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, Goodwill Impairment, 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 identified below. We believe EBITDA and Adjusted EBITDA when viewed with both our GAAP results and the reconciliations to operating cash flows and net income provide a more complete understanding of our business than otherwise could be obtained absent this disclosure. Items excluded from EBITDA and Adjusted EBITDA, such as interest, taxes, depreciation, amortization, goodwill impairment, and loss on early extinguishment of debt are significant components in understanding and assessing our financial performance. 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 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.

	Year Ended March 31, 2010	Quarter Ended March 31, 2010	Nine Months Ended December 31, 2009	Quarter Ended December 31, 2009	Six Months Ended September 30, 2009	Quarter Ended September 30, 2009	Quarter Ended June 30, 2009	Year Ended March 31, 2009	Quarter Ended March 31, 2009
Net income (loss)	7,362,198	10,429,821	(3,067,623)	(14,885,765)	11,818,142	23,872,120	(12,053,978)	(94,928,668)	(95,053,163)
Interest expense, net	40,499,120	10,571,276	29,927,844	10,589,441	19,338,403	9,639,076	9,699,327	32,553,689	8,998,997
Income tax expense (benefit)	3,142,094	5,119,094	(1,977,000)	(9,597,000)	7,620,000	15,391,000	(7,771,000)	7,448,658	7,365,658
Depreciation and amortization	19,370,252	4,830,983	14,539,269	4,809,536	9,729,733	4,839,007	4,890,726	18,986,651	4,979,937
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	$ 70,373,664	$ 30,951,174	$ 39,422,490	$ (9,083,788)	$ 48,506,278	$ 53,741,203	$ (5,234,925)	$ (35,939,670)	$ (73,708,571)
Goodwill impairment	-	-	-	-	-	-	-	106,972,000	106,972,000
Loss on early extinguishment of debt	3,065,759	-	3,065,759	3,065,759	-	-	-	-	-
Earnings Before Interest, Taxes, Depreciation, Amortization, Goodwill impairment and Loss on early extinguishment of debt (Adjusted EBITDA) (1)	$ 73,439,423	$ 30,951,174	$ 42,488,249	$ (6,018,029)	$ 48,506,278	$ 53,741,203	$ (5,234,925)	$ 71,032,330	$ 33,263,429
Share-based compensation	1,106,882	317,720	789,162	309,421	479,741	236,092	243,649	1,288,543	540,320
Interest income	180,709	76,268	104,441	60,744	43,697	26,897	16,800	426,536	83,926
Provision for losses on receivables	1,399,466	985,219	414,247	280,618	133,629	55,847	77,782	1,366,979	1,277,387
Cash paid for interest	(29,102,221)	(7,982,192)	(21,120,029)	(3,760,284)	(17,359,745)	(12,550,820)	(4,808,925)	(30,653,694)	(12,141,927)
Cash received (paid) for income taxes	(3,155,473)	(254,785)	(2,900,688)	(4,205,015)	1,304,327	1,833,852	(529,525)	(9,930,165)	(2,229,406)
Loss on disposal of assets	235,803	95,020	140,783	22,640	118,143	73,753	44,390	124,871	68,119
Change in due (to) from parent	(3,064,522)	(196,522)	(2,868,000)	(1,530,000)	(1,338,000)	65,000	(1,403,000)	(3,160,038)	(372,038)
Changes in operating assets and liabilities, net of effect of acquisitions	(4,803,359)	49,970,185	(54,773,544)	(100,156,701)	45,383,157	69,315,625	(23,932,468)	1,170,551	49,318,081
Net Cash Flows from Operating Activities	$ 36,236,708	$ 73,962,087	$ (37,725,379)	$ (114,996,606)	$ 77,271,227	$ 112,797,449	$ (35,526,222)	$ 31,665,913	$ 69,807,891
Net Cash Flows from Investing Activities	(8,765,940)	$ (2,088,490)	(6,677,450)	$ (1,603,108)	(5,074,342)	$ (2,929,694)	(2,144,648)	(14,898,403)	$ (3,039,644)
Net Cash Flows from Financing Activities	$ (10,536,611)	$ (27,716,008)	$ 17,179,397	$ 27,330,237	$ (10,150,840)	$ (15,839,819)	$ 5,688,979	$ (2,055,498)	$ (41,036,806)

(1) Goodwill impairment was recorded for fiscal year and quarter ended March 31, 2009 and 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.