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

(in thousands, except per share data)	Fourth Quarter Ended July 31, 2004	Fourth Quarter Ended August 2, 2003	Fiscal Year Ended July 31, 2004	Fiscal Year Ended August 2, 2003
Net earnings (GAAP)	$ 20,587	$ 7,172	$ 204,832	$ 109,303
Effect of favorable tax settlements [1]	-	-	(7,500)	-
Impairment charge, net of taxes [2]	2,350	-	2,350	-
Change in accounting principle [3]	-	-	-	14,801
Adjusted earnings (Non-GAAP)	$ 22,937	$ 7,172	$ 199,682	$ 124,104
Diluted earnings per share (GAAP)	$ 0.42	$ 0.15	$ 4.19	$ 2.29
Effect of favorable tax settlements [1]	-	-	(0.15)	-
Impairment charge, net of taxes [2]	0.05	-	0.05	-
Change in accounting principle [3]	-	-	-	0.31
Adjusted earnings per share (Non-GAAP)	$ 0.47	$ 0.15	$ 4.09	$ 2.60

(1) In the second quarter of fiscal year 2004, the Company recorded approximately $7.5 million for the impact of favorable settlements associated with previous tax filings.

(2) In the fourth quarter of fiscal year 2004, the Company recorded a pretax charge of approximately $3.9 million for the impairment of the Chef's Catalog trade name.

(3) In the first quarter of fiscal year 2003, the Company adopted the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". Based upon the valuation results of its third party appraisal experts, the Company recorded a pretax charge of approximately $24 million in the first quarter of fiscal year 2003 as a result of implementing the fair value model of the new accounting standard.

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 earnings 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.