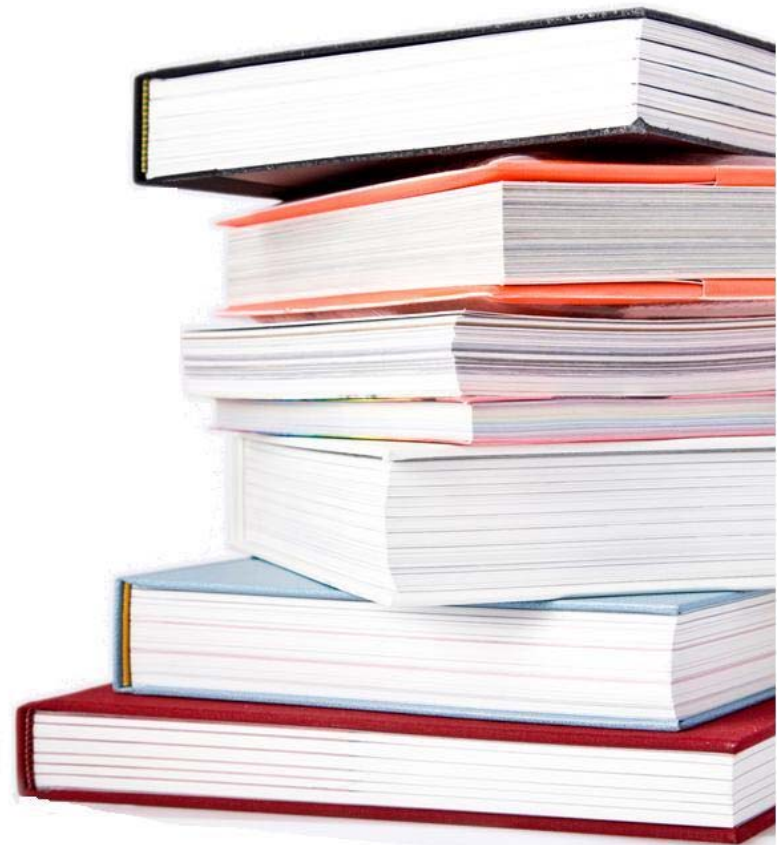


Reuniting the Barnes & Noble Brand

BARNES & NOBLE
BOOKSELLERS

August 10, 2009



Forward Looking Statements

This presentation contains statements that may be characterized as forward-looking statements under the Private Securities Litigation Reform Act of 1995. Those statements represent the current beliefs of management with respect to future events, financial performance and industry conditions. Those statements also involve a number of risk factors and uncertainties that could cause actual results to differ materially from those contained in this presentation, including those set forth in the Company's annual, quarterly and other reports filed with the Securities and Exchange Commission.

These charts and the associated remarks are integrally related and are intended to be presented and understood together.

Transaction Overview

Terms:	<ul style="list-style-type: none">▶ BKS to acquire 100% of College▶ Transaction valued at \$596 million▶ BKS gets ownership of the Barnes & Noble trademark
Structure:	<ul style="list-style-type: none">▶ College becomes wholly owned BKS subsidiary
Funding:	<ul style="list-style-type: none">▶ Combination of bank and seller financing▶ BKS has arranged a new \$1 billion four-year revolver; expect to use \$275 million in College acquisition
Accretion:	<ul style="list-style-type: none">▶ Expected to be 30-35% accretive to EPS on an annualized basis*
Approvals:	<ul style="list-style-type: none">▶ Regulatory approvals, customary closing conditions
Timing:	<ul style="list-style-type: none">▶ Closing expected on or about October 1, 2009

**Excluding purchase accounting adjustments.*

Compelling Strategic Rationale

- ▶ Joins highly complementary bookselling enterprise with leading college bookstore operation in growing market
- ▶ Adds predictable revenue and solid cash flow stream to BKS
- ▶ Attractive valuation
- ▶ Reunites Barnes & Noble brand and companies with shared operating philosophies under single trademark
- ▶ Creates direct access with important demographic group and strengthens overall digital platform
- ▶ Cohesive presence both in-store and online

Transaction Background

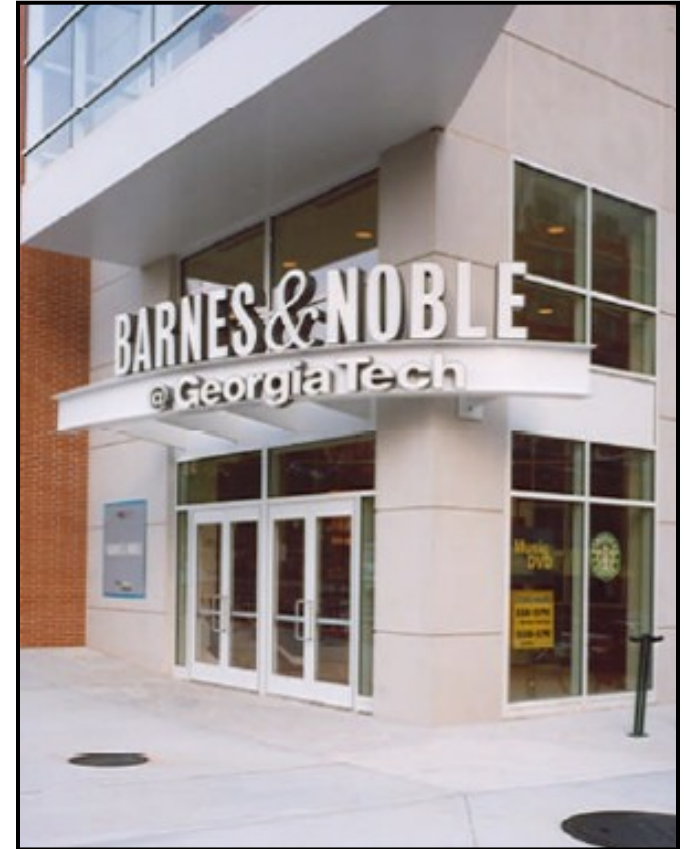
- ▶ BKS and College operated as one company until 1986; were separated for financial reasons at time of B. Dalton acquisition
- ▶ Reunifying the brand and reintegrating the businesses has been a top priority of BKS' Board for years
- ▶ Len Riggio approached BKS Board to assess interest in acquiring College prior to approaching third parties
- ▶ BKS Board established a Special Committee to evaluate potential acquisition of College
- ▶ Special Committee comprised of 4 independent/non-affiliated directors

Transaction Background (continued)

- ▶ Special Committee advised by independent legal and financial advisors: Davis Polk and Greenhill
- ▶ Special Committee conducted rigorous and lengthy process
 - Performed extensive due diligence
 - Negotiated best possible price and terms
 - Buying strong complementary business at attractive valuation
- ▶ Unanimous approval of transaction by all independent Board members
 - Len Riggio, Steve Riggio and Larry Zilavy did not vote

College Overview

- ▶ Leading college bookstore operator
- ▶ 624 college bookstores across U.S.
 - ▶ Traditional Bookstores (603 stores): 700 to 35,000 square feet
 - ▶ Academic Superstores (21 stores): 22,000 to 65,000 square feet
 - ▶ Sells textbooks, course-related materials, apparel and gifts, trade books, school and dorm supplies, convenience and café items
- ▶ College owns Barnes & Noble trademark, which is licensed to BKS
- ▶ 20+% of college bookstores operated by College use the Barnes & Noble brand



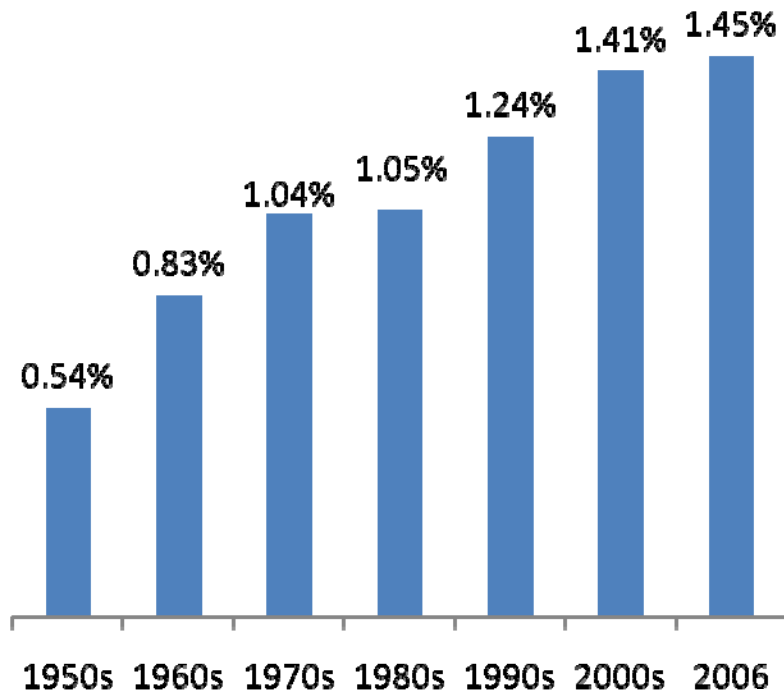
College Market: Excellent Fundamentals

- ▶ \$10 billion market with strong growth profile – 65% of college bookstores still operated by schools themselves
- ▶ Strong demographic trends
- ▶ Excellent visibility and minimal sensitivity to economic cycle
- ▶ Stable contract base with long-standing relationships and high renewal rates
- ▶ Low-risk business model: 75% of inventory is books returnable to publishers
- ▶ Ample growth opportunities in very fragmented market

Strong Long-Term Demographic Trends

Americans continue to increase spending on higher education

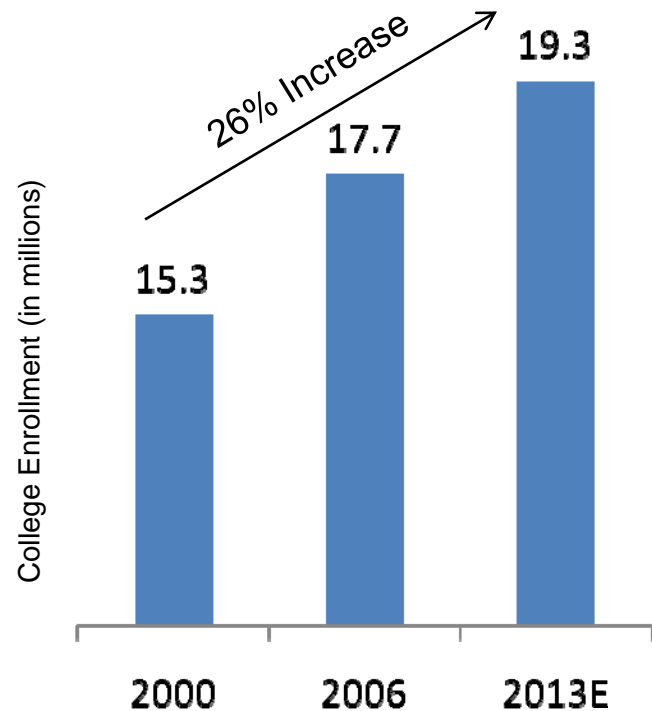
*Average Spending on Higher Education
As % Of Total Personal Consumption*



Source: Bureau of Labor Statistics Data

US college enrollment projected to grow 26% from 2000 to 2013

*US Enrollment in All
Degree-Granting Institutions*



Source: National Center for Education Statistics

Significant Long-Term Growth Opportunities

2,000+ Institutions Still Operate Own Bookstore
Approximately 65% of the market

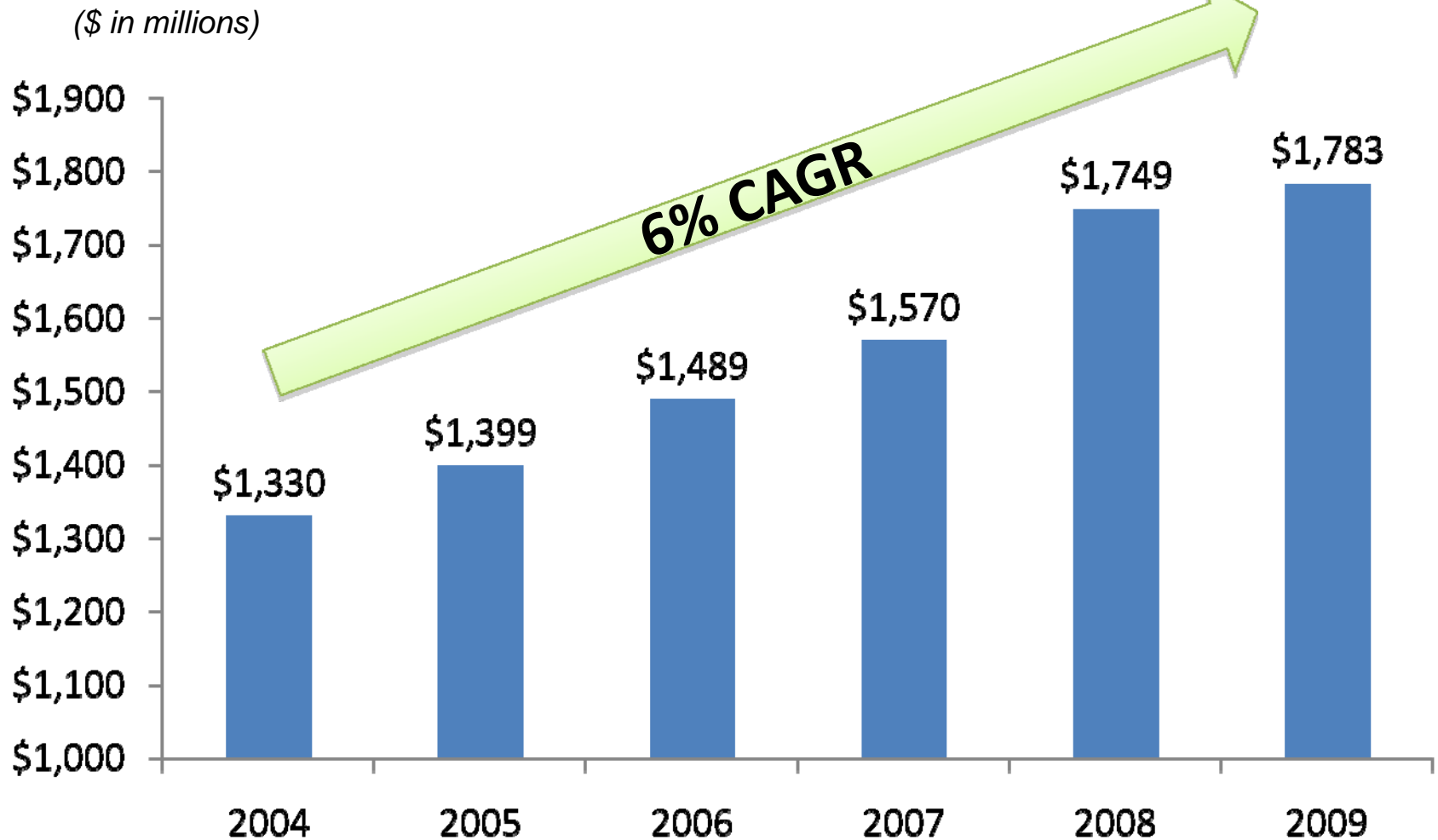
Contract Management Rationale

- ▶ Financial pressure on schools
 - School-run bookstores can be unprofitable
 - Frees up working capital
 - Existing stores may require significant capital investment
- ▶ Key component of campus rejuvenation plan
- ▶ Improved store management/service levels

Select Campus Relationships

Boston University
Columbia University
DePaul University
Georgia Institute of Technology
Harvard Coop
Kentucky Community & Technical College Systems
The Ohio State University
The Pennsylvania State University System
Rochester Institute of Technology
Santa Clara University
Texas A&M University
University of Central Florida
The University of Chicago
University of Memphis
University of Michigan
University of Nevada, Las Vegas
University of Pennsylvania
Washington State University
Yale University

College Historical Sales Growth



% Growth

5.2%

6.4%

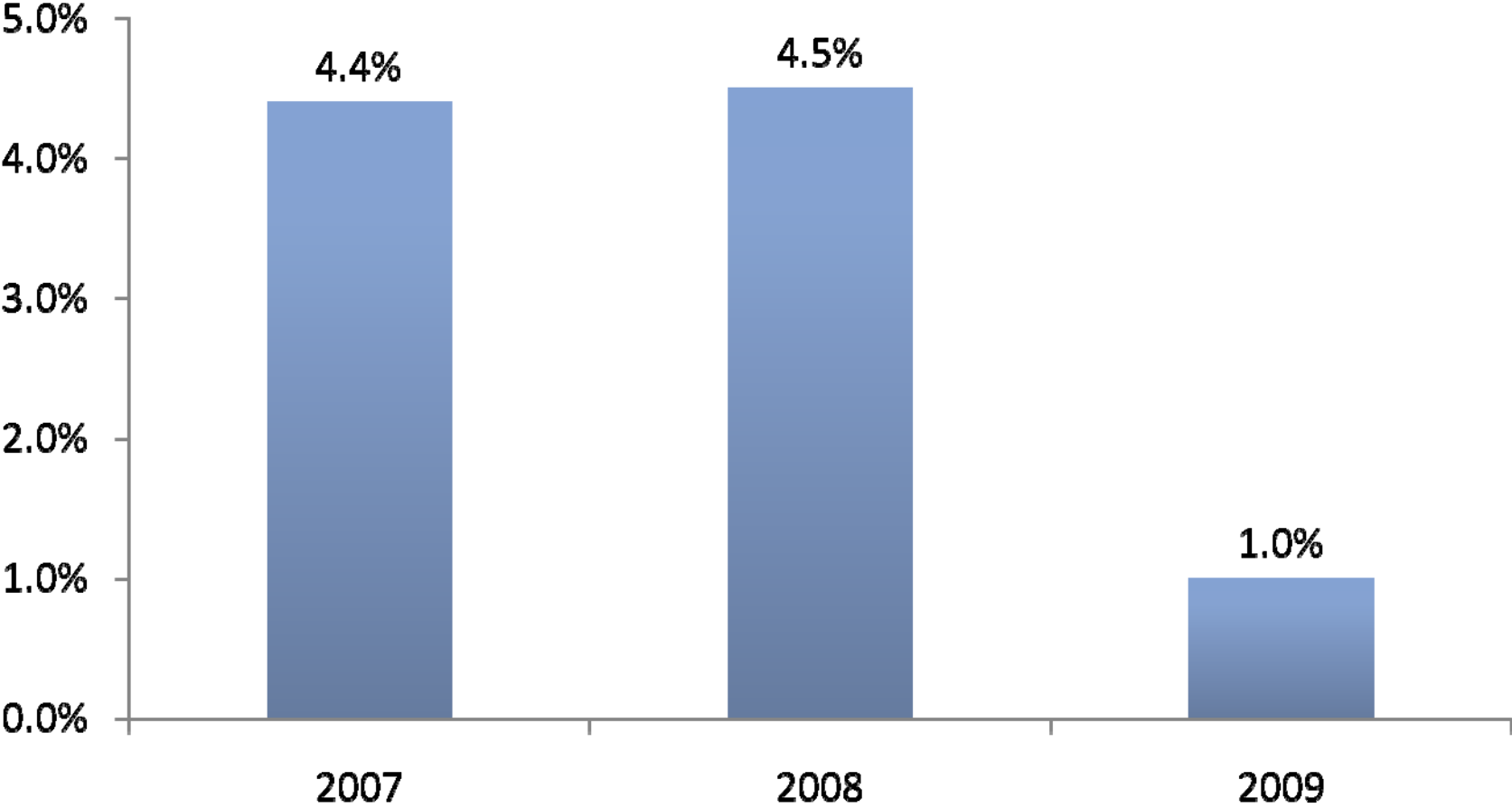
5.4%

11.4%

1.9%

Comparable Store Sales Growth

Positive Comparable Store Sales Through Current Economic Downturn



Typical Bookstore Contract Terms

- ▶ Generally structured as management agreements
 - No conveyance of interest in real property
 - 90 to 120-day cancellation by either party with no residual obligations
 - Limited inventory risks
 - Reimbursed capital expenditures on termination of contract
 - Operating policies and pricing agreed upon with schools
- ▶ Official university bookstore
- ▶ Multi-year agreements
- ▶ Renewed over 93% of contracts that were up for renewal over the last five years

Purchase Price Financing

Estimated Sources	
Cash/Bank Financing	\$346 million
Seller Financing	\$250 million
Total	\$596 million

- ▶ Commitment from syndicate of banks for bank financing
 - BofA Merrill Lynch, JPMorgan Chase Bank, N.A. and Wells Fargo Retail Finance, Inc.
- ▶ BKS has received commitments from bank lenders on a new \$1.0 billion, 4 year revolver
 - \$275 million expected to be used in financing transaction
 - Asset backed by inventory and receivables
 - Interest at LIBOR plus 375 to 425 (based on excess availability)
 - Unused commitment fee from 50 bps to 100 bps (based on usage)
- ▶ Seller financing in two subordinated notes:
 - \$100 million note payable on 12/15/2010
 - \$150 million junior note (5 year term)

Pro-Forma Annualized Accretion

Annualized Adj. EBITDA from Acquired Operations	\$115 ⁽¹⁾
Elimination of Royalty for Online Textbook Sales	\$6
Pro-Forma Annualized Adj. EBITDA Acquired	<u>\$121</u>
Incremental Depreciation Expense	\$30
Incremental Interest Expense	\$56
Purchase Accounting Adjustments	TBD

30% to 35% EPS Accretion⁽²⁾

(1) Adjusted EBITDA from acquired operations excludes: non-core items not being acquired and certain preexisting operating arrangements that will be terminated upon closing.

(2) Based on full-year earnings per share guidance of \$1.10 to \$1.40 (provided on May 21, 2009), prior to purchase accounting adjustments including valuation of intangible assets acquired and related non-cash amortization expense, yet to be determined.

Summary

- ▶ Joins highly complementary bookselling enterprise with leading college bookstore operation in growing market
- ▶ Adds predictable revenue and solid cash flow stream to BKS
- ▶ Attractive valuation
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