

**NEBRASKA BOOK COMPANY, INC.**  
**NON-GAAP FINANCIAL MEASURE**  
**EBITDA - QUARTERLY & YEAR-TO-DATE**

As we are highly-leveraged and as our equity is not publicly-traded, management believes that the non-GAAP measures, Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Earnings Before Interest, Taxes, Depreciation, Amortization, and Loss on Early Extinguishment of Debt ("Adjusted EBITDA"), are useful in evaluating our results and provide additional information for determining our ability to meet debt service requirements. That belief is driven by the consistent use of the measures in the computations used to establish the value of our equity over the past 15 years and the fact that our debt covenants also use those measures to measure and monitor our financial results. Due to the importance of EBITDA and Adjusted EBITDA to our equity and debt holders, our chief operating decision makers and other members of management use EBITDA and Adjusted EBITDA to measure our overall performance, to assist in resource allocation decision-making, to develop our budget goals, to determine incentive compensation goals and payments, and to manage other expenditures among other uses.

There are material limitations associated with the use of EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA do not represent and should not be considered as alternatives to net cash flows from operating activities or net income as determined by GAAP. Furthermore, EBITDA and Adjusted EBITDA do not necessarily indicate whether cash flows will be sufficient for cash requirements because the measures do not include reductions for cash payments for our obligation to service our debt, fund our working capital, make capital expenditures and make acquisitions or pay our income taxes and dividends; nor are they a measure of our profitability because they do not include costs and expenses such as interest, taxes, depreciation, amortization, and loss on early extinguishment of debt, which are significant components in understanding and assessing our financial performance. Even with these limitations, we believe EBITDA and Adjusted EBITDA, when viewed with both our GAAP results and the reconciliations to operating cash flows and net income (loss), provide a more complete understanding of our business than otherwise could be obtained absent this disclosure. EBITDA and Adjusted EBITDA measures presented may not be comparable to similarly titled measures presented by other companies.

The following presentation reconciles net income (loss), which we believe to be the closest GAAP performance measure, to EBITDA and Adjusted EBITDA and reconciles EBITDA and Adjusted EBITDA to net cash flows from operating activities, which we believe to be the closest GAAP liquidity measure, and also sets forth net cash flows from investing and financing activities. For additional information regarding our financial condition and results of operations, please see our periodic filings with the Securities and Exchange Commission, links to which are made available on this website.

	Nine Months Ended December 31, 2010	Quarter Ended December 31, 2010	Six Months Ended September 30, 2010	Quarter Ended September 30, 2010	Quarter Ended June 30, 2010	Year Ended March 31, 2010	Quarter Ended March 31, 2010	Nine Months Ended December 31, 2009	Quarter Ended December 31, 2009
Net income (loss)	\$ (4,778,597)	\$ (13,627,934)	\$ 8,849,337	\$ 20,774,656	\$ (11,925,319)	\$ 7,362,198	\$ 10,429,821	\$ (3,067,623)	\$ (14,885,765)
Interest expense, net	31,791,653	10,599,007	21,192,646	10,592,702	10,599,944	40,499,120	10,571,276	29,927,844	10,589,441
Income tax expense (benefit)	(4,006,000)	(10,258,000)	6,252,000	14,470,000	(8,218,000)	3,142,094	5,119,094	(1,977,000)	(9,597,000)
Depreciation and amortization	13,001,598	4,344,104	8,657,494	4,363,206	4,294,288	19,370,252	4,830,983	14,539,269	4,809,536
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)</b>	<b>\$ 36,008,654</b>	<b>\$ (8,942,823)</b>	<b>\$ 44,951,477</b>	<b>\$ 50,200,564</b>	<b>\$ (5,249,087)</b>	<b>\$ 70,373,664</b>	<b>\$ 30,951,174</b>	<b>\$ 39,422,490</b>	<b>\$ (9,083,788)</b>
Loss on early extinguishment of debt	-	-	-	-	-	3,065,759	-	3,065,759	3,065,759
<b>Earnings Before Interest, Taxes, Depreciation, Amortization, and Loss on early extinguishment of debt (Adjusted EBITDA) (1)</b>	<b>\$ 36,008,654</b>	<b>\$ (8,942,823)</b>	<b>\$ 44,951,477</b>	<b>\$ 50,200,564</b>	<b>\$ (5,249,087)</b>	<b>\$ 73,439,423</b>	<b>\$ 30,951,174</b>	<b>\$ 42,488,249</b>	<b>\$ (6,018,029)</b>
Share-based compensation	438,810	8,973	429,837	132,861	296,976	1,106,882	317,720	789,162	309,421
Interest income	139,770	55,694	84,076	36,991	47,085	180,709	76,268	104,441	60,744
Provision for losses on receivables	1,317,433	616,457	700,976	405,863	295,113	1,399,466	985,219	414,247	280,618
Cash paid for interest	(28,554,130)	(10,296,317)	(18,257,813)	(7,895,439)	(10,362,374)	(29,102,221)	(7,982,192)	(21,120,029)	(3,760,284)
Cash received (paid) for income taxes	1,328,208	(240,371)	1,568,579	1,737,932	(169,353)	(3,155,473)	(254,785)	(2,900,688)	(4,205,015)
Loss on disposal of assets	155,235	101,369	53,866	28,334	25,532	235,803	95,020	140,783	22,640
Change in due (to) from parent	1,165,000	466,000	699,000	2,123,000	(1,424,000)	(3,064,522)	(196,522)	(2,868,000)	(1,530,000)
Changes in operating assets and liabilities, net of effect of acquisitions	(49,378,579)	(72,552,134)	23,173,555	46,889,797	(23,716,242)	(4,803,359)	49,970,185	(54,773,544)	(100,156,701)
Net Cash Flows from Operating Activities	<u>\$ (37,379,599)</u>	<u>\$ (90,783,152)</u>	<u>\$ 53,403,553</u>	<u>\$ 93,659,903</u>	<u>\$ (40,256,350)</u>	<u>\$ 36,236,708</u>	<u>\$ 73,962,087</u>	<u>\$ (37,725,379)</u>	<u>\$ (114,996,606)</u>
Net Cash Flows from Investing Activities	<u>\$ (15,178,129)</u>	<u>\$ (2,554,530)</u>	<u>\$ (12,623,599)</u>	<u>\$ (5,991,808)</u>	<u>\$ (6,631,791)</u>	<u>\$ (8,765,940)</u>	<u>\$ (2,088,490)</u>	<u>\$ (6,677,450)</u>	<u>\$ (1,603,108)</u>
Net Cash Flows from Financing Activities	<u>\$ 9,312,325</u>	<u>\$ 14,784,616</u>	<u>\$ (5,472,291)</u>	<u>\$ (6,611,556)</u>	<u>\$ 1,139,265</u>	<u>\$ (10,536,611)</u>	<u>\$ (27,716,008)</u>	<u>\$ 17,179,397</u>	<u>\$ 27,330,237</u>

- (1) Loss on early extinguishment of debt was recorded for the quarter and nine months ended December 31, 2009 and year ended March 31, 2010; therefore, Adjusted EBITDA equals EBITDA for all other periods.