sales and occupancy	69.6%	70.2%
Gross profit	<u>30.4%</u>	<u>29.8%</u>
Selling and administrative expenses	25.2%	24.2%
Depreciation and amortization	3.6%	3.9%
Pre-opening expenses	0.3%	0.2%
Operating profit	<u>1.2%</u>	<u>1.4%</u>
Interest expense, net	0.1%	0.0%
Income before taxes and minority interest	<u>1.4%</u>	<u>1.4%</u>
Income taxes	0.6%	0.6%
Income before minority interest	<u>0.8%</u>	<u>0.8%</u>
Minority interest	0.1%	0.1%
Net income	<u>0.9%</u>	<u>0.9%</u>

BARNES & NOBLE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except per share data)

	<u>April 29, 2006</u>	<u>April 30, 2005</u>	<u>January 28, 2006</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 57,616	322,095	372,586
Receivables, net	97,288	94,292	99,117
Merchandise inventories	1,366,480	1,307,421	1,313,997
Prepaid expenses and other current assets	77,087	125,733	74,476
Total current assets	<u>1,598,471</u>	<u>1,849,541</u>	<u>1,860,176</u>
Property and equipment:			
Land and land improvements	3,247	3,247	3,247
Buildings and leasehold improvements	983,603	958,827	984,535
Fixtures and equipment	1,199,796	1,083,330	1,174,973
	<u>2,186,646</u>	<u>2,045,404</u>	<u>2,162,755</u>
Less accumulated depreciation and amortization	1,392,324	1,250,446	1,356,379
Net property and equipment	<u>794,322</u>	<u>794,958</u>	<u>806,376</u>
Goodwill	262,681	267,311	263,731
Intangible assets, net	93,110	96,196	93,834
Deferred taxes	114,720	123,682	114,046
Other noncurrent assets	24,325	36,881	25,969
Total assets	<u>\$ 2,887,629</u>	<u>3,168,569</u>	<u>3,164,132</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 768,591	729,779	828,852
Accrued liabilities	540,544	496,852	683,816
Total current liabilities	<u>1,309,135</u>	<u>1,226,631</u>	<u>1,512,668</u>
Long-term debt	-	245,000	-
Deferred income taxes	157,344	193,743	158,035
Other long-term liabilities	363,294	370,812	367,531
Minority interest	9,121	8,044	10,057
Shareholders' equity:			
Common stock; \$.001 par value; 300,000 shares authorized; 84,180, 80,270 and 83,370 shares issued, respectively	84	80	83
Additional paid-in capital	1,116,859	1,007,922	1,091,018
Accumulated other comprehensive loss	(8,965)	(9,781)	(9,085)
Retained earnings	512,617	396,040	512,594
Treasury stock, at cost, 18,843, 11,162 and 16,690 shares, respectively	(571,860)	(269,922)	(478,769)
Total shareholders' equity	<u>1,048,735</u>	<u>1,124,339</u>	<u>1,115,841</u>
Commitments and contingencies	-	-	-
Total liabilities and shareholders' equity	<u>\$ 2,887,629</u>	<u>3,168,569</u>	<u>3,164,132</u>