SEI INVESTMENTS CO
Form 11-K
June 22, 2010
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file Number 0-10200

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

SEI Capital Accumulation Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

SEI Investments Company

1 Freedom Valley Drive

Oaks, Pennsylvania 19456

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SEI Capital Accumulation Plan

Financial Statements and Supplemental Schedule

December 31, 2009 and 2008

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December 31, 2009 and 2008

* Refers to item number in Form 5500 (Annual Report/Report of Employee Benefit Plan) for the plan period ended December 31, 2009, which items are incorporated herein by reference.

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of

SEI Investments Capital Accumulation Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of SEI Investments Capital Accumulation Plan (the Plan) at December 31, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Philadelphia, PA

June 22, 2010

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SEI Capital Accumulation Plan

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

	2009	2008
Assets		
Investments		
Investments at fair value (Notes 3 and 4)	$ 193,845,746	$ 151,590,218
Receivables		
Employer contributions	32,816	226,862
Participant contributions		331,689
Due from broker for securities sold	53,841	7,651
Dividends	100,425	110,953
Total receivables	187,082	677,155
Cash	400,430	
Total assets	194,433,258	152,267,373
Liabilities		
Due to broker for securities purchased	454,271	7,651
Accrued expenses	9,800	
Total liabilities	464,071	7,651
Net assets available for benefits at fair value	$ 193,969,187	$ 152,259,722
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	747,028	1,151
Net assets available for benefits	$ 194,716,215	$ 152,260,873

The accompanying notes are an integral part of these financial statements.

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SEI Capital Accumulation Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2009

Additions to net assets attributed to:	
Investment income	
Net appreciation in fair value of investments (Note 3)	$ 35,505,890
Dividends	1,458,062
Interest	153,651
Total investment income	37,117,603
Contributions	
Participant	11,298,479
Employer	4,278,530
Total contributions	15,577,009
Total additions	52,694,612
Deductions from net assets attributed to:	
Benefits paid to participants	10,219,900
Administrative expenses (Note 2)	19,370
Total deductions	10,239,270
Net increase	42,455,342
Net assets available for benefits:	
Beginning of year	152,260,873
End of year	$ 194,716,215

The accompanying notes are an integral part of these financial statements.

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SEI Capital Accumulation Plan

Notes to the Financial Statements

December 31, 2009 and 2008

1. Plan Description

The following description of the SEI Capital Accumulation Plan (the Plan), provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions. Any conflict between the description of the Plan contained herein and the actual Plan document shall be resolved in favor of the Plan document.

General

The Plan is a defined contribution plan that was established effective January 1983 by the Board of Directors of SEI Investments Company (the Company). The Plan s sponsor is the Company. In December 2009, the Company amended the Plan to modify the participant s elective salary reduction percentage from 25 percent to 50 percent effective January 1, 2010 and to modify certain administrative provisions to reflect recent law changes.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan provides retirement benefits, including provisions for early retirement and disability benefits, as well as a tax-deferred savings feature.

Contributions

Generally, an employee will become eligible to join the Plan after the completion of his or her first hour of employment. However, certain employees are not eligible to become participants in the Plan. These employees include: union employees, unless the collective bargaining agreement provides for participation, non-resident aliens with no U.S. source income from the Company, leased employees, and, effective May 15, 2008, employees classified as interns or summer interns by the Company. Individuals designated by their employer as independent contractors are also excluded from participation in the Plan.

Eligible employees hired on or after April 2, 2007 are automatically enrolled in the Plan. Any eligible employee with a date of hire before April 2, 2007 was not automatically enrolled, but rather are required to complete certain forms prior to participating in the Plan. Unless an affirmative investment election is made by the eligible employee under the Plan, contributions are invested according with the default investment option under the Plan. Effective January 1, 2009, the default investment option under the Plan is the SEI Target Date Collective Investment Fund closest to the year of the employee s retirement age. At any time, the employee has the ability to 1) terminate the salary deferral contribution to the Plan, 2) modify the deferral percentage, or 3) modify the investment elections under the Plan, subject to certain restrictions. Contribution elections are generally effective as soon as administratively feasible after receipt of the employee s instruction in accordance with the procedures established by the Plan administrator (the Plan Administrator).

Participants direct the investment of their contributions into various investment options offered by the Plan, which consist of registered investment companies, collective investment trusts and the common stock of the Company. Participants invest in the common stock of the Company through a unitized account consisting of common stock and shares of the SEI Daily Income Trust Prime Obligation Fund in order to maintain a level of liquidity. This unitized account is made available to participants as the SEI Company Stock Fund. A participant-directed brokerage account option is available to allow for investments in non-Company-sponsored registered investment companies.

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

Effective January 2, 2009, the following investment options were removed from the Plan: the SEI Institutional International Trust (SIIT) Emerging Markets Equity Fund, the SIIT International Equity Fund, the SEI Institutional Managed Trust (SIMT) Small Cap Growth Fund, the SIMT Large Cap Growth Fund, and the SIMT Large Cap Value Fund. Effective April 1, 2009, the SIMT U.S. Managed Volatility Fund was added to the Plan.

A participant may make tax-deferred contributions to the Plan up to the lesser of 25 percent of eligible compensation or $16,500 for the calendar year 2009. Participant contributions are credited to the participant s deferral account. In addition, participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions.

All Company contributions are discretionary and are made out of available profits of the Company. The Company s matching contributions are credited to the participant s matching contribution account. A participant is eligible to receive Company contributions at the point when the participant is eligible to contribute to the Plan. The Company s matching contributions to the Plan were $4,278,530 for 2009.

Beginning in 2009, the total amount of annual contributions by the participant, excluding catch-up contributions, and on behalf of the participant by the Company cannot exceed the lesser of $49,000 or 100 percent of the participant s annual compensation. This dollar amount may be adjusted after 2009 for cost-of-living increases.

As of January 1, 1995, participants may no longer make post-tax contributions into the Plan; however, they may withdraw previously contributed post-tax amounts at any time.

Participant Accounts

Each participant account is credited with the participant s contribution, the Company s matching contribution, and an allocation of the Plan s earnings (losses) thereon. The Company may also make a profit-sharing contribution that will be allocated among eligible participants in the same proportion that each participant s compensation bears to the aggregate compensation of all participants. These contributions will be credited to the participant s profit-sharing account. The Company made no profit-sharing contributions during 2009. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Vesting

Participants are immediately vested in their contributions to the Plan and all employer contributions credited to their accounts, plus any earnings (losses) thereon.

Payment of Benefits

Amounts in participants accounts are distributed in the form of installments, a lump-sum amount, or a combination thereof to participants or their beneficiaries upon termination of employment, retirement, death or total disability.

Employee contributions in a participant s deferral account may be withdrawn during employment after the employee reaches age 59½ or upon showing immediate and substantial financial hardship.

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

Participant Loans

Under the tax-deferral feature, a participant is eligible for a loan amount not to exceed the lesser of $50,000 or 50 percent of the participant s account balance (excluding the voluntary contribution account balance) reduced by the highest outstanding loan balance from the Plan during the preceding 12 months. The minimum loan amount is $1,000. The loans are secured by the balance in the participant s account and bear interest at rates ranging from 4.25 percent to 9.00 percent, which is generally at or above local prevailing rates as determined by the Plan Administrator. Terms of the loans range from one to five years, except for loans for the purchase of a primary residence, which can have terms of up to 30 years. As of December 31, 2009, the loans have maturity dates that range from 2010 to 2039. Principal and interest are paid ratably through monthly payroll deductions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. As described in the accounting guidance issued by the Financial Accounting Standards Board (FASB), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a collective investment trust. As required by the accounting guidance, the Statements of Net Assets Available for Benefits present the fair value of the investment in the collective investment trust as well as the adjustment of the investment in the collective investment trust from fair value to contract value relating to the investment contracts at December 31, 2009 and 2008. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan s investments are stated at fair value (see Note 4). Shares of registered investment companies are reported at their stated net asset value per share. Shares of collective investment trusts are valued based upon the net asset value of units owned. Common stock of the Company is valued at market value. Participant loans are valued at principal plus accrued interest, which approximates fair value. The Plan holds shares of a collective investment trust that has investments in fully benefit-responsive investment contracts. For purposes of the Statement of Net Assets Available for Benefits, this collective investment trust is stated at fair value. As provided in the applicable accounting guidance, an investment contract is generally required to be reported at fair value, rather than contract value, to the extent it is fully benefit-responsive.

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

Purchases and sales of securities are recorded on a trade date basis. Dividend income is recorded on the ex-dividend date. Dividends earned are reinvested into additional shares of the respective fund. Interest income is accrued as earned.

The Plan presents, in the accompanying Statement of Changes in Net Assets Available for Benefits, the net depreciation in the fair value of its investments, which consists of realized gains and losses, and the change in the unrealized appreciation or depreciation of those investments during the Plan year.

Expenses of the Plan

All administrative costs of the Plan, with the exception of loan fees and fees related to investments in the participant-directed brokerage account paid directly from the accounts of the applicable participants, are paid by the Company.

Payment of Benefits

Benefits are recorded when paid.

New Accounting Pronouncements

The Plan adopted the FASB guidance for estimating the fair value of investments in investment companies that have a calculated net asset value per share in accordance with Financial Services Investment Companies. This provides additional guidance on how companies should measure the fair value of certain alternative investments such as hedge funds, private equity funds, and venture capital funds. Under this new guidance, the fair value of such investments can now be determined using Net Asset Value (NAV) as a practical expedient, unless it is probable the investment will be sold at something other than NAV. The guidance also requires new disclosures for each major category of alternative investments. The adoption of this guidance did not have a material effect on the Plan s financial statements.

For the year ended December 31, 2009, the Plan adopted the FASB s update to general standards on accounting for disclosures of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The adoption of this guidance did not materially impact the Plan s financial statements (see Note 10).

In June 2009, the FASB issued the FASB Accounting Standards Codification (the Codification). The Codification became the single source for all authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied for financial statements issued for periods ended after September 15, 2009. The Codification did not change GAAP and did not have any impact on the Plan s financial statements.

In February 2010, the FASB issued a final Accounting Standards Update that sets forth additional requirements and guidance regarding disclosures of fair value measurements. The new standard requires the gross presentation of activity within the Level 3 fair value measurement rollforward and details of transfers in and out of Level 1 and 2 fair value measurements. It also clarifies two existing disclosure requirements on the level of disaggregation of fair value measurements and disclosures on inputs and valuation techniques. The new requirements and guidance are effective for interim and annual periods beginning in the first quarter 2010 except that the Level 3 rollforward is effective in the first quarter 2011. The Plan does not expect the adoption of the guidance to have a material impact on the Plan s financial statements.

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

3. Investments

The fair market values of individual assets that represent five percent or more of the Plan s net assets available for benefits as of December 31, 2009 and 2008 are as follows:

		2009
SEI Stable Asset Fund		$ 15,405,878
SEI Target Date Collective Trust	Target Date 2025	10,227,353
SEI Target Date Collective Trust	Target Date 2030	9,919,312
SEI Core Strategies Collective Trust	SEI Large Cap Fund	43,832,085
SEI Core Strategies Collective Trust	SEI Small Cap Fund	21,593,306
SEI Core Strategies Collective Trust	SEI World Equity ex-US Fund	18,449,267
SEI Investments Company Common Stock		19,530,630

		2008
SEI Stable Asset Fund		$ 16,631,935
SEI Target Date Collective Trust	Target Date 2025	9,384,305
SEI Core Strategies Collective Trust	SEI Large Cap Fund	33,166,199
SEI Core Strategies Collective Trust	SEI Small Cap Fund	14,550,397
SEI Core Strategies Collective Trust	SEI World Equity ex-US Fund	12,026,478
SEI Investments Company Common Stock		21,585,446

During 2009, the Plan s investments, including gains and losses on investments bought and sold, as well as held during the year, appreciated in value as follows:

	Appreciation
Collective Investment Trusts	$ 31,184,454
Registered Investment Companies	1,504,839
Common Stock of the Company	2,816,597
Net appreciation in fair value of investments	$ 35,505,890

4. Fair Value Measurements

The fair value of the Plan s investments are determined in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value measurement level of the investment within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

Registered investment companies

The registered investment companies are primarily valued at net asset value in an exchange and active market, which represents the net asset values of shares held by the Plan at year-end. The Plan s investments in registered investment companies, with the exception of the SEI Institutional Managed Trust High Yield Bond Fund (SIMT HYBF), are classified as Level 1 investments. The Plan s investment in the SIMT HYBF is valued based upon the net asset value of units owned by the Plan at year-end and is classified as a Level 2 investment.

Collective investment trusts

Collective investment trusts are composed of non-benefit-responsive investment funds that invest in open-end mutual funds and a collective investment trust that has investments in fully benefit-responsive investment contracts. The Plan s investments in the non-benefit-responsive investment funds are valued based upon the net asset value of units owned by the Plan at year-end. The fair value of the Plan s investments is based on the net asset values of the underlying open-end mutual funds. The fair value of the Plan s interest in the collective investment trust that has investments in fully benefit-responsive investment contracts is determined using the market price of the underlying securities and the value of the investment contracts. The Plan s interest in this collective investment trust is valued based on information reported by the investment advisor using the audited financial statements of the common collective trust at year-end. The Plan s investments in collective investment trusts are classified as Level 2 investments.

Common stock

The Plan s investment in common stock of the Company is held in a unitized account made available to participants as the SEI Company Stock Fund and is stated at fair value as quoted on a recognized securities exchange. The Company s common stock is valued at the last reported sales price on the last business day of the Plan year. The Plan s investment in common stock is classified as a Level 1 investment.

Participant loans

Participant loans are valued at their outstanding balances, which approximate fair value, and are classified as Level 3 investments.

As of December 31, 2009, the Plan s investments measured at fair value on a recurring basis were as follows:

Investments	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Registered investment companies	$ 10,599,057	$ 7,475,381	$ 3,123,676	$
Collective investment trusts	161,544,845		161,544,845	
Common stock of the Company	19,530,630	19,530,630		
Participant loans	2,171,214			2,171,214
Total Investments	$ 193,845,746	$ 27,006,011	$ 164,668,521	$ 2,171,214

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

As of December 31, 2008, the Plan s investments measured at fair value on a recurring basis were as follows:

Investments	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Registered investment companies	$ 6,696,401	$ 5,007,724	$ 1,688,677	$
Collective investment trusts	121,279,197		121,279,197	
Common stock of the Company	21,585,446	21,585,446		
Participant loans	2,029,174			2,029,174
Total Investments	$ 151,590,218	$ 26,593,170	$ 122,967,874	$ 2,029,174

Changes in the fair value of the Plan s Level 3 investments for the period from January 1, 2008 to December 31, 2009 were as follows:

	Participant loans
Balance, January 1, 2008	$ 1,809,591
Purchases, issuances and settlements, net	219,583
Balance, December 31, 2008	2,029,174
Purchases, issuances and settlements, net	142,040
Balance, December 31, 2009	$ 2,171,214

5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements as of December 31, 2009 to Form 5500:

	2009
Net Assets Available for Benefits per the financial statements	$ 194,716,215
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	(747,028)
Net Assets Available for Benefits per the Form 5500	$ 193,969,187

The following is a reconciliation of Total additions per the financial statements to the Form 5500 for the year ended December 31, 2009:

	2009
Total additions per the financial statements	$ 52,694,612
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	(747,028)
Total income per the Form 5500	$ 51,947,584

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

6. Tax Status

The Internal Revenue Service issued a determination letter, dated April 23, 2008, stating that the Plan is designed in accordance with applicable Internal Revenue Code (IRC) requirements as of that date. The Plan has subsequently been amended since receiving the determination letter. However, the Plan s administrator and the Company s management believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

7. Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of whole or partial termination of the Plan, or complete discontinuance of employer contributions, each participant shall receive a total distribution of his or her account.

8. Related Party Transactions

SEI Private Trust Company (SPTC), a wholly-owned subsidiary of the Company, serves as the Trustee and Custodian to the Plan through a formal agreement with the Company. SPTC earns an annual fee based upon a percentage of the average net assets in the Plan. During 2009 and 2008, SPTC waived all fees related to this agreement.

All investments of the Plan, except for investments in the participant-directed brokerage account, are in registered investment companies and collective investment trusts sponsored by the Company and common stock of the Company; therefore, these investments and transactions qualify as party-in-interest transactions. The registered investment companies and collective investment trusts investment options pay aggregate advisory, administration and trustee fees to the Company at rates between 0.20 percent and 1.40 percent of the average net assets of the funds. Purchases and sales of SEI Investments Company common stock during 2009 totaled $1,960,266 and $6,747,675, respectively. The market values of SEI Investments Company common stock were $19,530,630 and $21,585,446 at December 31, 2009 and 2008, respectively. These party-in-interest transactions meet one or more prohibited transaction exemptions applicable to the transaction.

SEI Trust Company (STC), a wholly-owned subsidiary of the Company, provides trustee services to the SEI Core Strategies Collective Trust, the SEI Target Date Collective Trust and the SEI Stable Asset Fund. SEI Investments Distribution Co. (SIDCO), SEI Investments Management Corporation (SIMC) and SEI Institutional Transfer Agent, Inc. (SITA), also wholly-owned subsidiaries of the Company, in their capacity as distributor, manager and transfer agent of the Company-sponsored registered investment companies available in the Plan, provide distribution, investment advisory, administration and transfer agency services, either directly or through their subsidiaries, to the funds.

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SEI Capital Accumulation Plan

Notes to the Financial Statements (Continued)

December 31, 2009 and 2008

9. Risks and Uncertainties

The Plan provides for various investment options including the Company s common stock, registered investment companies and collective investment trusts that invest in stocks, bonds, fixed-income securities and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

10. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were available and noted no items requiring adjustment of the financial statements or additional disclosures.

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Supplemental Schedule

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SEI Capital Accumulation Plan

Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)

December 31, 2009

	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value
	Common/Collective Trust:			
*	SEI Trust Company	SEI Stable Asset Fund	**	$ 15,405,878
*	SEI Core Strategies Collective Trust	SEI Core Fixed Income Fund	**	9,536,975
		SEI Large Cap Fund	**	43,832,085
		SEI Small Cap Fund	**	21,593,306
		SEI World Equity ex-US Funds	**	18,449,267
*	SEI Target Date Collective Trust	SEI Retirement Income Fund	**	860,948
		SEI Target Date 2010 Fund	**	2,721,789

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calculated under that facility, we will be required to eliminate that excess. Further, if (a) the amount available under the facility is less than the greater of (i) 20% of the lesser of (A) the aggregate revolving commitments and (B) the borrowing base and (ii) $75 million or (b) an event of default has occurred, we will be required to repay outstanding loans and cash collateralize letters of credit. In addition, under the terms of the asset-based revolving credit facility, through April 30, 2011 we are required to maintain excess availability of at least the greater of (a) 10% of the lesser of (i) the aggregate revolving commitments and (ii) the borrowing base and (b) $50 million. After April 30, 2011, if at any time, excess availability is less than the greater of (a) 15% of the lesser of (i) the aggregate revolving commitments and (ii) the borrowing base and (b) $60 million, we will be required to maintain a pro forma ratio of consolidated EBITDA to consolidated Fixed Charges (as such terms are defined in the credit agreement) of at least 1.1 to 1.0. Our ability to meet the conditions described in this paragraph may be affected by events beyond our control.

Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance our obligations at all or on commercially reasonable terms, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of the 2028 debentures.

Repayment of our debt, including the 2028 debentures, is dependent on cash flow generated by our subsidiaries.

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the 2028 debentures, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries do not have any obligation to pay amounts due on the 2028 debentures or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the 2028 debentures. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. The 2028 debenture indenture does not limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the 2028 debentures.

The 2028 debentures are structurally subordinated to all liabilities of our subsidiaries and to claims of creditors of our current and future subsidiaries.

The 2028 debentures are structurally subordinated to indebtedness and other liabilities of our subsidiaries (except to the extent of any security interest in the assets of any such subsidiaries that may secure the 2028 debentures), including subsidiary guarantees of our senior secured credit facilities and the notes. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, these subsidiaries will pay the holders of their debts, holders of preferred equity interests and their trade creditors before they will be able

to distribute any of their assets to us (except to the extent of any security interest in the assets of any such subsidiaries that may secure the 2028 debentures).

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The terms of our senior secured credit facilities and the indentures governing the notes may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

The credit agreements governing our senior secured credit facilities and the indentures governing the notes contain, and any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long-term interests. The indentures governing the notes and the credit agreements governing our senior secured credit facilities include covenants that, among other things, restrict our ability to:

- incur additional indebtedness;

- pay dividends on our capital stock or redeem, repurchase or retire our capital stock or indebtedness;

- make investments;

- create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries;

- engage in transactions with our affiliates;

- sell assets, including capital stock of our subsidiaries;

- consolidate or merge;

- create liens; and

- enter into sale and lease back transactions.

In addition, our ability to borrow under our senior secured asset based revolving credit facility is limited by the conditions as described above under To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could harm our business, financial condition and results of operations.

Moreover, our senior secured asset based revolving credit facility provides discretion to the agent bank acting on behalf of the lenders to impose additional availability restrictions and other reserves, which could materially impair the amount of borrowings that would otherwise be available to us. There can be no assurance that the agent bank will not impose such reserves or, were it to do so, that the resulting impact of this action would not materially and adversely impair our liquidity.

A breach of any of the restrictive covenants would result in a default under our senior secured credit facilities. If any such default occurs, the lenders under our senior secured credit facilities may elect to declare all

outstanding borrowings under such facilities, together with accrued interest and other fees, to be immediately due and payable, which would result in an

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event of default under the notes and the 2028 debentures. The lenders would also have the right in these circumstances to terminate any commitments they have to provide further borrowings.

The operating and financial restrictions and covenants in these debt agreements and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

The 2028 debentures are secured only for so long as the senior secured credit facilities and the liens thereunder remain in existence and the 2028 Debenture Collateral is subject to release by the senior secured credit facilities without the consent of holders of the 2028 debentures.

The 2028 debentures were unsecured when originally issued, but were granted security pursuant to the requirements of the negative pledge covenant contained in the 2028 debenture indenture as a result of our incurrence of secured indebtedness in the Transactions. The 2028 debentures are currently equally and ratably secured by a first lien security interest on the 2028 Debenture Collateral, which also secures our senior secured credit facilities. Because the 2028 debentures security interest on the 2028 Debenture Collateral has been granted only for purposes of compliance with the negative pledge covenant contained in the 2028 debenture indenture, the 2028 debentures are secured only for so long as the senior secured credit facilities (or other secured indebtedness subject to the 2028 debentures negative pledge clause) and the liens thereunder remain

in existence and the 2028 Debenture Collateral is subject to release under the senior secured credit facilities without the consent of holders of the 2028 debentures. See Description of the 2028 Debentures Collateral.

The senior secured credit facilities are scheduled to mature prior to the stated maturity of the 2028 debentures and the 2028 debentures will be unsecured after the senior secured credit facilities mature unless we have other secured indebtedness subject to the 2028 debentures negative pledge clause at that time.

The 2028 Debenture Collateral will exclude stock with value equal to or greater than 20% of the aggregate principal amount of the 2028 debentures or other secured public debt obligations.

Capital stock and other securities of a subsidiary of the Company that are owned by the Company or any subsidiary guarantor of the senior secured credit facilities does not constitute collateral under our senior secured credit facilities (and, as a result, does not constitute 2028 Debenture Collateral) to the extent that such securities cannot secure the 2028 debentures or other secured public debt obligations of the Company without requiring the preparation and filing of separate financial statements of such subsidiary in accordance with applicable SEC rules. As a result, the collateral under our senior secured credit facilities and the 2028 Debenture Collateral includes shares of capital stock or other securities of subsidiaries of the Company or any subsidiary guarantor only to the extent that the applicable value of such securities (on a subsidiary-by-subsidiary basis) is less than 20% of the aggregate principal amount of the 2028 debentures (or, currently, $25 million) or other secured public debt obligations of the Company. Accordingly, holders of the 2028 debentures should assume that the

value of any 2028 Debenture Collateral consisting of capital stock or other securities of a subsidiary of the Company will not be material.

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The pro rata share of the 2028 debentures in the 2028 Debenture Collateral may not be sufficient collateral to pay all or any of the 2028 debentures.

The 2028 debentures security interest in the 2028 Debenture Collateral is shared equally and ratably with the first lien security interest on that collateral of the lenders under our senior secured term loan facility and is senior to the second priority security interest on that collateral of the lenders under our senior secured asset based revolving credit facility (although if the lien of the lenders under our senior secured term loan facility were to be released, without replacement, while our senior secured asset based revolving credit facility remains outstanding, the lien of the lenders under our senior secured asset based revolving credit facility would become a first priority lien and the 2028 debentures security interest in the 2028 Debenture Collateral would then be shared equally and ratably with the lenders under our senior secured asset based revolving credit facility).

No appraisal of the fair market value of the 2028 Debenture Collateral has been prepared in connection with this offering, however we believe that the fair market value of the 2028 Debenture Collateral is substantially less than the principal amount of our new senior secured term loan facility and our existing 2028 debentures taken together. The actual value of the 2028 Debenture Collateral at any time will depend upon market and other economic conditions. By its nature, the 2028 Debenture Collateral generally will consist of illiquid assets that may have to be sold at a substantial discount in an insolvency situation and may have no readily ascertainable market value.

In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the proceeds from any sale or liquidation of the 2028 Debenture Collateral will likely be insufficient to pay our obligations under the 2028 debentures and our new senior secured term loan facility in full. Moreover, other indebtedness we may incur in the future may be secured on a first priority basis by all or a portion of the 2028 Debenture Collateral, further limiting the amount of 2028 Debenture Collateral that would be available to pay obligations under the 2028 debentures. The 2028 Debenture Collateral also secures our new senior secured asset based revolving credit facility on a second priority basis (subject to permitted encumbrances).

The intercreditor agreement entered into in connection with collateral arrangements related to the Transactions provides that each holder of 2028 debentures, by accepting the agreement s benefits, is deemed to have:

- agreed that the collateral agent has no duty and owes no obligation or responsibility (fiduciary or otherwise) to the 2028 debenture trustee or such holders, other than the duty to perform its express obligations under the intercreditor agreement in accordance with its terms;

- waived any right it might have, under applicable law or otherwise, to compel the sale or other disposition of any 2028 Debenture Collateral, and any obligation the collateral agent might have, under applicable law or otherwise, to obtain any minimum price for any 2028 Debenture Collateral upon the sale thereof; and

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- agreed that the sole right of the holders of the 2028 debentures shall be to receive their ratable share of any proceeds of 2028 Debenture Collateral in accordance with and subject to the provisions of the related documentation.

In the event of a default, including a bankruptcy involving the Company, we will not be able to control or direct the actions that our creditors under our senior secured credit facilities may take with respect to any 2028 Debenture Collateral or assure you that such actions will not be adverse to the interests of the holders of the 2028 debentures.

In the event of our bankruptcy, the ability of the holders of the 2028 debentures to realize upon the 2028 Debenture Collateral will be subject to certain bankruptcy law limitations.

The right of the collateral agent to repossess and dispose of the 2028 Debenture Collateral upon acceleration is likely to be significantly impaired by Federal bankruptcy law if bankruptcy proceedings were commenced by or against us prior to or possibly even after the collateral agent has repossessed and disposed of the 2028 Debenture Collateral. Under the U.S. Bankruptcy Code, a secured creditor, such as the collateral agent, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from such a debtor, without bankruptcy court approval. Moreover, bankruptcy laws permits the debtor to continue to retain and use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided generally that the secured

creditor is given adequate protection. The meaning of the term adequate protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor s interest in the collateral and may include cash payments or the granting of additional security, if and at such times as the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term adequate protection and the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the 2028 debentures could be delayed following commencement of and during a bankruptcy case, whether or when the collateral agent would repossess or dispose of the 2028 Debenture Collateral or whether or to what extent holders of 2028 debentures would be compensated for any delay in payment or loss of value of their pro rata share of the 2028 Debenture Collateral through the requirement of adequate protection. Furthermore, in the event the bankruptcy court were to determine that the value of 2028 debentures pro rata share of the 2028 Debenture Collateral is insufficient to repay all amounts due on the 2028 debentures, the holders of the 2028 debentures would have undersecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys fees for undersecured claims during the debtor s bankruptcy case.

In the event of our bankruptcy, holders of the 2028 debentures may be deemed to have an unsecured claim to the extent that our obligations in respect of the 2028 debentures exceed the fair value of their pro rata share of the 2028 Debenture Collateral.

In any bankruptcy proceeding with respect to us, it is possible that the

bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the 2028 debentures pro rata share of the 2028 Debenture Collateral on the date of the bankruptcy filing

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was less than the then-current principal amount of the 2028 debentures. Upon a finding by the bankruptcy court that the 2028 debentures are under collateralized, the claims in the bankruptcy proceeding with respect to the 2028 debentures would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the 2028 Debenture Collateral. Other consequences of a finding of under collateralization would be, among other things, a lack of entitlement on the part of the 2028 debentures to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the 2028 debentures to receive other adequate protection under federal bankruptcy laws.

In addition, any payments to the holders of the 2028 debentures that have been made within 90 days prior to the commencement of a bankruptcy proceeding with respect to us (or, if such payments are made by the Guarantor, with respect to the Guarantor) may be treated by the bankruptcy court as a voidable preference if the 2028 debentures are under-collateralized and such payments could be required to be returned to be included in the bankruptcy estate. The holders of the 2028 debentures would still have an unsecured claim (to the extent under-collateralized) against the bankruptcy estate in the amount of such payment if the court finds a voidable preference. Additionally, any new collateral included in the 2028 Debenture Collateral within 90 days of a bankruptcy proceeding may be also be avoided by the court as a preference. If the court avoids any payments or pledges of collateral as preferences, it is possible that the holders of the 2028 debentures may not receive full payment of amounts due under the 2028 debentures. Furthermore, if any payments of

post-petition interest had been made at the time of such a finding of under-collateralization, those payments might be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the 2028 debentures.

Federal and state statutes may allow courts, under specific circumstances, to void the security interest in the 2028 Debenture Collateral.

Upon the closing of the Transactions, we and certain of our existing subsidiaries have pledged assets, and certain of our future subsidiaries may pledge assets, to secure the senior credit facilities, and consequently, also to secure the 2028 debentures. Such granting of liens by us and certain of our subsidiaries may be subject to review under state and federal laws if a bankruptcy, liquidation or reorganization case or a lawsuit, including in circumstances in which bankruptcy is not involved, were commenced by us or a subsidiary grantor, or against us or a subsidiary grantor. Under the Federal bankruptcy laws and comparable provisions of state fraudulent transfer and fraudulent conveyance laws, a court may void or otherwise decline to enforce a grantor s security interest. The court may void the equal and ratable pledge of the 2028 Debenture Collateral by us or our subsidiaries either as a result of, or independently from, the court voiding the original pledge of collateral to the lenders of the senior secured credit facilities.

While the relevant laws may vary from state to state, a court might void or otherwise decline to enforce the pledge of the security interest if it found that when the applicable grantor pledged its assets or, in some states, at the time that the trustee for the 2028 debentures made a claim against the pledge, we or the applicable grantor received less than reasonably equivalent value or fair consideration and either:

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- we were, or the applicable grantor was, insolvent, or rendered insolvent by reason of such incurrence; or

- we were, or the applicable grantor was, engaged in a business or transaction for which our or the applicable grantor s remaining assets constituted unreasonably small capital; or

- we or the applicable grantor intended to incur, or believed or reasonably should have believed that we or the applicable grantor would incur, debts beyond our or such grantor s ability to pay such debts as they mature; or

- we were, or the applicable grantor was, a defendant in an action for money damages, or had a judgment for money damages docketed against us or such grantor if, in either case, after final judgment, the judgment is unsatisfied.

The court might also void a security interest without regard to the above factors, if the court found that we or the applicable grantor pledged assets with actual intent to hinder, delay or defraud our or its creditors.

A court would likely find that we or a grantor did not receive reasonably equivalent value or fair consideration for a pledge of assets if we or such grantor did not substantially benefit directly or indirectly from the execution of the senior secured credit facility or the applicable pledge. As a

general matter, value is given for a loan if, in exchange for the loan, property is transferred or an antecedent debt is satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor. For example, in a leveraged transaction, such as the Transactions, there is increased risk of a determination that the issuer incurred debt obligations for less than reasonably equivalent value or fair consideration as a court may find that the benefit of the transaction went to the former stockholders of The Neiman Marcus Group, Inc., while neither we nor the affiliated grantors benefited substantially or directly from the pledges of assets.

The measures of insolvency applied by courts will vary depending upon the particular fraudulent transfer law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including subordinated and contingent liabilities, was greater than the fair saleable value of its assets; or

- if the present fair saleable value of its assets were less than the amount that would be required to pay the probable liability on its existing debts, including subordinated and contingent liabilities, as they become absolute and mature; or

- it cannot pay its debts as they become due.

In the event of a finding that a fraudulent conveyance or transfer has occurred, the court may void, or hold unenforceable, the pledge of assets to secure the senior secured credit

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facilities, which could mean that neither the senior secured credit facilities nor the 2028 debentures would be secured by the 2028 Debenture Collateral. Consequently, you may no longer have rights to receive any proceeds from the 2028 Debenture Collateral. Furthermore, the avoidance of a security interest could result in an event of default with respect to our and our guarantors other debt that could result in acceleration of such debt (if not otherwise accelerated due to our or our guarantors insolvency or other proceeding).

Rights of holders of 2028 debentures in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future.

Applicable law requires that certain property acquired after the grant of a general security interest can only be perfected at the time such property is acquired and identified. There can be no assurance that the trustee or the collateral agent will monitor, or that we will inform the trustee or the collateral agent of, the future acquisition of property that constitutes collateral, and that the necessary action will be taken to properly perfect the security interest in such after acquired collateral. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the 2028 debentures against third parties.

The lenders under our senior secured credit facilities have collateral that is not part of the 2028 Debenture Collateral and are entitled to remedies available to a secured lender, which gives them priority over holders of the 2028 debentures to the extent of such collateral.

The 2028 debentures were unsecured when originally issued, but were granted security pursuant to the requirements of the negative pledge covenant contained in the 2028 debenture indenture as a result of our incurrence of secured indebtedness in the Transactions. The negative pledge covenant contained in the 2028 debenture indenture provides that the Company must secure the 2028 debentures equally and ratably if it creates, assumes or suffers to exist any lien on any Principal Property of the Company or any Restricted Subsidiary or shares of capital stock or indebtedness of any Subsidiary, or permits any Restricted Subsidiary to do so, subject to certain exceptions. Because the negative pledge covenant applies only to pledges of Principal Properties and capital stock or indebtedness of subsidiaries of the Company, the 2028 debentures do not share the senior secured credit facilities lien over certain collateral (such as capital stock of the Company and our intellectual property, inventory and related accounts and cash) that does not fall within these categories. See Description of the 2028 Debentures Certain Covenants Certain Definitions for definitions of the capitalized terms used in this paragraph.

The 2028 debentures are effectively subordinated in right of payment to all of our secured indebtedness to the extent of the value of assets securing such indebtedness that are not included in the 2028 Debenture Collateral. If we become insolvent or are liquidated, or if payment under the senior secured credit facilities or of any other secured indebtedness is accelerated, the lenders under our senior secured credit facilities and holders of other secured indebtedness (or an agent on their behalf) are entitled to exercise the remedies available to a secured lender under applicable law (in addition to any remedies that may be available under documents pertaining to our senior secured credit facilities or other senior debt). For example, the secured lenders could foreclose and sell those

of our assets in which they have been granted a security interest to the exclusion of the holders of the 2028 debentures, even if an event of default exists under the 2028

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debenture indenture at that time. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the 2028 debentures.

We cannot assure you that an active trading market for the 2028 debentures exists or will develop.

We have not had, and do not intend to have, the 2028 debentures listed on a national securities exchange or included in any automated quotation system. We cannot assure you as to the liquidity of markets that exists or may develop for the 2028 debentures, your ability to sell the 2028 debentures or the price at which you would be able to sell the 2028 debentures. The liquidity of any market for the 2028 debentures will depend upon the number of holders of the 2028 debentures, our performance, the market for similar securities, the interest of securities dealers in making a market in the 2028 debentures and other factors. If an active market is not maintained, the price and liquidity of the 2028 debentures may be adversely affected. Even if an active market were available, the 2028 debentures could trade at prices lower than their principal amount or purchase price depending on many factors, including prevailing interest rates and the markets for similar securities. Credit Suisse Securities (USA), LLC has informed us that it intends to make a market in the 2028 debentures, but it is not obligated to do so. Credit Suisse Securities (USA), LLC may discontinue any market making in the 2028 debentures at any time, in its sole discretion. As a result, any trading market for the 2028 debentures may not be liquid. You may not be able to sell your 2028 debentures at a particular time or at favorable prices or at all.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the 2028 debentures. We cannot assure holders of the 2028 debentures that the market, if any, for the 2028 debentures will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which the holders of the 2028 debentures may sell their 2028 debentures.

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USE OF PROCEEDS

This prospectus is being delivered in connection with the sale of 2028 debentures by Credit Suisse Securities (USA) LLC in market-making transactions. We will not receive any proceeds from such transactions.

RECENT DEVELOPMENTS

On October 7, 2010, we announced preliminary total revenues and comparable revenues of approximately $371 million and $370 million, respectively, for the five-week period ended October 2, 2010. In the five-week September period of fiscal year 2011, total revenues increased 4.9% and comparable revenues increased 4.7% compared to the five-week September period of fiscal year 2010. Comparable revenues increased 3.3% in our Specialty Retail stores and increased 12.4% in our Direct Marketing operation for the five-week September period of fiscal year 2011.

All the financial data set forth above for the five-week period ending October 2, 2010 are preliminary and unaudited and subject to revision based upon our review and a review by our independent registered public accounting firm of our financial condition and results of operations for the quarter ending October 30, 2010. Once we and our independent registered public accounting firm have completed our respective reviews of our financial information for the quarter ending October 30, 2010, we may report financial results that are different from those set forth above.

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DESCRIPTION OF THE 2028 DEBENTURES

General

In May 1998, The Neiman Marcus Group, Inc. issued $125 million aggregate principal amount of 7.125% senior debentures due 2028. The 2028 debentures were issued under an Indenture dated May 27, 1998 between The Neiman Marcus Group, Inc. and The Bank of New York Trust Company, N.A., as the successor trustee (as amended and supplemented, the 2028 debenture indenture). The 2028 debenture indenture has been qualified under and is subject to and governed by the Trust Indenture Act of 1939. The terms of the 2028 debentures include those stated in the 2028 debenture indenture and those made part of the 2028 debenture indenture by reference to the Trust Indenture Act.

The 2028 debentures were unsecured when originally issued, but were granted security pursuant to the requirements of the negative pledge covenant contained in the 2028 debenture indenture as a result of our incurrence of secured indebtedness in the Transactions. The 2028 debentures are currently equally and ratably secured by the 2028 Debenture Collateral as described below under Collateral. On July 11, 2006, Neiman Marcus, Inc. executed a guarantee (as described below) of the 2028 debentures in connection with the filing of this registration statement.

The 2028 debentures are our senior obligations and rank equal in right of payment with all of our existing and future senior indebtedness, senior to all

of our existing and future subordinated indebtedness, and effectively junior to all of our existing and future indebtedness that is secured by collateral that does not also secure the 2028 debentures, to the extent of the value of such assets securing such other obligations.

In this description, the Company refers to The Neiman Marcus Group, Inc., and not to any of its subsidiaries.

The following description is only a summary of the material provisions of the 2028 debentures and the 2028 debenture indenture. We urge you to read the 2028 debenture indenture because it, and not this description, defines your rights as a holder of 2028 debentures. Copies of the 2028 debenture indenture have been filed with the SEC and are incorporated by reference into the registration statement of which this prospectus forms a part.

Principal, Maturity and Interest

The 2028 debentures are limited to $125,000,000 aggregate principal amount and mature on June 1, 2028.

The 2028 debentures bear interest at the rate of 7.125% per annum from the most recent Interest Payment Date to which interest has been paid or provided for, payable semiannually in arrears on June 1 and December 1 of each year to the persons in whose names the 2028 debentures are registered at the close of business on the preceding May 15 or November 15, as the case may be.

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Guarantee

On July 11, 2006, Neiman Marcus, Inc., our Parent, as primary obligor and not merely as surety, irrevocably and unconditionally guaranteed, on a senior unsecured basis, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Company under the 2028 debenture indenture and the 2028 debentures, whether for payment of principal of, or interest on the 2028 debentures, expenses, indemnification or otherwise, on the terms set forth in the 2028 debenture indenture by executing the Guarantee.

The Guarantee is a general unsecured senior obligation of our Parent, ranks equal in right of payment with all existing and any future senior indebtedness of our Parent including the guarantees of the senior secured credit facilities and the senior notes, is effectively subordinated to all secured indebtedness of our Parent, including the guarantee of the senior secured credit facilities, and ranks senior in right of payment to all existing and any future subordinated indebtedness of our Parent, including the guarantee of the senior subordinated notes.

The Guarantee of our Parent will automatically and unconditionally be released and discharged upon the exercise by the Company of its legal defeasance option or its covenant defeasance option, as described under Legal Defeasance and Covenant Defeasance or if the Company s obligations under the 2028 debenture indenture are discharged in accordance with the terms of the 2028 debenture indenture.

Collateral

The 2028 debentures were unsecured when originally issued.

On October 6, 2005, as a part of the Transactions and in order to comply with the requirements of the negative pledge covenant in the 2028 debenture indenture, the 2028 debentures were equally and ratably secured by a first lien security interest on certain collateral subject to the liens granted under our senior secured credit facilities constituting (a)(i) 100% of the capital stock of certain of the Company s existing and future domestic subsidiaries, and (ii) 100% of the non-voting stock and 65% of the voting stock of certain of the Company s existing and future foreign subsidiaries and (b) certain of the Company s Principal Properties (as defined below under Description of the 2028 Debentures Certain Covenants Certain Definitions) that included on the closing date of the Transactions a majority of our full-line stores, in each case, to the extent required by the terms of the 2028 debenture indenture (the 2028 Debenture Collateral).

The 2028 debentures security interest in the 2028 Debenture Collateral is shared equally and ratably with the first lien security interest on that collateral of the lenders under our senior secured term loan facility and is senior to the second-priority security interest on that collateral of the lenders under our senior secured asset-based revolving credit facility (although if the lien of the lenders under our senior secured term loan facility were to be released, without replacement, while our senior secured asset-based revolving credit facility remains outstanding, the lien of the lenders under our senior secured asset-based revolving credit facility would become a first priority lien and the 2028 debentures security interest in the 2028

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Collateral would then be shared equally and ratably with the lenders under our senior secured asset-based revolving credit facility).

Capital stock and other securities of a subsidiary of the Company that are owned by the Company or any subsidiary guarantor of the senior secured credit facilities does not constitute collateral under our senior secured credit facilities (and, as a result, does not constitute 2028 Debenture Collateral) to the extent that such securities cannot secure the 2028 debentures or other secured public debt obligations of the Company without requiring the preparation and filing of separate financial statements of such subsidiary in accordance with applicable SEC rules. As a result, the collateral under our senior secured credit facilities and the 2028 Debenture Collateral includes shares of capital stock or other securities of subsidiaries of the Company or any subsidiary guarantor only to the extent that the applicable value of such securities (on a subsidiary-by-subsidiary basis) is less than 20% of the aggregate principal amount of the 2028 debentures (or, currently, $25 million) or other secured public debt obligations of the Company. Accordingly, holders of the 2028 debentures should assume that the value of any 2028 Debenture Collateral consisting of capital stock or other securities of a subsidiary of the Company will not be material.

Because the 2028 debentures security interest on the 2028 Debenture Collateral has been granted only for purposes of compliance with the negative pledge covenant contained in the 2028 debenture indenture, the 2028 debentures are secured only for so long as the senior secured credit facilities (or other secured indebtedness subject to the 2028 debentures negative pledge clause) and the liens thereunder remain

in existence and the 2028 Debenture Collateral is subject to release under the senior secured credit facilities without the consent of holders of the 2028 debentures. In addition, the intercreditor agreement, which was entered into in connection with collateral arrangements related to the Transactions, provides that each holder of 2028 debentures, by accepting the agreement s benefits, is deemed to have:

- agreed that the collateral agent has no duty and owes no obligation or responsibility (fiduciary or otherwise) to the 2028 debenture trustee or such holders, other than the duty to perform its express obligations under the intercreditor agreement in accordance with its terms;

- waived any right it might have, under applicable law or otherwise, to compel the sale or other disposition of any 2028 Debenture Collateral, and any obligation the collateral agent might have, under applicable law or otherwise, to obtain any minimum price for any 2028 Debenture Collateral upon the sale thereof; and

- agreed that the sole right of the holders of the 2028 debentures shall be to receive their ratable share of any proceeds of 2028 Debenture Collateral in accordance with and subject to the provisions of the related documentation.

The negative pledge covenant pursuant to which the 2028 debentures security interest in the 2028 Debenture Collateral was granted provides that the Company must secure the 2028 debentures equally and ratably if it creates, assumes or suffers to exist any lien on any Principal Property of the Company or any Restricted Subsidiary or shares of capital stock or indebtedness of any Subsidiary, or

permits any Restricted Subsidiary to
do so, subject to certain exceptions.

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Because the negative pledge covenant applies only to pledges of Principal Properties and capital stock or indebtedness of subsidiaries of the Company, the 2028 debentures do not share the senior secured credit facilities lien over certain collateral (such as capital stock of the Company and our intellectual property, inventory and related accounts and cash) that does not fall within these categories. See Description of the 2028 Debentures Certain Covenants Certain Definitions for definitions of the capitalized terms used in this paragraph.

Ranking

The 2028 debentures are our senior obligations and rank:

- equal in right of payment with all of our existing and future senior indebtedness, including any borrowings under our senior secured credit facilities and the senior notes; and

- senior to all of our existing and future subordinated indebtedness, including the senior subordinated notes.

The 2028 debentures are structurally subordinated to indebtedness and other liabilities of our subsidiaries (except to the extent of any security interest in the assets of any subsidiaries that may secure the 2028 debentures), including trade payables and subsidiary guarantees of our senior secured credit facilities and the notes. The 2028 debentures effectively rank junior to all

of our existing and future indebtedness, including our senior secured credit facilities, that is secured by collateral that does not also secure the 2028 debentures, to the extent of the value of such assets securing such other obligations.

Optional Redemption

The 2028 debentures are redeemable, as a whole or in part, at the option of the Company at any time, at a redemption price equal to the greater of (a) 100% of the principal amount of the 2028 debentures to be redeemed and (b) the sum of the present values of the Remaining Scheduled Payments (as defined below) thereon discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus accrued interest on the principal amount being redeemed to the date of redemption.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the 2028 debentures to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2028 debentures. Independent Investment Banker means one of the Reference

Treasury Dealers appointed by the Company.

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Comparable Treasury Price means, with respect to any redemption date, (a) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated Composite 3:30 p.m. Quotations for U.S. Government Securities or (b) if such release (or any successor release) is not published or does not contain such prices on such business day, (i) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (ii) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations. Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. New York time on the third business day preceding such redemption date.

Reference Treasury Dealer means each of Salomon Brothers Inc, Chase Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, their respective successors and any such other Primary Treasury Dealer as the Company designates; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), the Company shall substitute therefor another Primary Treasury Dealer.

Remaining Scheduled Payments means, with respect to any 2028 debenture, the remaining scheduled payments of the principal thereof to be redeemed and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such debentures, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of 2028 debentures to be redeemed.

Unless the Company defaults in payment of the redemption price, on and after the applicable redemption date, interest will cease to accrue on the 2028 debentures or portions thereof called for redemption.

Mergers and Sales of Assets by the Company

The Company may not consolidate with or merge into any other Person or convey, transfer or lease all or substantially all of its assets to any other Person, unless, among other things, (i) the resulting, surviving or transferee Person (if other than the Company) shall be a corporation, partnership or trust organized and validly existing under the laws of the United States or any State thereof or the District of Columbia and shall expressly assume the Company s obligations under the 2028 debentures and the 2028 debenture indenture, and (ii) the Company or such successor Person shall not immediately thereafter be in default under the 2028 debenture indenture. Upon the assumption of the Company s obligations by such a

Person in such

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circumstances, subject to certain exceptions, the Company shall be discharged from all its obligations under the 2028 debentures and the 2028 debenture indenture.

Other than the restrictions on liens and sale and leaseback transactions set forth in the 2028 debenture indenture and described below under Certain Covenants, the 2028 debenture indenture and the 2028 debentures do not contain any covenants or other provisions designed to afford holders of 2028 debentures protection in the event of a highly leveraged transaction involving the Company or any of its subsidiaries.

Amendment and Waiver

Amendments of the 2028 debenture indenture or the 2028 debentures through a supplemental indenture may be made only with the consent of the holders of a majority in principal amount of the 2028 debentures, except in the following circumstances, with respect to which no consent of the holders of the 2028 debentures shall be required:

(1) to evidence the succession of another corporation to the Company, and the assumption by any such successor of the covenants of the Company in the 2028 debenture indenture and in the 2028 debentures;

(2) to add to the covenants of the Company, to add to the rights of the holders of the 2028 debentures or to surrender any right or power in the 2028 debenture indenture

conferred upon the Company, for the benefit of the holders of the 2028 debentures;

(3) to cure any ambiguity, to correct or supplement any provision in the 2028 debenture indenture which may be inconsistent with any other provision in the 2028 debenture indenture, or to make any other provisions with respect to matters or questions arising under the 2028 debenture indenture;

(4) to add to the 2028 debenture indenture such provisions as may be expressly permitted by the TIA, excluding, however, the provisions referred to in Section 316(a)(2) of the TIA as in effect at the date as of which the 2028 debenture indenture was executed or any corresponding provision in any similar Federal statute hereafter enacted;

(5) to establish any form of debenture, as provided for in the 2028 debenture indenture;

(6) to evidence and provide for the acceptance of appointment by another corporation as a successor trustee under the 2028 debenture indenture and to add to or change any of the provisions of the 2028 debenture indenture as shall be necessary to provide for or facilitate the administration of the trusts under the 2028 debenture indenture by more than one trustee; or

(7) to add any additional Events of Default in respect of the 2028 debentures; or

(8) to provide for the issuance of debentures in coupon as well as fully registered form.

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No supplemental indenture for the purposes identified in Clauses (2), (3) or (7) above may be entered into if to do so would adversely affect the interest of the holders of the 2028 debentures.

Waivers of compliance with any provision of the 2028 debenture indenture or the 2028 debentures may be made only with the consent of the holders of a majority in principal amount of the 2028 debentures. The consent of all holders of debentures will be required to (a) change the stated maturity thereof, (b) reduce the principal amount thereof, (c) reduce the rate, or manner of calculating the same, or change the time or place of payment of interest thereon, or (d) impair the right to institute suit for the payment of principal thereof or interest thereon. The holders of a majority in aggregate principal amount of debentures may waive any past default under the 2028 debenture indenture and its consequences, except a default (1) in the payment of the principal of or interest on the 2028 debentures, or (2) in respect of a provision which cannot be waived or amended without the consent of all holders of debentures.

Information Concerning the Trustee

The Company may have banking relationships in the ordinary course of business with The Bank of New York Trust Company, N.A., and its affiliates.

Certain Covenants

The 2028 debenture indenture contains covenants limiting pledges of security and sale/leaseback transactions as described below. Many of the covenants found in our senior secured credit facilities and the indentures governing our notes are not found in the 2028 debenture indenture, which does not contain limitations on our or our subsidiaries ability to:

- incur additional indebtedness;

- pay dividends on our capital stock or redeem, repurchase or retire our capital stock or indebtedness;

- make investments;

- create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries;

- engage in transactions with our affiliates; or

- sell assets, including capital stock of our subsidiaries.

Negative Pledge

The Company shall not create, assume or suffer to exist any lien on any Principal Property (as defined below under Certain Definitions) of the Company or any Restricted Subsidiary (as defined below under Certain Definitions) or shares of capital stock or indebtedness of any Subsidiary, or permit any Restricted Subsidiary to do

so, without securing the 2028 debentures equally and ratably with such debt for so long as such debt shall be so

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secured, subject to certain exceptions specified in the 2028 debenture indenture. The exceptions are: (a) any lien existing on the date of issuance of the 2028 debentures; (b) liens existing on property owned or leased by, or shares of capital stock or indebtedness of, an entity at the time it becomes a Restricted Subsidiary; (c) liens existing on property at the time of the acquisition or lease thereof by the Company or a Restricted Subsidiary; (d) liens on property of a corporation existing at the time such corporation is merged or consolidated with the Company or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation as an entirety or substantially as an entirety to the Company or a Restricted Subsidiary; (e) certain liens incurred on capital stock, property or assets to finance the purchase price thereof; (f) certain liens incurred on property or assets to finance the construction, alteration or improvement thereof; (g) any lien securing debt of a Restricted Subsidiary owing to the Company or to another Restricted Subsidiary; (h) any lien in favor of any customer arising in respect of performance deposits and partial, progress, advance or other payments made by or on behalf of such customer, for goods produced or to be produced for or services rendered or to be rendered to such customer in the ordinary course of business, which lien shall not exceed the amount of such deposits or payments; (i) mechanics , workmen s, repairmen s and similar liens arising in the ordinary course of business; (j) liens created or resulting from any litigation or proceedings which are being contested in good faith; liens arising out of judgments or awards against the Company or any Restricted Subsidiary with respect to which the Company or such Restricted Subsidiary is in good faith prosecuting an appeal or proceeding for review; or liens incurred by the Company or any Restricted Subsidiary for the purpose of obtaining a stay or discharge in the course of any legal proceeding to which the Company or such Restricted

Subsidiary is a party; (k) any lien for taxes or assessments or governmental charges or levies not yet due or delinquent or which can thereafter be paid without penalty or which are being contested in good faith by appropriate proceedings; any landlord s lien on property held under lease and tenants rights under leases; easements and any other liens of a nature similar to those hereinabove described in this clause (k) which do not, in the opinion of the Company, materially impair the use of such property in the operation of the business of the Company or any Restricted Subsidiary or the value of such property for the purposes of such business; (l) any lien which may be deemed to result from an agreement or commitment to exchange securities of a Subsidiary for other securities of the Company, whether or not such securities of a Subsidiary are placed in escrow for such purpose; (m) certain liens in favor of or required by contracts with governmental entities; (n) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any lien referred to in clauses (a) through (m), so long as the principal amount of the debt secured thereby does not exceed the principal amount of debts so secured at the time of the extension, renewal or replacement (with certain exceptions) and the lien is limited to all or part of the same property subject to the lien so extended, renewed or replaced (plus improvements on the property); and (o) any lien otherwise prohibited by such covenant that secures indebtedness which, together with the aggregate amount of outstanding indebtedness secured by liens otherwise prohibited by such covenant and the value of certain sale and leaseback transactions, does not exceed 15% of the Company s Consolidated Net Assets.

Limitation on Sale and Leasebacks

The Company shall not, and shall not permit any Restricted Subsidiary to, enter into any sale and leaseback transaction covering any Principal

Property of the Company or such Restricted Subsidiary unless (a) the Company or such Restricted Subsidiary would be entitled

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under the provisions described above to incur debt equal to the value of such sale and leaseback transaction, secured by liens on the facilities to be leased, without equally and ratably securing the 2028 debentures, or (b) the Company, during the 180 days following the effective date of such sale and leaseback transaction, applies an amount equal to the value of such sale and leaseback transaction to the voluntary retirement of long-term indebtedness, purchases Principal Property having a fair value at least equal to the value of such sale and leaseback transaction or cancels the 2028 debentures or Funded Debt (as defined in the 2028 debenture indenture) in an aggregate principal amount at least equal to the value of such sale and leaseback transaction.

Certain Definitions

The 2028 debenture indenture defines Consolidated Net Assets as the total amount of all assets appearing on the consolidated balance sheet of the Company and its Restricted Subsidiaries (at their net book values, after deducting related depreciation, amortization and all other valuation reserves which have been set aside in connection with the business conducted and which are reflected on the aforementioned consolidated balance sheet), less total current liabilities other than long-term liabilities due within one year.

The 2028 debenture indenture defines Restricted Subsidiary as any Subsidiary (which term generally includes majority-owned direct and indirect subsidiaries) of the Company (other than a Subsidiary that is principally engaged in the business of owning or investing in real estate (a Real Estate Subsidiary), finance,

credit, leasing, financial services or other similar operations, or any combination thereof), which itself, or with one or more other Restricted Subsidiaries, owns or leases a Principal Property. The 2028 debenture indenture provides, however, that in the event that any Restricted Subsidiary, in a single transaction or through a series of related transactions, shall (i) be consolidated with or merge with or into a Real Estate Subsidiary or any of its subsidiaries or (ii) transfer (by lease, assignment, sale or otherwise) all or substantially all of its properties and assets to a Real Estate Subsidiary, then the term Restricted Subsidiary shall include such Real Estate Subsidiary.

The 2028 debenture indenture defines the term Principal Property as all land, buildings, machinery and equipment, and leasehold interests and improvements in respect of the foregoing, that are located in the United States of America and that would be reflected on the consolidated balance sheet of a Person; provided that such term shall not include any property which the Board of Directors of the Company by resolution determines not to be of material importance to the total business conducted by the Company and its Subsidiaries as an entirety.

There are no other restrictive covenants contained in the 2028 debenture indenture.

Events of Default

Events of Default with respect to the 2028 debentures under the 2028 debenture indenture include: (a) default in the payment of any principal of, or any premium on, the 2028 debentures; (b) default in the payment of any installment of interest on the 2028 debentures and continuance of such default for a

period of 30 days; (c) default in the performance of any other covenant in the 2028 debenture indenture or in the 2028 debentures and continuance of such default for a period of 90 days after receipt by the Company of notice of such default from the Trustee or by

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the Company and the Trustee from the holders of at least 25% in principal amount of debentures; (d) a default under any bond, debenture, note or other evidence of indebtedness for money borrowed by the Company or any Restricted Subsidiary (other than the 2028 debentures), or under any mortgage, indenture or instrument under which there may be secured or evidenced any indebtedness for money borrowed by the Company or any Restricted Subsidiary (other than the 2028 debentures), whether such indebtedness now exists or shall hereafter be created, which default shall have resulted in indebtedness in excess of $15,000,000 becoming due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged or such acceleration having been rescinded or annulled within 30 days after the date on which written notice thereof is given to the Company by the Trustee or to the Company and the Trustee by Holders of at least 25% in principal amount of the 2028 debentures then outstanding; or (e) certain events of bankruptcy, insolvency or reorganization in respect of the Company. The Trustee may withhold notice to the holders of the 2028 debentures of any default (except in the payment of principal of, premium on or interest on the 2028 debentures) if it considers such withholding to be in the interest of Holders of the 2028 debentures.

On the occurrence of an Event of Default with respect to the 2028 debentures, the Trustee or the holders of at least 25% in principal amount of the 2028 debentures then outstanding may declare the principal and accrued interest thereon to be due and payable immediately.

Within 120 days after the end of each fiscal year, an officer of the Company must inform the Trustee whether such officer knows of any default, describing any such default and the status thereof. Subject to provisions relating to its duties in case of default, the Trustee is under no obligation to exercise any of its rights or powers under the 2028 debenture indenture at the direction of any holders of the 2028 debentures unless the Trustee shall have received a satisfactory indemnity.

Defeasance

The 2028 debenture indenture provides that the Company, at the Company s option, (a) will be discharged from all obligations in respect of the 2028 debentures (except for certain obligations to register the transfer or exchange of debentures, replace stolen, lost or destroyed debentures, maintain paying agencies and hold moneys for payment in trust), or (b) need not comply with the provisions of one or more of Sections 501(5), 1006 and 1007 of the 2028 debenture indenture (relating to cross-acceleration, the incurrence of liens and sale and leaseback transactions, respectively), in each case if the Company irrevocably deposits in trust with the Trustee money or obligations of or guaranteed by the United States of America which through the payment of interest thereon and principal thereof in accordance with their terms will provide money, in an amount sufficient to pay all the principal of (including any mandatory sinking fund payments) and interest on the 2028 debentures on the dates such payments are due in accordance with the terms of the 2028 debentures. To exercise either option, the Company is required to deliver to the Trustee an opinion of counsel to the effect that the deposit and related defeasance would not cause the holders of the 2028 debentures to recognize income, gain or loss for Federal income tax purposes. To exercise the option described in clause (a) above, such opinion must be based on a ruling of the Internal Revenue Service, a regulation of the Treasury Department

or a provision of the Internal Revenue Code.

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Reports and Other Information

Whether or not required by the SEC, so long as any 2028 debentures are outstanding, the Company will furnish to the holders of the 2028 debentures, within the time periods specified in the SEC s rules and regulations for non-accelerated filers:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K (or any successor or comparable forms) if the Company were required to file such forms, including a Management s Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report on the annual financial statements by the Company s certified independent accountants; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

In addition, whether or not required by the SEC, the Company will file a copy of all of the information and reports referred to in clause (1) and (2) above with the SEC for public availability within the time periods specified in the SEC s rules and regulations (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

For so long as our Parent is a guarantor under the 2028 debenture indenture or

if at any time any other direct or indirect parent company of the Company is a guarantor of the 2028 debentures, the reports, information and other documents required to be filed and furnished to the holders pursuant to this covenant may, at the option of the Company, be filed by and be those of our Parent or such other parent rather than the Company provided that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to our Parent or such other parent, on one hand, and the information relating to the Company on a standalone basis, on the other hand.

The 2028 debenture indenture requires that the Company shall keep or cause to be kept a register or registers (referred to as the security register) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of the 2028 debentures and for transfers of the 2028 debentures. Any such register shall be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times the information contained in such register or registers shall be available for inspection by the trustee at the office or agency to be maintained by the Company as provided in the 2028 debenture indenture. There shall be only one security register for the 2028 debentures.

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BOOK-ENTRY, DELIVERY AND FORM

Capitalized terms set forth in this section without definition have the meanings given them elsewhere in this prospectus, including the sections Description of the 2028 Debentures.

The 2028 debentures are represented by one or more global debentures in registered, global form without interest coupons (collectively, the Global Debentures). The Global Debentures were initially deposited upon issuance with the trustees as custodian for The Depository Trust Company (DTC), in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant as described below.

All the 2028 debentures are issued in denominations of $1,000 and integral multiples thereof in book-entry form only.

Except as set forth below, the Global Debentures may be transferred only to another nominee of DTC or to a successor of DTC or its nominee, in whole and not in part. Except in the limited circumstances described below, beneficial interests in Global Debentures may not be exchanged for notes in certified form and owners of beneficial interests in Global Debentures will not be entitled to receive physical delivery of debentures in certified form. See Exchange of Global Debentures for Certificated Debentures. In addition, transfers of beneficial interests in the Global Debentures will be subject to the applicable rules and procedures of DTC and its direct or indirect

participants, which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Company that DTC is a limited-purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organizations (collectively, the participants) and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book-entry changes in accounts of its participants. The participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (collectively, the indirect participants). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of

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ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised the Company that, pursuant to procedures established by it:

(1) upon deposit of the Global Debentures, DTC credited the accounts of designated participants with portions of the principal amount of the Global Debentures; and

(2) ownership of these interests in the Global Debentures are shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the Global Debentures).

Investors in the Global Debentures who are participants in DTC s system may hold their interests therein directly through DTC. Investors in the Global Debentures who are not participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) that are participants in DTC. All interests in a Global Debenture will be subject to the procedures and requirements of DTC. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Debenture to such Persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect

participants, the ability of a Person having beneficial interests in a Global Debenture to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of an interest in the Global Debentures will not have debentures registered in their names, will not receive physical delivery of definitive debentures registered in certificated form (Certificated Debentures) and will not be considered the registered owners or holders thereof under the applicable Indenture for any purpose.

Payments in respect of the principal of, premium, interest and additional interest, if any, on a Global Debenture registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Company and the trustee will treat the Persons in whose names the 2028 debentures, including the Global Debentures, are registered as the owners of the 2028 debentures for the purpose of receiving payments and for all other purposes. Consequently, neither the Company nor the trustee nor any agent of the Company or the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC s records or any participant s or indirect participant s records relating to or payments made on account of beneficial ownership interests in the Global Debentures or for maintaining, supervising or reviewing any of DTC s records or any participant s or indirect participant s records relating to the beneficial ownership interests in the Global Debentures; or

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(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised the Company that its current practice, upon receipt of any payment in respect of securities such as the 2028 debentures (including principal and interest), is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of the 2028 debentures will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC, the trustee nor the Company. Neither the Company nor the trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the 2028 debentures, and the Company and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between participants in DTC will be effected in accordance with DTC s procedures, and will be settled in same-day funds.

DTC has advised the Company that it will take any action permitted to be taken by a holder of 2028 debentures only at the direction of one or more participants to whose account DTC has

credited the interests in the Global Debentures and only in respect of such portion of the aggregate principal amount of the 2028 debentures as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the 2028 debentures, DTC reserves the right to exchange the applicable Global Debentures for legended debentures in certificated form, and to distribute those debentures to its participants.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in Global Debentures among participants, it is under no obligation to perform those procedures, and may discontinue or change those procedures at any time. Neither the Company nor the trustee nor any of their respective agents will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Debentures for Certificated Debentures

If DTC is at any time unwilling or unable to continue as DTC and a successor depository is not appointed by the Company within 90 days, the Company will issue individual debentures in definitive form in exchange for the Global Debentures. In addition, the Company may at any time and in its sole discretion determine not to have the 2028 debentures represented by Global Securities, and, in such event, will issue individual debentures, in definitive form in exchange for the Global Securities. Notwithstanding the foregoing sentence, the Company has no present intention to issue individual debentures in definitive form and, except as described in the first sentence of this paragraph, does not currently anticipate that any circumstances will arise under which it

would do so. In either instance, the Company will issue debentures in definitive form equal in aggregate principal amount to the Global Securities, in such names and in such principal

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amounts as DTC shall request. Debentures so issued in definitive form will be issued in dominations of $1,000 and integral multiples thereof and will be issued in registered form only, without coupons.

Same Day Settlement and Payment

The Company will make payments in respect of debentures represented by Global Debentures (including payments of principal, premium, if any, interest and additional interest by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. The Company will make all payments of principal of and premium, if any, and interest on Certificated Debentures by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Debentures or, if no such account is specified, by mailing a check to each such holder s registered address. Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Debenture from a participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Company that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Debenture by or through a Euroclear or Clearstream participant to a participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC s settlement date. The Company expects that secondary trading in any Certificated Debentures will also be

settled in immediately available funds.

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PLAN OF DISTRIBUTION

This prospectus is to be used by Credit Suisse Securities (USA) LLC in connection with the offers and sales of the registered securities in market-making transactions it effects from time to time. Credit Suisse Securities (USA) LLC may act as a principal or agent in such transactions, including as agent for the counterparty when acting as principal or as agent for both counterparties, and may receive compensation in the form of discounts and commissions, including from both counterparties when it acts as agent for both. Such sales will be made at prevailing market prices at the time of sale, at prices related thereto or at negotiated prices. We will not receive any of the proceeds from such sales.

Affiliates of Credit Suisse Securities (USA) LLC are agents, joint bookrunners, joint lead arrangers and lenders under our senior secured credit facilities and receive customary fees in connection therewith. Credit Suisse Securities (USA) LLC acted as the financial advisor to our Parent and received customary fees in connection with the acquisition. Affiliates of Credit Suisse Securities (USA) LLC hold approximately 6.9% of the share capital of Newton Holding, LLC and have the contractual right to appoint one member of our board of directors. Credit Suisse Securities (USA) LLC has, from time to time, provided investment banking and other financial advisory services to us in the past for which it has received customary compensation, and may provide such services and financial advisory services to us in the future. Credit Suisse Securities (USA) LLC acted as an initial purchaser in connection with the original sale of the notes and received an underwriting discount in connection therewith.

Credit Suisse Securities (USA) LLC has informed us that it does not intend to confirm sales of the securities to any accounts over which it exercises discretionary authority without the prior specific written approval of such transactions by the customer. We have been advised by Credit Suisse Securities (USA) LLC that, subject to applicable laws and regulations, Credit Suisse Securities (USA) LLC intends to make a market in the securities. However, Credit Suisse Securities (USA) LLC is under no obligation to do so and may interrupt or discontinue any such market-making at any time without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. We cannot assure you that an active trading market will be sustained. See Risk Factors Risks Related to the 2028 Debentures We cannot assure you that an active trading market for the 2028 debentures exists or will develop.

LEGAL MATTERS

The validity of the 2028 debentures has been passed upon for us by Nelson A. Bangs, our Senior Vice President and General Counsel. In rendering his opinion, Mr. Bangs relied on the opinion of Cleary Gottlieb Steen & Hamilton LLP with respect to matters of New York law.

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EXPERTS

The consolidated financial statements of Neiman Marcus, Inc. appearing in Neiman Marcus, Inc. s Annual Report (Form 10-K) for the year ended July 31, 2010 (including the schedule appearing therein), and the effectiveness of Neiman Marcus, Inc. s internal control over financial reporting as of July 31, 2010, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We have incorporated by reference into this prospectus certain information that our Parent files with the SEC. This means that we can disclose important business, financial and other information in the prospectus by referring you to the documents containing this information. All information incorporated by reference is deemed to be part of this prospectus, unless and until that information is updated and superseded by the information contained in this prospectus or any information filed with the SEC and incorporated later. Information which is furnished but not filed with the SEC shall not be incorporated by reference into this prospectus.

We incorporate by reference our Parent s Annual Report on Form 10-K

for the fiscal year ended July 31, 2010, as filed with the SEC on October 1, 2010. We will provide without charge to each person, including any beneficial owner, to whom a copy of this prospectus is delivered, upon the written or oral request of such person, a copy of our Parent s Annual Report on Form 10-K and our Parent s Current Reports on Form 8-K. Requests should be directed to:

Nelson A. Bangs, Esq.

The Neiman Marcus Group, Inc.

One Marcus Square, 1618 Main Street

Dallas, Texas 75201

Telephone: (214) 741-6911

The documents listed above which have been incorporated into this prospectus are also available through our website at http://www.neimanmarcusgroup.com. The information found on our website is not incorporated into or part of this prospectus.

The information incorporated by reference is an important part of this prospectus. You should rely only upon the information provided in this prospectus and the information incorporated into this prospectus by reference. Neither we nor Neiman Marcus, Inc. have authorized anyone to provide you with different information. You should not assume that the information in this prospectus is accurate as of any date other than the date of this prospectus.

You should not rely on or assume the accuracy of any representation or warranty in any agreement that we have filed as an exhibit to the registration statement of which this prospectus forms a part or that we

otherwise have publicly filed or may publicly file in the future because such representation or warranty may be subject to exceptions and qualifications contained in separate disclosure schedules, may have been included in such agreement for the purpose of allocating risk between the parties to the particular transaction, and may no longer continue to be true as of any given date.

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The Neiman Marcus Group, Inc.

7.125% Senior Debentures due 2028

PROSPECTUS

, 2010

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The estimated expenses incurred or expected to be incurred in connection with this registration statement and the transactions contemplated hereby, all of which will be borne by us, are as follows:

Printing expenses	$ 75,000
Legal fees	175,000
Accounting fees	80,000
Miscellaneous	20,000
Total	$ 350,000

Item 14. Indemnification of Directors and Officers.

The following is a summary of the statutes, charter and bylaw provisions or other arrangements under which the Registrants directors and officers are insured or indemnified against liability in their capacities as such. All of the directors and officers of the Registrants are covered by insurance policies maintained and held in effect by Neiman Marcus, Inc. against certain liabilities for actions taken in their capacities as such, including liabilities under the Securities Act.

Neiman Marcus, Inc. and The Neiman Marcus Group, Inc. are organized under the laws of the State of Delaware. Section 145 of the General Corporation Law of the State of Delaware (the Delaware Statute) provides that a Delaware corporation may indemnify any persons who are, or are threatened to be made, parties to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a proceeding), other than an action by or in the right of such corporation, by reason of the fact that such person is or was an officer, director, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise (an indemnified capacity). The indemnity may include expenses, including attorneys fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation s best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was illegal. Similar provisions apply to actions brought by or in the right of the corporation, except that no indemnification shall be made without judicial approval if the officer or director is adjudged to be liable to the corporation. Where an officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him against the expenses which such officer or director has actually and reasonably incurred. Section 145 of the Delaware Statute further authorizes a corporation to purchase and maintain insurance on behalf of any indemnified person against any liability asserted against him and incurred by him in any indemnified capacity, or arising out of his status as such, regardless

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of whether the corporation would otherwise have the power to indemnify him under the Delaware Statute.

The amended and restated certificate of incorporation of Neiman Marcus, Inc. provides that the company shall, to the full extent permitted by the Delaware statute, indemnify all persons whom it may indemnify pursuant thereto.

The bylaws of The Neiman Marcus Group, Inc. provide for indemnification of any director or officer to the fullest extent permitted by law, as long as he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the company and, with respect to any criminal action, had no reason to believe his or her conduct was unlawful. In addition, for actions by or in the right of the corporation, no indemnification shall be made where the director or officer has been adjudged to be liable to the company, unless and only to the extent that the court in which the action was brought determines that, despite the adjudication of liability, such person is fairly and reasonably entitled to indemnity. In all cases, unless indemnification is ordered by a court, determination that indemnification is properly authorized under the bylaws shall be made by the shareholders, or a majority vote of the directors not party to the action or of the members of a committee of the board not party to the action, or by independent legal counsel by written legal opinion. Finally, the bylaws also provide that the company may purchase or maintain insurance on behalf of a current or former director, officer, employee or agent against any liability asserted against him or incurred by him in any such capacity, whether or not the company would have the power or the obligation to indemnify him against such liability.

Item 15. Recent Sales of Unregistered Securities.

Since July 28, 2007, the registrants have issued and sold the following securities without registration under the Securities Act.

- On January 21, 2008, Karen W. Katz gifted 944 shares of common stock owned by her to the Katz 2008 Irrevocable Trust. The shares of Parent common stock were issued in reliance on the exemption from registration set forth in Section 4(2) of the Securities Act and the certificate representing the securities issued in this transaction included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities.

- On May 1, 2010, Thomas P. Stangle gifted 173.0104 shares of common stock owned by him to the Thomas P. & Vicki M. Stangle Family Living Trust. The shares of Parent common stock were issued in reliance on the exemption from registration set forth in Section 4(2) of the Securities Act and the certificate representing the securities issued in this transaction included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities.

- On September 21, 2010, Burton M. Tansky exercised options in a net physical settlement to purchase 3,742.2145 shares of common stock of Parent at an exercise

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price of $361.25 per share and gifted 1,833.0526 shares to the Tansky Family 2007 Children and Grandchildren Trusts. The shares of Parent common stock were issued in reliance on the exemption from registration set forth in Section 4(2) of the Securities Act and the certificate representing the securities issued in this transaction included appropriate legends setting forth that the securities had not been offered or sold pursuant to a registration statement and describing the applicable restrictions on transfer of the securities.

Item 16. Exhibits and Financial Statement Schedule.

(a) Exhibits

A list of exhibits filed with this Post-Effective Amendment No. 7 to the registration statement on Form S-1 is set forth on the Exhibit Index and is incorporated in this Item 16(a) by reference.

(b) Financial Statement Schedule

Schedule II Valuation and Qualifying Accounts and Reserves included in our Parent s Annual Report on Form 10-K for the fiscal year ended July 31, 2010 incorporated by reference in this prospectus.

Item 17. Undertakings.

Each of the undersigned registrants hereby undertakes as follows:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(A) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(B) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement.

(C) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

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(2) That, for the purpose of determining liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the exchange offer.

(4) that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrants are subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use; and

(5) that, for the purpose of determining liability of the registrants under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrants undertake that in a primary offering of securities of the undersigned registrants pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrants will be sellers to the purchaser and will be considered to offer or sell such securities to such purchaser:

(A) Any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;

(B) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrants or used or referred to by the undersigned registrants;

(C) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their securities provided by or on behalf of the undersigned registrants; and

(D) Any other communication that is an offer in the offering made by the undersigned registrants to the purchaser.

(6) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or

persons controlling the registrants pursuant to the provisions described under Item 20 or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrants of expenses

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incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrants will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, The Neiman Marcus Group, Inc. has duly caused this Post-Effective Amendment No. 7 to the Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on the 8th day of October, 2010.

THE NEIMAN MARCUS GROUP, INC.

By: /s/ NELSON A. BANGS
Nelson A. Bangs
Senior Vice President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 7 to the Registration Statement and power of attorney have been signed by the following persons in the capacities indicated on the 8th day of October, 2010.

Signature	Capacity	Date
* Karen W. Katz	President and Chief Executive Officer	October 8, 2010
*	Executive Vice President, Chief Operating Officer and	

James E. Skinner	Chief Financial Officer	October 8, 2010
* T. Dale Stapleton	Senior Vice President and Chief Accounting Officer	October 8, 2010
* David A. Barr	Director	October 8, 2010
* Jonathan Coslet	Director	October 8, 2010
* James G. Coulter	Director	October 8, 2010
* John G. Danhakl	Director	October 8, 2010
* Sidney Lapidus	Director	October 8, 2010
* Kewsong Lee	Director	October 8, 2010
* Carrie Wheeler	Director	October 8, 2010

*By: /s/ NELSON A. BANGS
Nelson A. Bangs, as attorney-in-fact

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Neiman Marcus, Inc. has duly caused this Post-Effective Amendment No. 7 to the Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on the 8th day of October, 2010.

NEIMAN MARCUS, INC.

By: /s/ NELSON A. BANGS
Nelson A. Bangs
Senior Vice President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 7 to the Registration Statement and power of attorney have been signed by the following persons in the capacities indicated on the 8th day of October, 2010.

Signature	Capacity	Date
* Karen W. Katz	President and Chief Executive Officer	October 8, 2010
*	Executive Vice President, Chief Operating Officer and Chief	

James E. Skinner	Financial Officer	October 8, 2010
* T. Dale Stapleton	Senior Vice President and Chief Accounting Officer	October 8, 2010
* David A. Barr	Director	October 8, 2010
* Jonathan Coslet	Director	October 8, 2010
* James G. Coulter	Director	October 8, 2010
* John G. Danhakl	Director	October 8, 2010
* Sidney Lapidus	Director	October 8, 2010
* Kewsong Lee	Director	October 8, 2010
* Carrie Wheeler	Director	October 8, 2010

*By: /s/ NELSON A. BANGS
Nelson A. Bangs, as attorney-in-fact

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EXHIBIT INDEX

Exhibit No.	Exhibit
2.1	Agreement and Plan of Merger, dated May 1, 2005, among The Neiman Marcus Group, Inc., Newton Acquisition, Inc., and Newton Merger Sub, Inc., incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K dated July 31, 2010.
2.2	Purchase, Sale and Servicing Transfer Agreement dated as of June 8, 2005, among The Neiman Marcus Group, Inc., Bergdorf Goodman, Inc., HSBC Bank Nevada, N.A. and HSBC Finance Corporation, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K dated July 31, 2010.
3.1	Amended and Restated Certificate of Incorporation of The Neiman Marcus Group, Inc., incorporated herein by reference to The Neiman Marcus Group, Inc. s Registration Statement on Form S-1 (Registration No. 333-133184) dated April 10, 2006.
3.2	Amended and Restated Bylaws of The Neiman Marcus Group, Inc., incorporated herein by reference to The Neiman Marcus Group, Inc. s Registration Statement on Form S-1 (Registration

	No. 333-133184) dated April 10, 2006.
3.3	Amended and Restated Certificate of Incorporation of Neiman Marcus, Inc., incorporated herein by reference to The Neiman Marcus Group, Inc. s Registration Statement on Form S-1 (Registration No. 333-133184) dated April 10, 2006.
3.4	Amended and Restated By-Laws of Neiman Marcus, Inc., incorporated herein by reference to The Neiman Marcus Group, Inc. s Registration Statement on Form S-1 (Registration No. 333-133184) dated April 10, 2006.
4.1	Indenture, dated as of May 27, 1998, between The Neiman Marcus Group, Inc. and The Bank of New York, as trustee, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended August 1, 2009.
4.2	Form of 7.125% Senior Notes Due 2028, dated May 27, 1998, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended August 1, 2009.
4.3	Senior Indenture dated as of October 6, 2005, among Newton Acquisition, Inc., Newton Acquisition Merger Sub, Inc., the Subsidiary Guarantors, and Wells Fargo Bank, National

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Association, trustee, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.

4.4 Senior Subordinated Indenture dated as of October 6, 2005, among Newton Acquisition, Inc., Newton Acquisition Merger Sub, Inc., the Subsidiary Guarantors, and Wells Fargo Bank, National Association, trustee, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.

4.5 Form of 9%/9 3/4% Senior Notes due 2015, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.

4.6 Form of 10 3/8% Senior Subordinated Notes due 2015, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.

4.7 Registration Rights Agreement dated October 6, 2005, among Newton Acquisition, Inc., Newton Acquisition Merger Sub, Inc., the Subsidiary Guarantors, The Neiman Marcus Group, Inc., and the Initial Purchasers, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.

4.8 First Supplemental Indenture, dated as of July 11, 2006, to the Indenture, dated as of May 27, 1998, among The Neiman Marcus Group, Inc., Neiman Marcus, Inc., and The Bank of New York Trust Company, N.A., as successor trustee, incorporated herein by reference to The

	Neiman Marcus Group, Inc. s Current Report on Form 8-K dated July 11, 2006.
4.9	Second Supplemental Indenture, dated as of August 14, 2006, to the Indenture, dated as of May 27, 1998, among The Neiman Marcus Group, Inc., Neiman Marcus, Inc., and The Bank of New York Trust Company, N.A., as successor trustee, incorporated herein by reference to the Company s Current Report on Form 8-K dated August 15, 2006.
5.1	Opinion of Nelson A. Bangs, Esq. (1)
5.2	Opinion of Cleary Gottlieb Steen and Hamilton LLP. (1)
10.1	Employment Agreement dated as of October 6, 2005 by and among The Neiman Marcus Group, Inc., Newton Acquisition Merger Sub, Inc., Newton Acquisition, Inc., and Burton M. Tansky, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended August 1, 2009.

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10.2	First Amendment to Employment Agreement by and between The Neiman Marcus Group, Inc., a Delaware corporation, Neiman Marcus, Inc., a Delaware corporation, and Burton M. Tansky effective December 21, 2007 incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated December 21, 2007.
10.3	Second Amendment to Employment Agreement by and between The Neiman Marcus Group, Inc., a Delaware corporation, Neiman Marcus, Inc., a Delaware corporation, and Burton M. Tansky effective January 1, 2009 incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.4	Rollover Agreement dated as of October 4, 2005 by and among The Neiman Marcus Group, Inc., Newton Acquisition, Inc., and Burton M. Tansky, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended August 1, 2009.
10.5	Amendment to Letter Agreement effective as of January 1, 2009 by and between Neiman Marcus, Inc., a Delaware corporation, and Burton M. Tansky incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.6	Form of Rollover Agreement by and among The Neiman Marcus Group, Inc., Newton Acquisition, Inc. and certain members of management, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the

fiscal year ended August 1, 2009.

10.7 Second Amendment to Letter Agreement dated April 26, 2010 by and between Neiman Marcus, Inc., a Delaware corporation, and Burton M. Tansky incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated April 28, 2010.

10.8 Director Services Agreement dated April 26, 2010 by and among Neiman Marcus, Inc., The Neiman Marcus Group, Inc., and Burton M. Tansky incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated April 28, 2010.

10.9 Amended and Restated Credit Agreement dated as of July 15, 2009, among The Neiman Marcus Group, Inc., the Company, the other borrowers and guarantors named therein, Bank of America, N.A., as administrative agent and co-collateral agent, Wells Fargo Retail

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	Finance, LLC as co-collateral agent, Banc of America Securities LLC, Wells Fargo Retail Finance, LLC, J.P. Morgan Securities Inc. and Regions Business Capital Corporation as joint lead arrangers and joint bookrunners, Wells Fargo Retail Finance, LLC as syndication agent, JPMorgan Chase Bank, N.A. and Regions Bank as co-documentation agents and the lenders thereunder, incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated July 16, 2009.
10.10	Credit Agreement dated as of October 6, 2005, among Newton Acquisition, Inc., Newton Acquisition Merger Sub, Inc., The Neiman Marcus Group, Inc., the Subsidiary Guarantors, Credit Suisse, as administrative agent and collateral agent, Credit Suisse and Deutsche Bank Securities Inc. as joint lead arrangers, Banc of America Securities LLC and Goldman Sachs Credit Partners L.P. as co-arrangers, Credit Suisse, Deutsche Bank Securities Inc., Banc of America Securities LLC and Goldman Sachs Credit Partners L.P. as joint bookrunners, Deutsche Bank Securities Inc., Banc of America Securities LLC and Goldman Sachs Credit Partners L.P. as co-syndication agents and the lenders thereunder, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended August 1, 2009. (4)
10.11	Amended and Restated Pledge and Security Agreement dated as of July 15, 2009 by and among The Neiman Marcus Group, Inc., the Company, subsidiaries named therein and Bank of America, N.A., as

	administrative agent and co-collateral agent, incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated July 16, 2009.
10.12	Substitution of Agent and Joinder Agreement, dated as of July 15, 2009, among Deutsche Bank Trust Company Americas, Credit Suisse and Bank of America, N.A., incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated July 16, 2009.
10.13	Pledge and Security and Intercreditor Agreement dated as of October 6, 2005, among Newton Acquisition Merger Sub, Inc., The Neiman Marcus Group, Inc., Newton Acquisition, Inc., the Subsidiary Guarantors and Credit Suisse, as administrative agent and collateral agent, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended August 1, 2009.
10.14	Lien Subordination and Intercreditor Agreement dated as of October 6, 2005, among Newton Acquisition, Inc., Newton Acquisition Merger Sub, Inc., the Subsidiary Guarantors, Deutsche

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	Bank Trust Company Americas, as revolving facility agent, and Credit Suisse, as term loan agent, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.
10.15	Form of First Priority Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement from The Neiman Marcus Group, Inc. to Credit Suisse, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.
10.16	Form of First Priority Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement from The Neiman Marcus Group, Inc. to Credit Suisse, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.
10.17	Form of Second Priority Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement from The Neiman Marcus Group, Inc. to Deutsche Bank Trust Company Americas, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.
10.18	Form of Second Priority Leasehold Mortgage, Assignment of Lease and Rents, Security Agreement and Financing Statement from The Neiman Marcus Group, Inc. to Deutsche Bank Trust Company Americas, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated

October 12, 2005.

10.19 Amendment No. 1 dated as of October 6, 2005 to the Credit Agreement dated as of October 6, 2005 among The Neiman Marcus Group, Inc., Newton Acquisition, Inc., each subsidiary of The Neiman Marcus Group, Inc. from time to time party thereto, the Lenders thereunder, and Credit Suisse, as administrative agent and as collateral agent for the Lenders, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated October 12, 2005.

10.20 Newton Acquisition, Inc. Management Equity Incentive Plan, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated December 5, 2005.

10.21 Amendment to the Newton Acquisition, Inc. Management Equity Incentive Plan effective as of January 1, 2009 incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.

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10.22	Stock Option Grant Agreement made as of November 29, 2005 between Newton Acquisition, Inc. and Burton M. Tansky, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated December 5, 2005.
10.23	Amendment to the Stock Option Grant Agreement effective as of January 1, 2009 by and between Neiman Marcus, Inc., a Delaware corporation, and Burton M. Tansky incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.24	Form of Stock Option Grant Agreement made as of November 29, 2005 between Newton Acquisition, Inc. and certain eligible key employees, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated December 5, 2005.
10.25	Amendment to the Form of Stock Option Grant Agreement effective as of January 1, 2009 by and between Neiman Marcus, Inc., a Delaware corporation, and certain eligible key employees incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.26	Amended and Restated Stock Option Grant Agreement dated April 1, 2010 between Neiman Marcus, Inc. and Burton M. Tansky, incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated April 28, 2010.
10.27	Amendment No. 2 dated as of January 26, 2006 to the Credit Agreement dated as of

	October 6, 2005, as amended, among The Neiman Marcus Group, Inc., Newton Acquisition, Inc., each subsidiary of The Neiman Marcus Group, Inc. from time to time party thereto, the Lenders thereunder and Credit Suisse, as administrative agent and collateral agent for the Lenders, incorporated by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated January 30, 2006.
10.28	Employment Agreement between The Neiman Marcus Group, Inc. and Karen Katz, dated February 1, 2006, effective as of October 6, 2005, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated February 1, 2006.
10.29	Amendment to Employment Agreement effective as of January 1, 2009 by and between The Neiman Marcus Group, Inc., a Delaware corporation, and Karen Katz incorporated herein by reference to

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	Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.30	Employment Agreement dated April 26, 2010 by and between The Neiman Marcus Group, Inc. and Karen Katz, incorporated herein by reference to Neiman Marcus, Inc. s Current Report on Form 8-K dated April 28, 2010.
10.31	Management Services Agreement, dated as of October 6, 2005 among Newton Acquisition Merger Sub, Inc., Newton Acquisition, Inc., TPG GenPar IV, L.P., TPG GenPar III, L.P. and Warburg Pincus LLC incorporated herein by reference to The Neiman Marcus Group, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 28, 2006.
10.32	Registration Rights Agreement, dated as of October 6, 2005, among Newton Acquisition Merger Sub, Inc., Newton Acquisition, Inc., Newton Holding, LLC and the Holders identified therein as parties thereto incorporated herein by reference to The Neiman Marcus Group, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 28, 2006.
10.33	Amendment No. 1, dated as of March 28, 2006, to the Pledge and Security Intercreditor Agreement dated as of October 6, 2005, among Neiman Marcus, Inc., The Neiman Marcus Group, Inc., the Subsidiaries party thereto and Credit Suisse, as administrative agent and collateral agent, incorporated herein by reference to The Neiman Marcus Group, Inc. s Current Report on Form 8-K dated March 29, 2006.
10.34	Amended and Restated Credit Card Program Agreement, dated

	as of September 23, 2010, by and among The Neiman Marcus Group, Inc., Bergdorf Goodman, Inc., HSBC Bank Nevada, N.A. and HSBC Card Services, Inc., incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 31, 2010. (4)
10.35	Amended and Restated Servicing Agreement, dated as of September 23, 2010, by and between The Neiman Marcus Group, Inc. and HSBC Bank Nevada, N.A., incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 31, 2010. (4)
10.36	Confidentiality, Non-Competition and Termination Benefits Agreement by and between Bergdorf Goodman, Inc., a New York corporation and a wholly owned subsidiary of the Neiman Marcus Group, Inc. and James J. Gold dated May 3, 2004, incorporated

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	herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 30, 2010.
10.37	Amendment to the Confidentiality, Non-Competition and Termination Benefits Agreement effective as of January 1, 2009 by and between Bergdorf Goodman, Inc., a New York corporation and wholly owned subsidiary of The Neiman Marcus Group, Inc. and James J. Gold incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.38	Form of Amendment to the Confidentiality, Non-Competition and Termination Benefits Agreement effective as of January 1, 2009 by and between The Neiman Marcus Group, Inc., a Delaware corporation, and certain eligible key employees incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.39	Stockholder Agreement, dated as of May 1, 2005, among Newton Acquisition, Inc., Newton Acquisition Merger Sub, Inc. and the other parties signatory thereto, incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended May 1, 2010.
10.40	Neiman Marcus, Inc. Cash Incentive Plan amended as of January 21, 2008, incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended April 26, 2008.
10.41	

	Management Stockholders Agreement dated as of October 6, 2005 between Newton Acquisition, Inc., Newton Holding, LLC, TPG Newton III, LLC, TPG Partners IV, L.P., TPG Newton Co-Invest I, LLC, Warburg Pincus Private Equity VIII, L.P., Warburg Pincus Netherlands Private Equity VIII C.V. I, Warburg Pincus Germany Private Equity VIII K.G , Warburg Pincus Private Equity IX, L.P., and the other parties signatory thereto, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 29, 2006.
10.42	Amendment to the Management Stockholders Agreement effective as of January 1, 2009 by and between Neiman Marcus, Inc., a Delaware corporation, Newton Holding, LLC, TPG Newton III, LLC, TPG Partners IV, L.P., TPG Newton Co-Invest I, LLC, Warburg Pincus Private Equity VIII, L.P., Warburg Pincus Netherlands Private Equity VIII C.V. I, Warburg Pincus Germany Private Equity VIII K.G., Warburg Pincus Private Equity IX, L.P., and the other parties signatory thereto, incorporated herein by

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	reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.43	The Neiman Marcus Group, Inc. Key Employee Deferred Compensation Plan, as amended and restated effective January 1, 2008, incorporated herein by reference to the Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended April 26, 2008.
10.44	Amendment No. 1 effective as of January 1, 2009 to The Neiman Marcus Group, Inc. Key Employee Deferred Compensation Plan incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.45	The Neiman Marcus Group, Inc. Supplemental Executive Retirement Plan as amended and restated effective January 1, 2009, incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q for the quarter ended January 31, 2009.
10.46	The Neiman Marcus Group, Inc. Defined Contribution Supplemental Executive Retirement Plan, as amended and restated effective as of January 1, 2008, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended August 2, 2008.
10.47	Amendment No. 1 effective January 1, 2009 to the Amended and Restated Neiman Marcus Group, Inc. Defined Contribution Supplemental Executive Retirement Plan incorporated herein by reference to Neiman Marcus, Inc. s Quarterly Report on Form 10-Q

	for the quarter ended January 31, 2009.
10.48	Second Amendment to the Neiman Marcus, Inc. Management Equity Incentive Plan effective as of November 16, 2009, incorporated herein by reference to the Company s Quarterly Report on Form 10-Q for the quarter ended October 31, 2009.
10.49	Form of Amended and Restated Stock Option Agreement between the Company and certain eligible key employees, incorporated herein by reference to the Company s Quarterly Report on Form 10-Q for the quarter ended October 31, 2009.
10.50	Form of Second Amended and Restated Stock Option Grant Agreement between the Company and certain eligible key employees, incorporated herein by reference to the Company s Quarterly Report on Form 10-Q for the quarter ended October 31, 2009.

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10.51	Employment Agreement dated July 22, 2010 by and among the Company, The Neiman Marcus Group, Inc., and James E. Skinner, incorporated herein by reference to the Company s Current Report on Form 8-K dated July 28, 2010.
10.52	Employment Agreement dated July 22, 2010 by and among the Company, The Neiman Marcus Group, Inc., and James J. Gold, incorporated herein by reference to the Company s Current Report on Form 8-K dated July 28, 2010.
10.53	Form of First Amendment to Second Priority Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement from The Neiman Marcus Group, Inc. to Bank of America, N.A, incorporated herein by reference to the Company s Annual Report on Form 10-K for the fiscal year ended August 1, 2009.
10.54	Amendment No. 2 to the Amended and Restated Neiman Marcus Group, Inc. Defined Contribution Supplemental Executive Retirement Plan dated July 17, 2010 incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 31, 2010.
10.55	Amendment No. 1 to The Neiman Marcus Group, Inc. Supplemental Executive Retirement Plan dated July 17, 2010 incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 31, 2010.
12.1	Computation of Ratio of Earnings to Fixed Charges, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the

fiscal year ended July 31, 2010.

14.1 The Neiman Marcus Group, Inc. Code of Ethics and Conduct, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 31, 2010.

14.2 The Neiman Marcus Group, Inc. Code of Ethics for Financial Professionals, incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 31, 2010.

21.1 Subsidiaries of Neiman Marcus, Inc., incorporated herein by reference to Neiman Marcus, Inc. s Annual Report on Form 10-K for the fiscal year ended July 31, 2010.

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23.1	Consent of Ernst & Young LLP. (2)
23.3	Consent of Nelson A. Bangs, Esq. (included in Exhibit 5.1). (1)
23.4	Consent of Cleary Gottlieb Steen & Hamilton LLP (included in Exhibit 5.2). (1)
24.1	Powers of Attorney, except with respect to Ms. Katz. (1)
24.2	Power of Attorney for Ms. Katz. (2)
25.1	Form T-1 statement of eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York, as trustee. (3)

(1) Previously filed
(2) Filed herewith
(3) Filed with The Neiman Marcus Group, Inc. s Registration Statement on Form S-3 (Registration No. 333-49893) dated April 10, 1998.
(4) Portions of these exhibits were omitted pursuant to a request for confidential treatment.