

**THE NEIMAN MARCUS GROUP, INC.**  
**RECONCILIATION OF GAAP NET EARNINGS TO NON-GAAP ADJUSTED EARNINGS**  
**(UNAUDITED)**

(in thousands, except per share data)	First Quarter Ended	
	October 30, 2004	November 1, 2003
Net earnings (GAAP)	\$ 64,116	\$ 56,225
Loss on disposition of Chef's Catalog, net of taxes <sup>(1)</sup>	9,288	-
Adjusted earnings (Non-GAAP)	\$ 73,404	\$ 56,225
Diluted earnings per share (GAAP)	\$ 1.30	\$ 1.16
Loss on disposition of Chef's Catalog, net of taxes <sup>(1)</sup>	0.19	-
Adjusted earnings per share (Non-GAAP)	\$ 1.49	\$ 1.16

(1) In the first quarter of fiscal year 2005, the Company recorded a pre-tax loss of \$15.3 million in connection with the sale of Chef's Catalog.

The Neiman Marcus Group, Inc. believes reporting adjusted earnings is a more accurate representation of the Company's on-going economic performance and therefore uses adjusted reporting internally to evaluate and manage the Company's operations. The Neiman Marcus Group, Inc. has chosen to provide this information to investors to enable them to perform more meaningful comparisons of operating results and as a means to emphasize the results of on-going operations. Adjusted earnings should be considered in addition to, not as a substitute for, the Company's other measures of financial performance reported in accordance with generally accepted accounting principles.