

The
Neiman
Marcus
Group



Deutsche Bank
2007 High Yield Conference
October 4, 2007



Forward Looking Statements Disclaimer

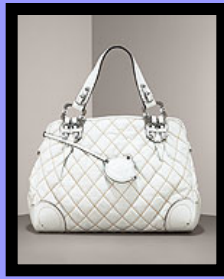
The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995). By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results of the company may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree. For a discussion of some of the important factors that could cause the company’s results to differ from those expressed in, or implied by, the following forward-looking statements, please refer to the company’s Offering Circular. The company undertakes no obligation to update or revise any forward-looking statements.



Company Overview

 High-end specialty retailer offering luxury apparel and accessories

Specialty Retail



Neiman Marcus

BERGDORF
GOODMAN

Neiman Marcus Direct



Neiman Marcus

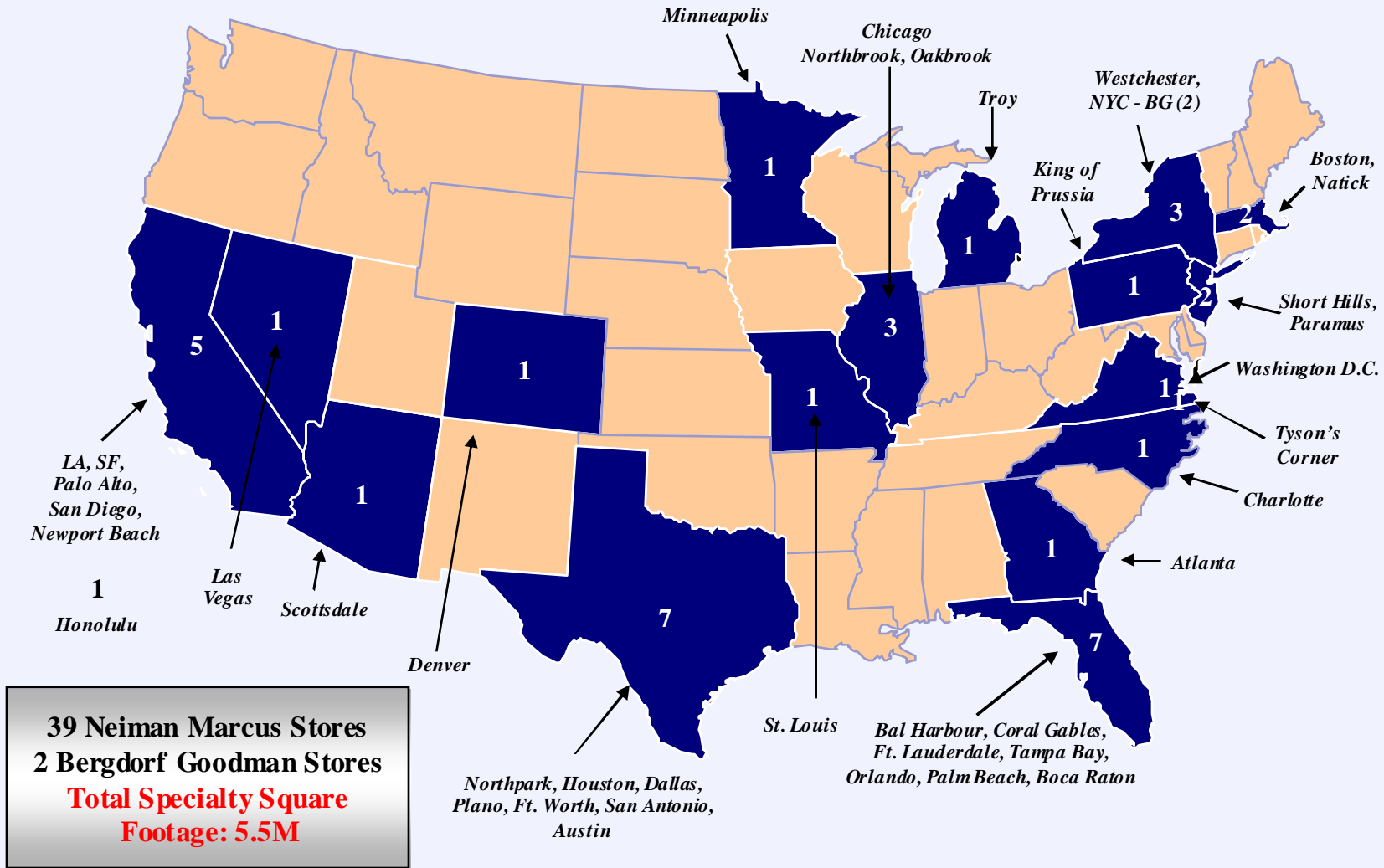
BERGDORF
GOODMAN

HORCHOW

FY 07 Revenue: \$4.4 Billion*

* Note: FY 07 revenue excludes Kate Spade LLC.

Prime Store Locations

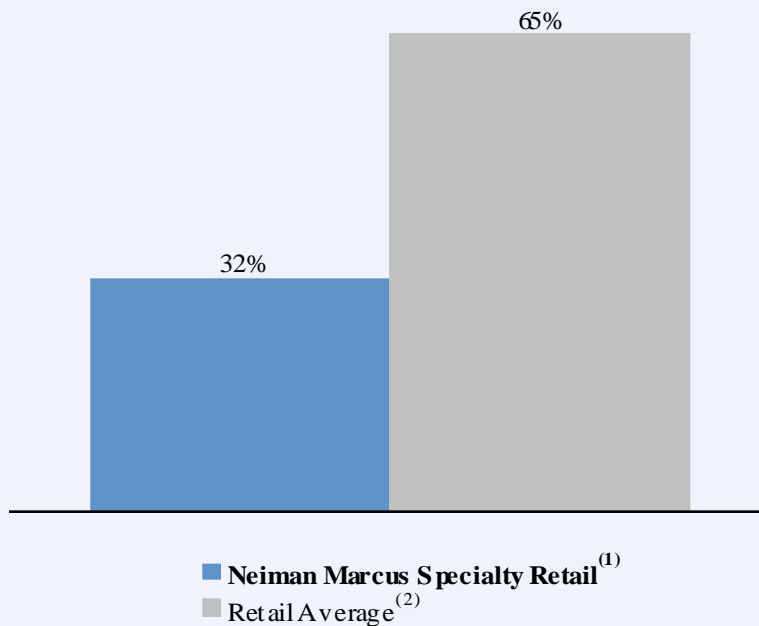


Geographically diverse store base in premier locations in the nation's most affluent markets

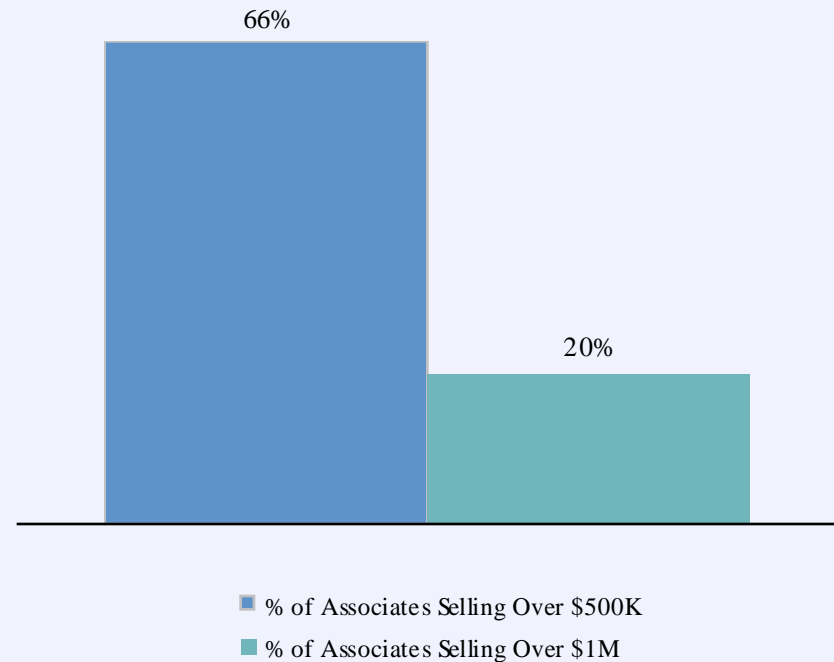
Professional, Relationship-Focused Salesforce

- Focus on building long-term relationships, not just transactions
- Highly specialized sales associate selection, training, and development programs

Sales Associate Turnover



Sales Associate Productivity⁽³⁾



(1) Includes all full-time and part-time sales associates for fiscal 2007 for Neiman Marcus Stores and Bergdorf Goodman.

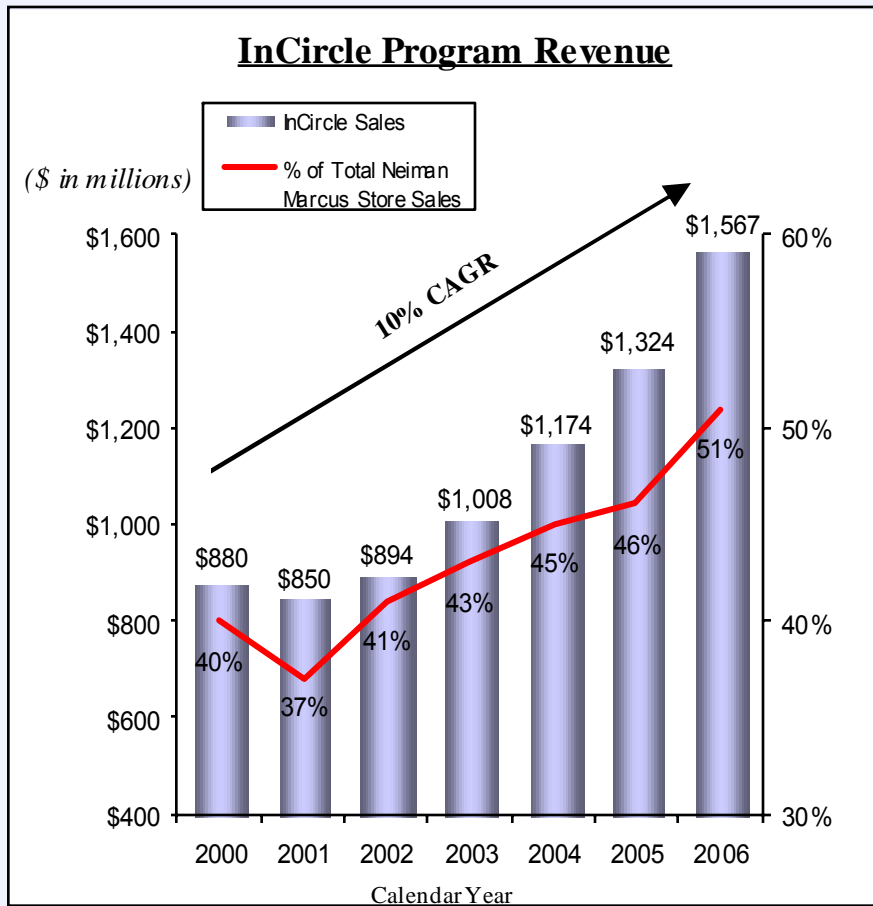
(2) Retail average turnover statistics are for full-time only sales staff provided by 2005 National Retail Federation Annual Compensation and Benefits Survey.

(3) Represents fiscal 2007 revenues at Neiman Marcus full-line stores and Bergdorf Goodman only. Excludes associates with less than one year of service.

Unique Customer Loyalty Program



Unique and powerful InCircle rewards program drives superior loyalty from an attractive, affluent customer base



InCircle Customer Behavior

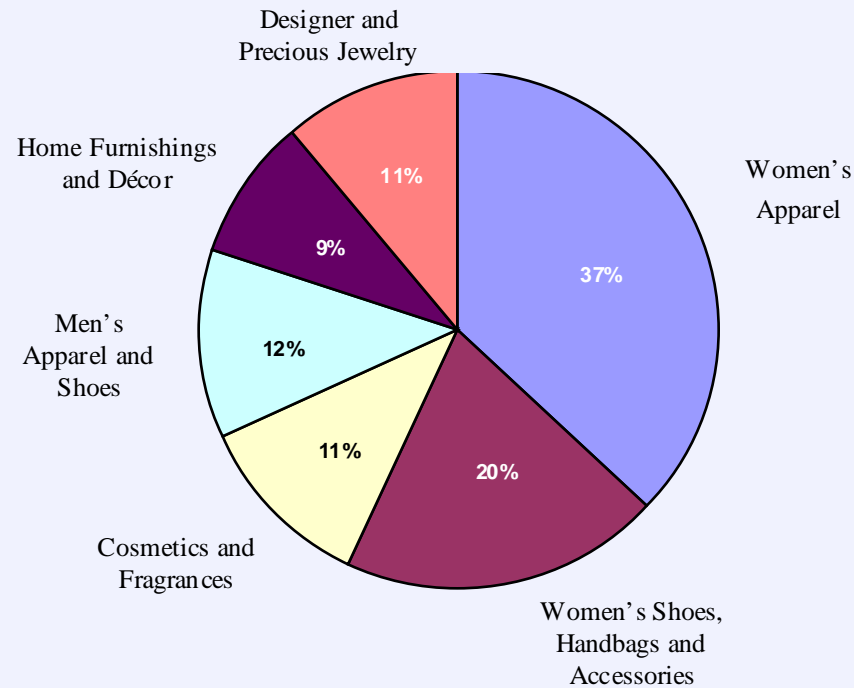
	Non-InCircle	InCircle
Annual Purchases (\$)	\$629	\$12,333
<i>Difference vs. Non-InCircle</i>		19.6x
Trips Per Year	3.3	16.9
<i>Difference vs. Non-InCircle</i>		5.1x
Spend Per Item (\$)	\$86	\$212
<i>Difference vs. Non-InCircle</i>		2.5x

Note: InCircle customer behavior data presented for calendar year 2006. Customer behavior statistics based on private label credit card information only.

Powerful Relationships With Diverse Group of Top Vendors

2007 Merchandise Mix (1)

No dependency on any one product category



Neiman Marcus' long-term relationships with leading designers and diverse merchandise base mitigates fashion / brand risk

(1) Amounts exclude revenues from leased departments.

Specialty Retail Initiatives

**Drive Greater Merchandise
Productivity**

**Attract and Develop a
Younger Customer Base**

**Maximize Return on Full
Line Stores**

**Expand Last Call Clearance
Centers**



Maintaining and Expanding our Leadership Position

Focused Expansion Strategy

	STATE	COMPLETION DATE	SQ. FOOTAGE
New Stores			
Natick	Massachusetts	September 2007 (Opened)	100,000
Topanga	California	Fall 2008	120,000
Bellevue	Washington	Fall 2009	125,000
Princeton	New Jersey	Spring 2010	90,000
Long Island	New York	Fall 2010	150,000
Sarasota	Florida	Fall 2010	80,000
Remodels			
San Diego	California	Summer 2007	No additional sq. footage
Atlanta	Georgia	Fall 2008	Additional 50,000
Westchester	New York	TBD	No additional sq. footage

San Antonio, TX

The Shops at La Cantera



 **Opened: September 2005**

 **120,000 square feet**

Natick, MA – Natick Mall



 **Opened: September 2007**

 **100,000 square feet**

Topanga, CA – Topanga Plaza



 **Scheduled opening: Fall 2008**

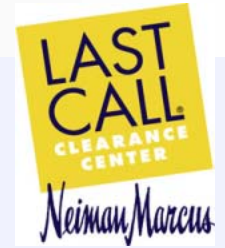
 **120,000 square feet**

Bellevue, WA – The Bravern



 **Scheduled opening: Fall 2009**

 **125,000 square feet**



Last Call Clearance Centers

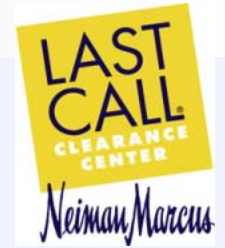
- 21 Clearance Centers in 12 states
 - 19 Last Call
 - 2 Horchow

- Planned 3 additional stores in FY '08 including 1 Horchow

- Evaluating potential opportunity of business model

- Developing infrastructure to support growth
 - Distribution
 - Merchandising

- Beginning to view as separate business unit



Last Call Clearance Centers



CUSP store openings



LOCATION	MALL/AREA	OPENING DATE	SQ. FOOTAGE
Washington, DC	Tyson's Mall	July 2006	9,500
Los Angeles, CA	Century City	August 2006	8,100
Washington, DC	Georgetown	March 2007	11,000
Northbrook, IL	Northbrook Court	July 2007	7,000

CUSP



CUSP



CUSP



5F



5F



Neiman
Marcus
Direct





Neiman Marcus Direct






Neiman Marcus

BERGDORF
GOODMAN

(HORCHOW)

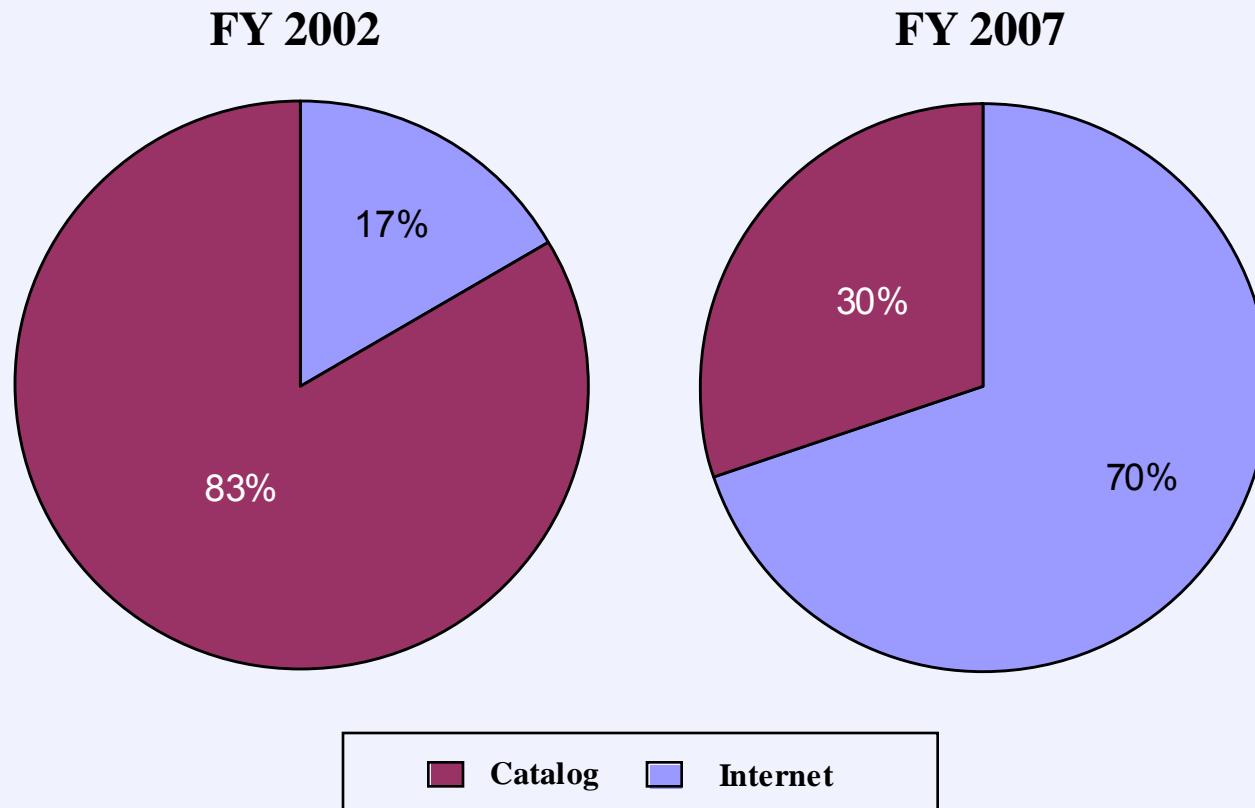
Expanding Brand Reach Through Multi-Channels

Direct Marketing Initiatives

-  Innovative marketing
-  Designer sites
-  Customer personalization
-  Online clearance
-  Technology investment



Growth of Internet



 Rapid internet growth resulting in strong operating results.

Business Activities 2000 - Present

	<u>Fiscal Year</u>
 Launched internet business	2000
 Formed separate NMG Corporate team	2001
 Formed new Merchandise Planning Group	2003
 Launched BG.com	2005
 Formed Strategic Planning Team	2005
 Sold Chef's Catalog	2005
 Developed Designer Sites	2005
 Sold Credit Card Portfolio	2005
 Sold NMG to Private Equity	2006
 Sold Gurwitch Products	2006
 Opened first CUSP store	2006
 Sold Kate Spade	2007

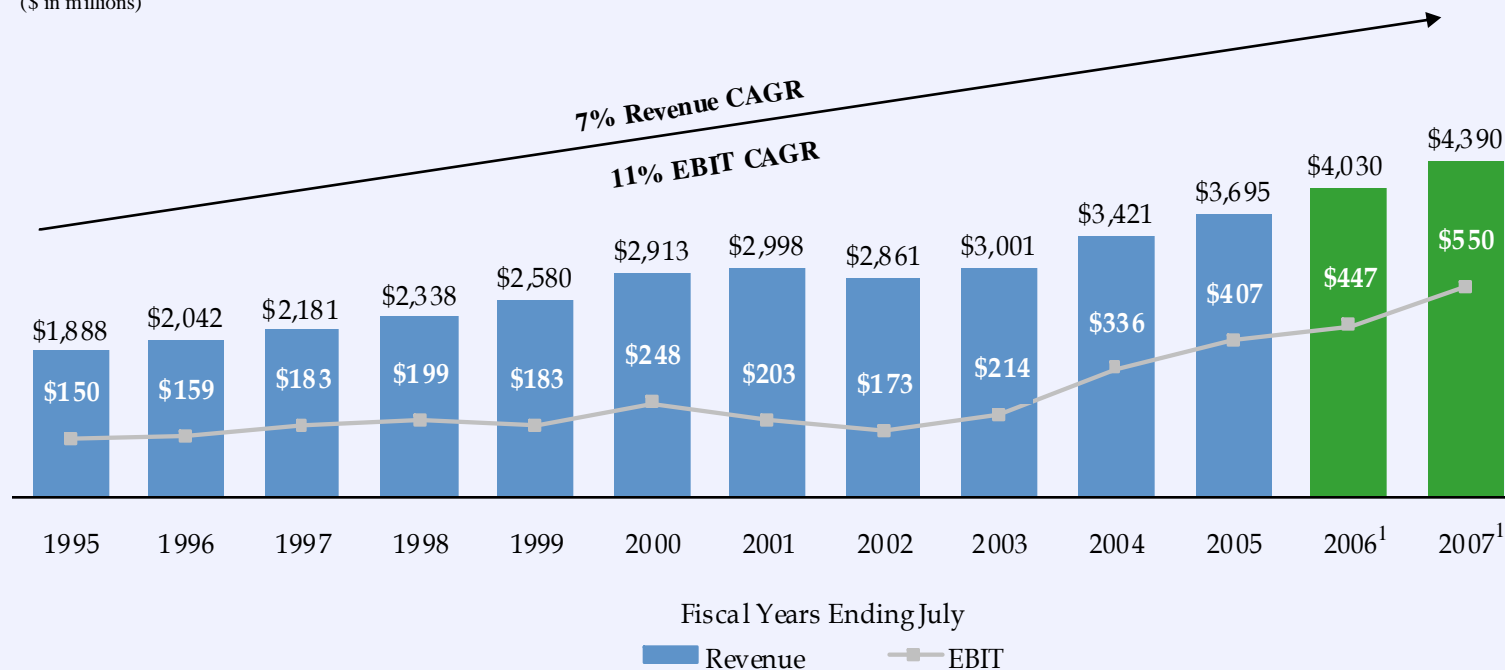
Financial Overview



Historical Financial Performance

Historical Financial Performance

(\$ in millions)



Consistent growth through multiple business and economic cycles highlighted by Revenue and EBIT CAGRs of 7% and 11%, respectively

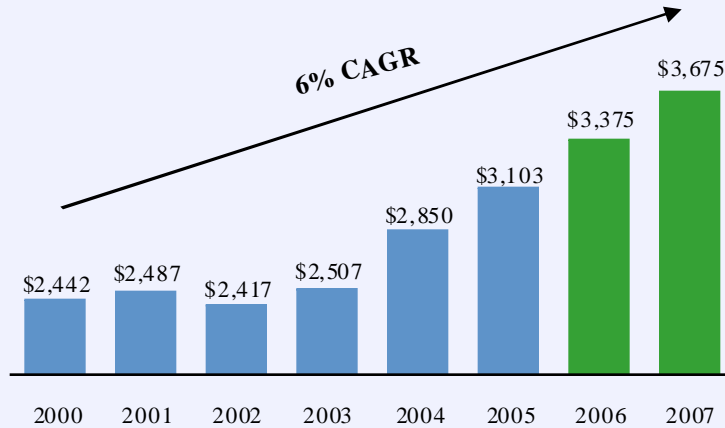
Note: All information for 2000 and thereafter reflects the change in classification of revenues deferred in connection with the Company's loyalty programs. EBIT figures exclude non-recurring items. FY 2002-2007 have been restated to exclude Brand Development. FY 2002 reflects 53 weeks ended August 3, 2002.

¹ Operating earnings are adjusted to exclude amortization of customer lists and favorable lease commitments, purchase accounting adjustments, transaction and other costs and other non-recurring items.

Financial Metrics

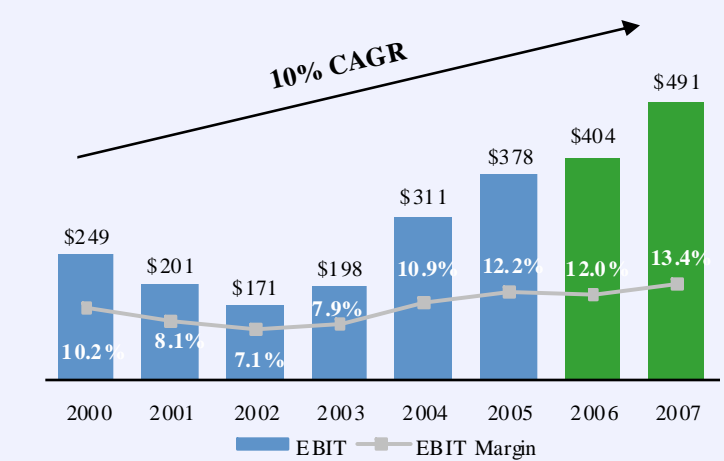
Specialty Retail Revenue

(\$ in millions)



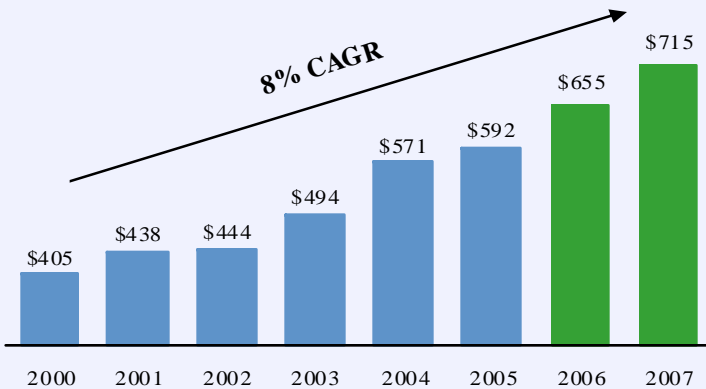
Specialty Retail EBIT

(\$ in millions)



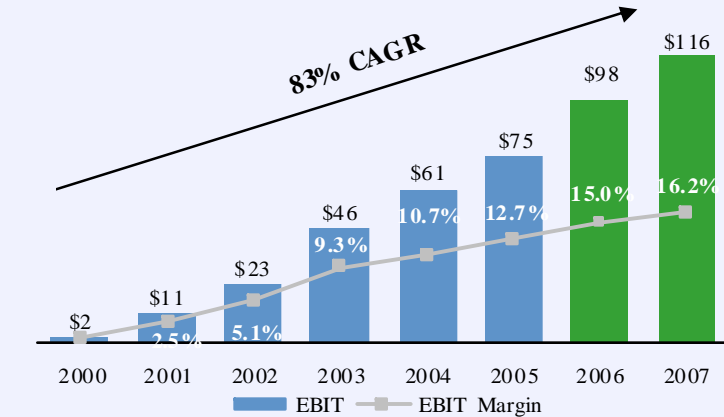
NMD Revenue

(\$ in millions)



NMD EBIT

(\$ in millions)



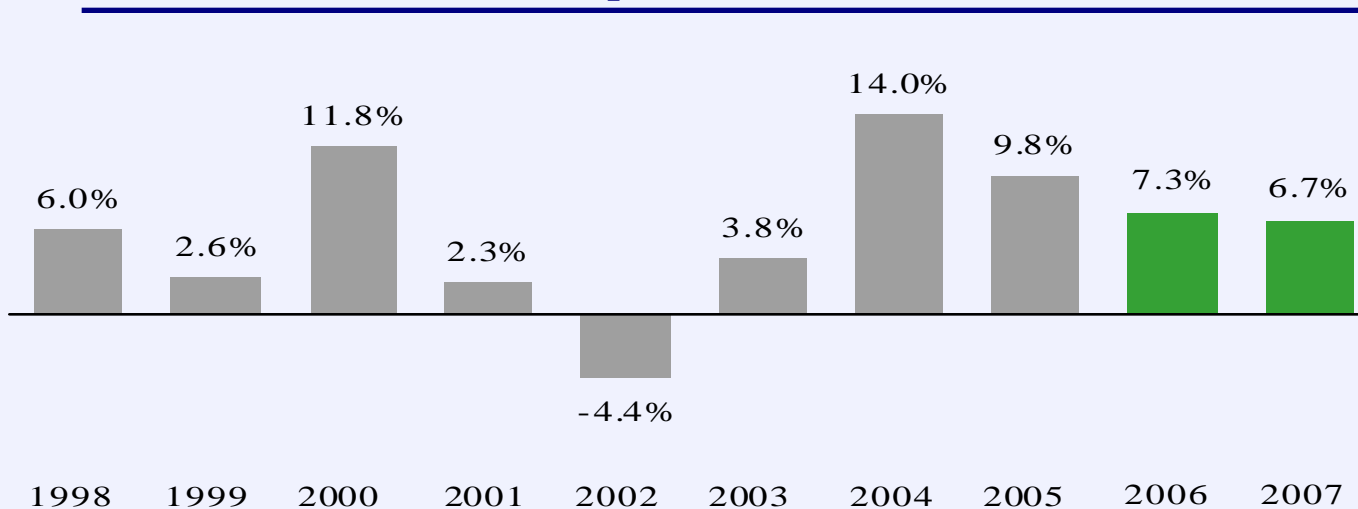
Note: Specialty Retail revenue reflects the change in classification of revenues deferred in connection with the Company's loyalty programs.

Superior Performance

NMG Sales per Square Foot



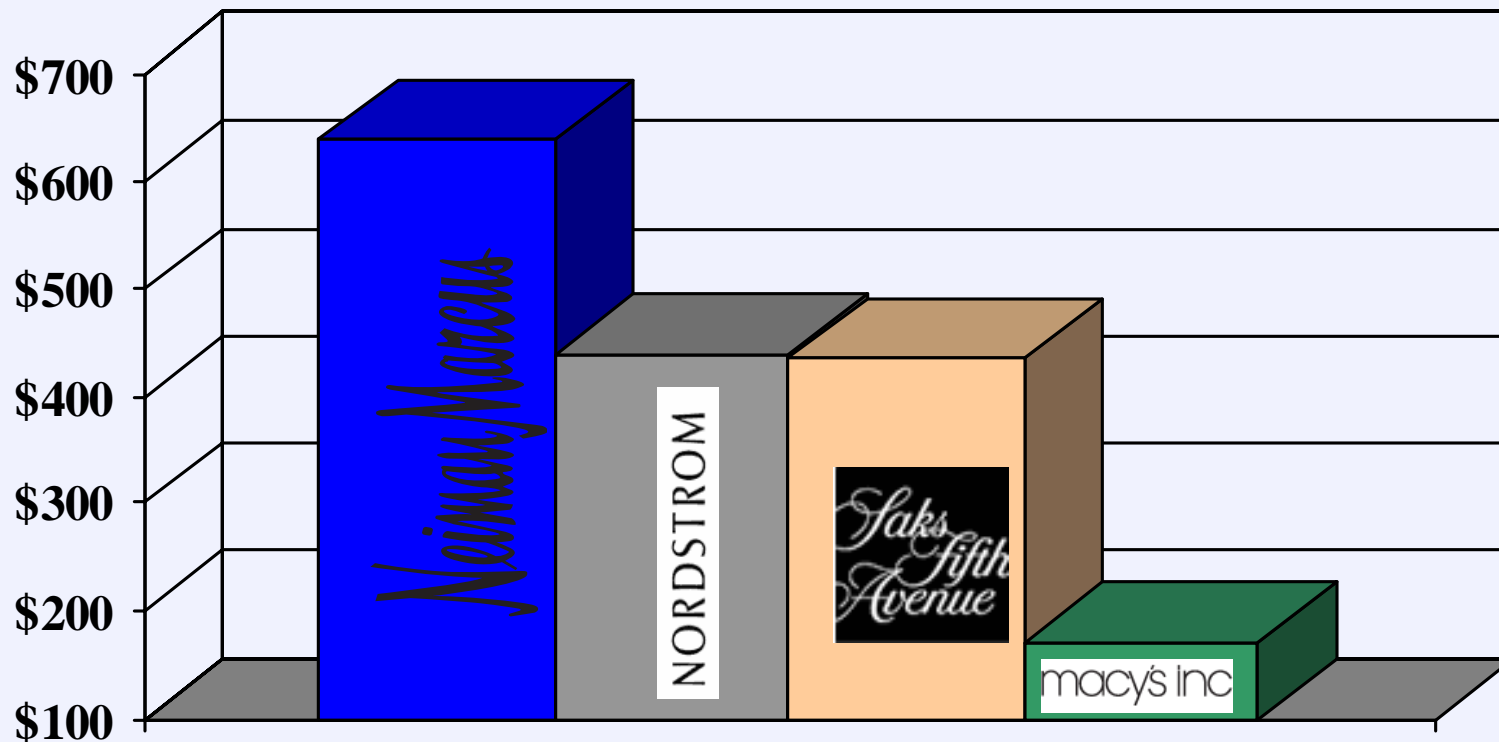
NMG Comparable Revenue Growth



Note: NMG comparable revenue growth figures for 2002-07 reflect the change in classification of revenues deferred in connection with the Company's loyalty programs and reflect the sale of Gurwitch Products and Kate Spade. NMG Sales per Square Foot figures represent Specialty Retail and exclude clearance centers.

Superior Performance

Sales Per Square Foot



Note

Figures are from LTM ending July 28, 2007. NMG data is for the Specialty Retail segment only (Full line Neiman Marcus Stores and Bergdorf Goodman). SFAE is estimated Saks Fifth Avenue stores and internet sales (excludes estimated clearance center sales).

FY 2007 – Financial Highlights

■ NMG	<u>FY 07</u>	<u>FY 06</u>	<u>% change</u>
□ Comparable Sales	6.7%	7.3%	
□ Adjusted Operating Earnings (\$M)*	\$550	\$447	23.3%
□ Adjusted Operating Margin*	12.5%	11.1%	
■ Specialty Retail			
□ Comparable Store Sales	6.2%	6.1%	
□ Operating Earnings (\$M)	\$491	\$404	21.5%
□ Operating Margin	13.4%	12.0%	
■ Neiman Marcus Direct			
□ Sales Growth	9.2%	13.3%	
□ Operating Earnings (\$M)	\$116	\$98	18.1%
□ Operating Margin	16.2%	15.0%	

Source – Neiman Marcus, Inc. FY2007 Q4 Earnings Release (for the fiscal period ended July 28, 2007). Figures exclude Gurwitch Products LLC and Kate Spade LLC.

* Adjusted operating earnings exclude amortization of customer lists and favorable lease commitments, purchase accounting adjustments, transaction and other costs and other non-recurring items. 32

Summary Balance Sheet

(\$ in millions)

FY 2007

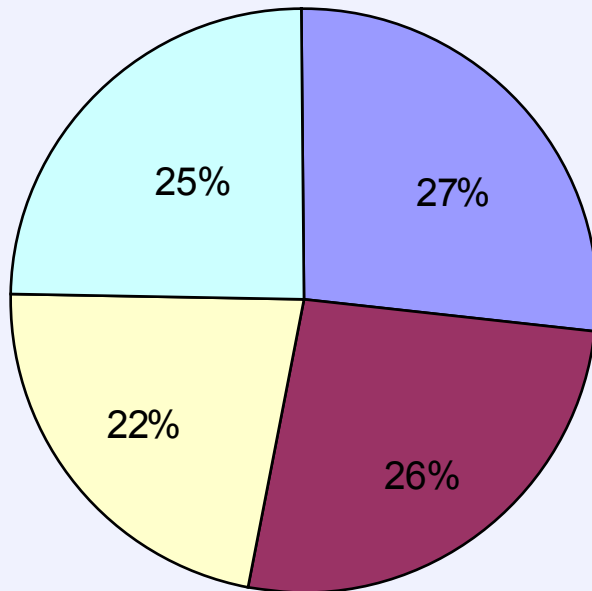
FY 2006

Cash	\$	141	\$	224
Merchandise inventories		918		794
Current liabilities	\$	768	\$	699
Long-term debt		2,946		3,196
Shareholder's equity	\$	1,558	\$	1,428

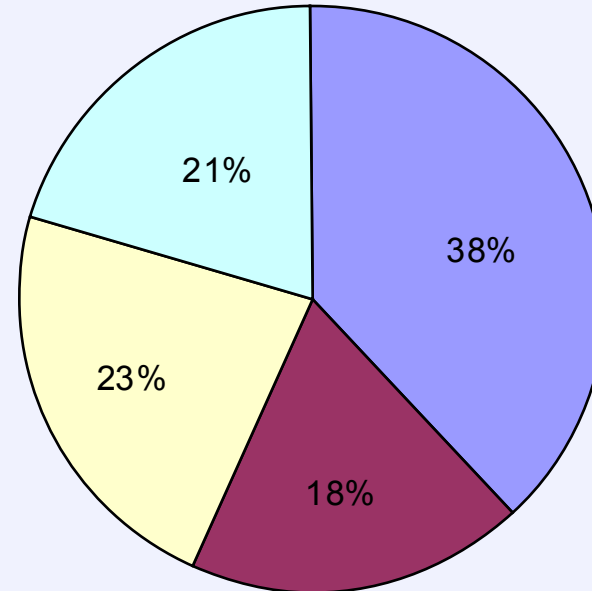
Historical Capital Expenditures

- Average gross capex spend of \$153 million between 2001 and 2007

FY 2001 – FY 2006

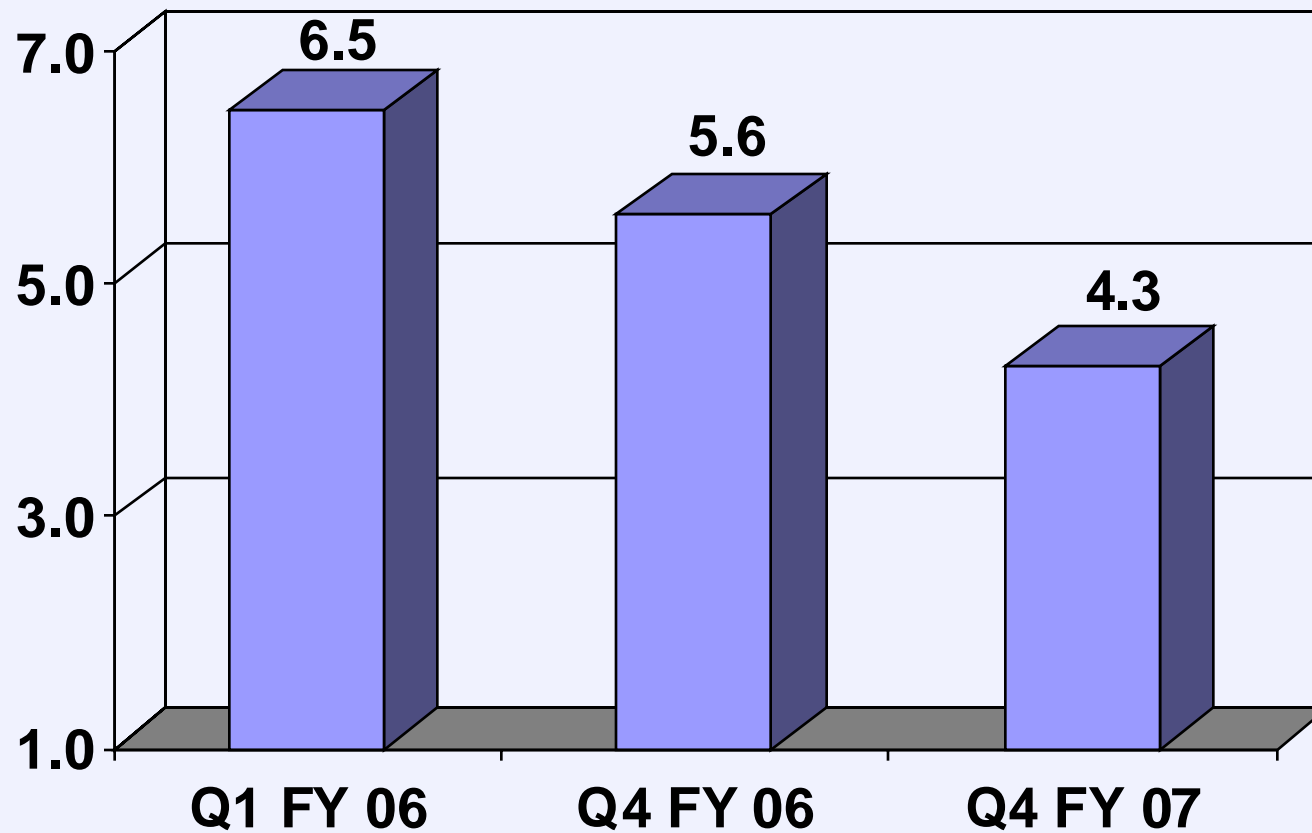


FY 2007



Note: Figures represent gross capital expenditures and FY01 – FY05 include Brand Development.

Leverage Ratio



Leverage ratio is calculated as Total Debt / LTM Adjusted EBITDA

LTM adjusted EBITDA excludes purchase accounting adjustments and transaction and other costs. (See EBITDA Reconciliation). Figures exclude Brand Development.

Capitalization

(As of July 28, 2007)

(\$ in millions)

	Q4 FY '07 7/28/2007	% of Cap.	Q1 FY '06 10/29/2005	% of Cap.
\$600 Million Asset-Based Revolving Credit Facility	0	0.0%	150	3.1%
Senior Debentures due 2028 (7.125%)	121	2.7%	121	2.5%
Senior Secured Term Loan	1,625	36.1%	1,975	40.6%
Other Senior Secured Debt	3	0.1%	6	0.1%
Total Senior Secured Debt	\$1,749	38.8%	\$2,251	46.3%
Senior Unsecured Notes (9.00%)	700	15.5%	700	14.4%
Total Senior Debt	\$2,449	54.3%	\$2,951	60.7%
Senior Subordinated Notes (10.375%)	500	11.1%	500	10.3%
Total Debt	\$2,949	65.4%	\$3,451	71.0%
Equity	1,558	34.6%	1,412	29.0%
Total Capitalization	\$4,507	100.0%	\$4,863	100.0%

- No maintenance covenants or mandatory amortization
- Senior Unsecured Notes Cash / PIK feature provides flexibility
- Excess liquidity from \$600 million Asset-Based Revolver

Reconciliation of Adjusted Operating Earnings

(dollars in millions)	Fifty-two weeks ended July 28, 2007 <u>(Successor)</u>	Fifty-two weeks ended July 29, 2006 <u>(Combined)</u>
OPERATING EARNINGS:		
Specialty Retail Stores	\$ 491	\$ 404
Direct Marketing	116	98
Corporate expenses	(56)	(55)
ADJUSTED OPERATING EARNINGS	\$ 550	\$ 447
Amortization of intangible assets	(72)	(60)
Non-cash charges related to other valuation adjustments made in connection with the acquisition	0	(34)
Other income	(1)	0
Transaction and other costs	0	(24)
OPERATING EARNINGS	\$ 477	\$ 329
Depreciation & Amortization	209	186

EBITDA Reconciliation

(\$ in millions)

	<u>Q4 FY '07</u>	<u>Q4 FY '06</u>	<u>Q1 FY '06</u>
LTM EBITDA (Reported) ¹	\$ 686	\$ 515	\$ 509
Adjustments:			
Inventory purchase price adjustment	-	38	7
Transaction costs	-	24	24
Gain on credit card transaction	-	-	(6)
Total EBITDA adjustments	<u>-</u>	<u>62</u>	<u>25</u>
LTM EBITDA (Adjusted)	\$ 686	\$ 577	\$ 534

⁽¹⁾ LTM EBITDA excludes Gurwitch Products and Kate Spade.

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