

The
Neiman
Marcus
Group



Wachovia Equity & Fixed Income
Consumer Conference
October 15, 2008



Forward Looking Statements Disclaimer

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



Company Overview

Specialty Retail

Neiman Marcus Direct



40 Full Line NM Stores



2 BG Stores



5 Cusp Stores

\$3.85B

Neiman Marcus

**BERGDORF
GOODMAN**

HORCHOW



\$748M

LTM Revenue:

\$4.6 Billion*

* Note: LTM revenue is as of July 2008.



Competitive Advantages



Attractive Market & Customer Demographics



Professional, Relationship-Focused Salesforce



Unique Customer Loyalty Program



Strong Relationships with Diverse Group of Vendors



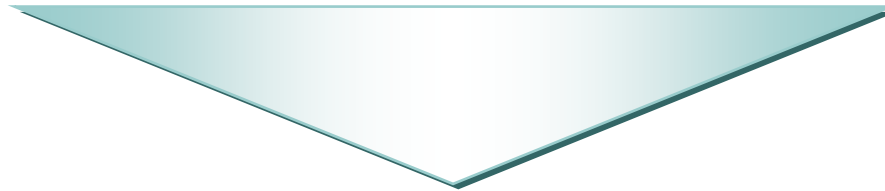
Specialty Retail Initiatives

Merchandise Productivity

Customer Service

Inventory Management

Return on Full Line Stores



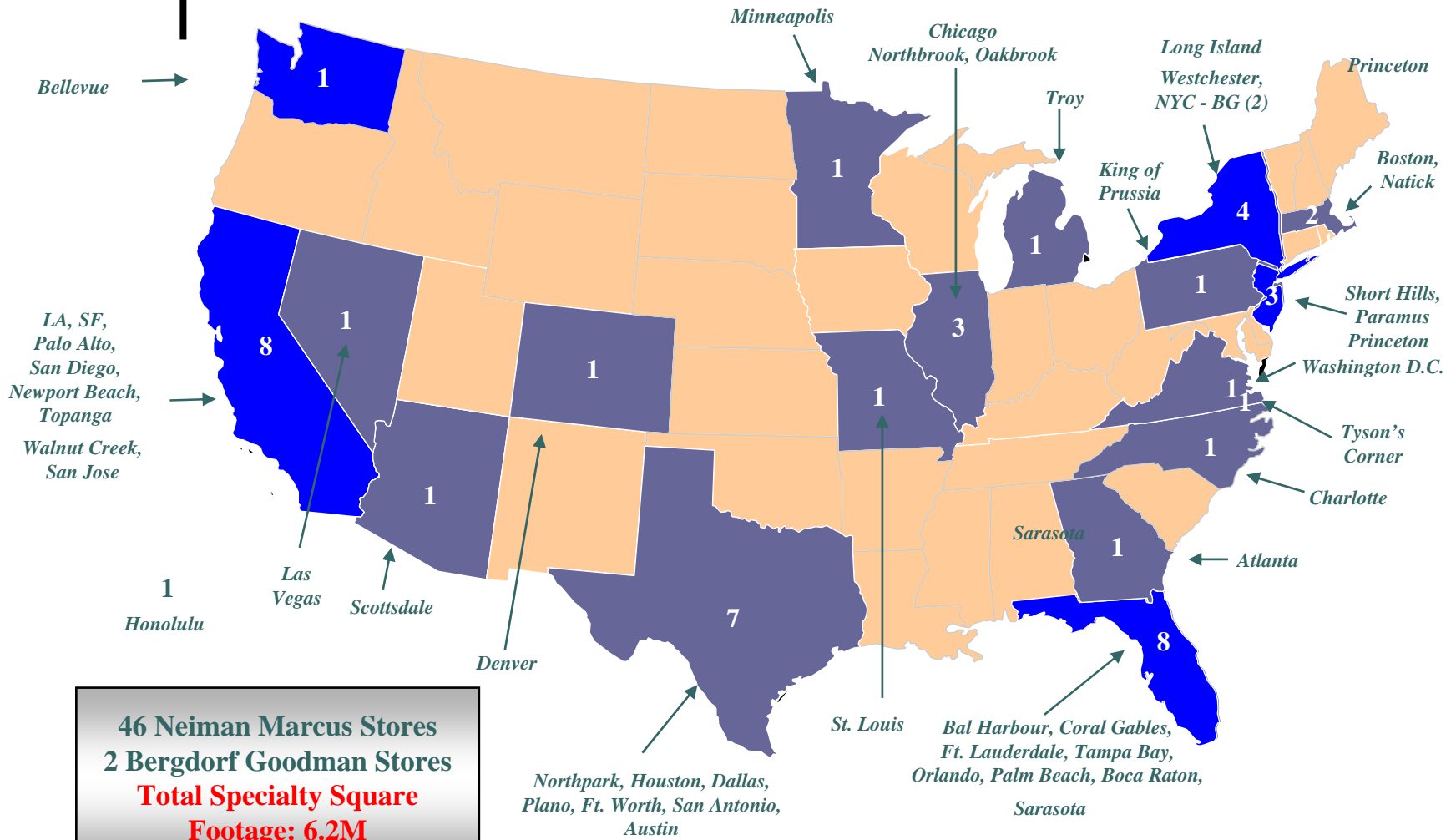
Maintaining and Expanding our Leadership Position



Focused Expansion Strategy

	STATE	COMPLETION DATE	SQ. FOOTAGE
New Stores			
Topanga	California	September 2008 (Opened)	120,000
Bellevue	Washington	Fall 2009	125,000
Sarasota	Florida	Fall 2010	80,000
Walnut Creek	California	Fall 2010	110,000
Princeton	New Jersey	Fall 2011	90,000
San Jose	California	Fall 2011	120,000
Long Island	New York	TBD	150,000
Remodels			
Atlanta	Georgia	Spring 2008 (Completed)	Additional 50,000
Westchester	New York	Summer 2008 (Completed)	No additional sq. footage
Cusp			
Chestnut Hill	Massachusetts	August 2008	6,000

Prime Store Locations



46 Neiman Marcus Stores
 2 Bergdorf Goodman Stores
Total Specialty Square Footage: 6.2M

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

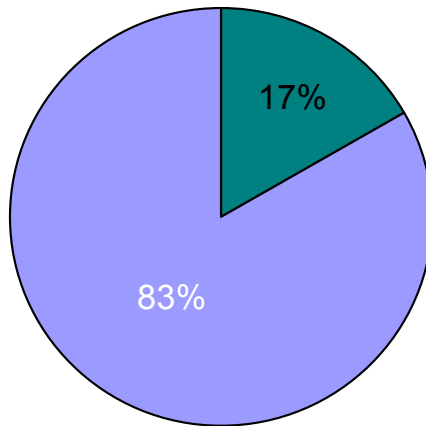
Neiman
Marcus
Direct



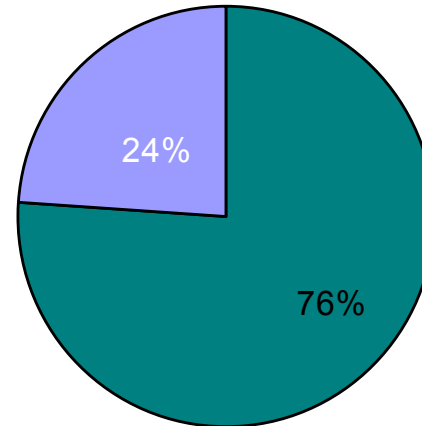
Neiman Marcus Direct

Growth of Internet

FY 2002
\$355M



FY 2008
\$748M



■ Catalog ■ Internet



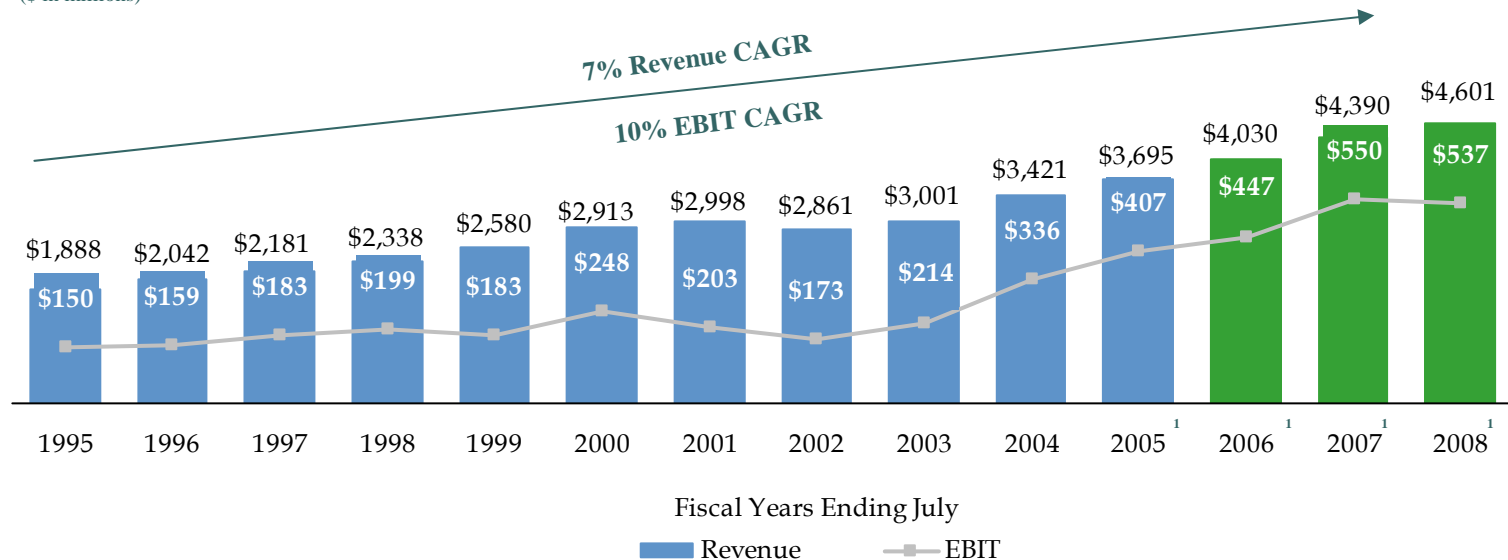
Financial Overview



Historical Financial Performance

Historical Financial Performance

(\$ in millions)



Consistent growth through multiple business and economic cycles highlighted by 13 year Revenue and EBIT CAGRs of 7% and 10%, respectively

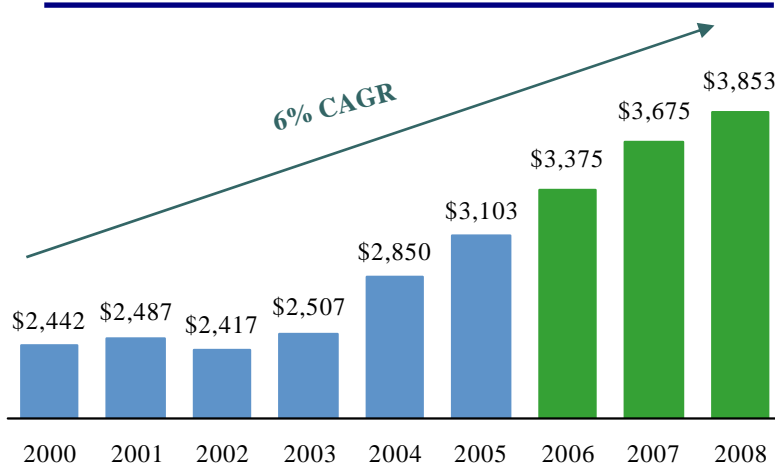
Note: All information for 2000 and thereafter reflects the change in classification of revenues deferred in connection with the Company's loyalty programs. EBIT figures exclude non-recurring items. FY 2002 and FY 2008 reflect 53 weeks.

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

Financial Metrics

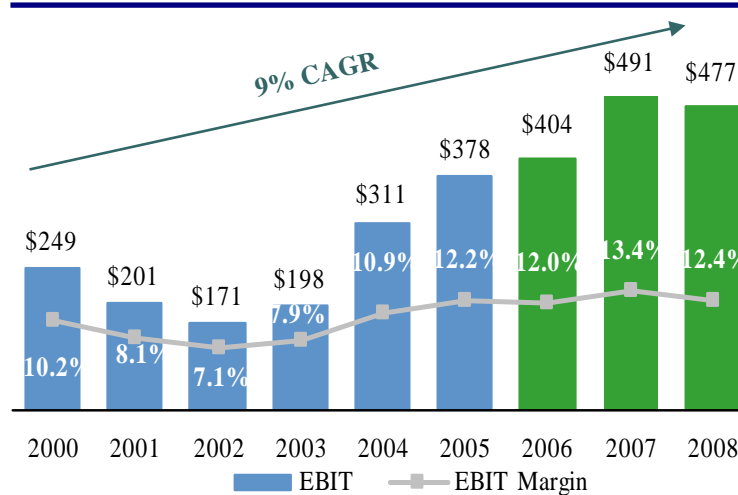
Specialty Retail Revenue

(\$ in millions)



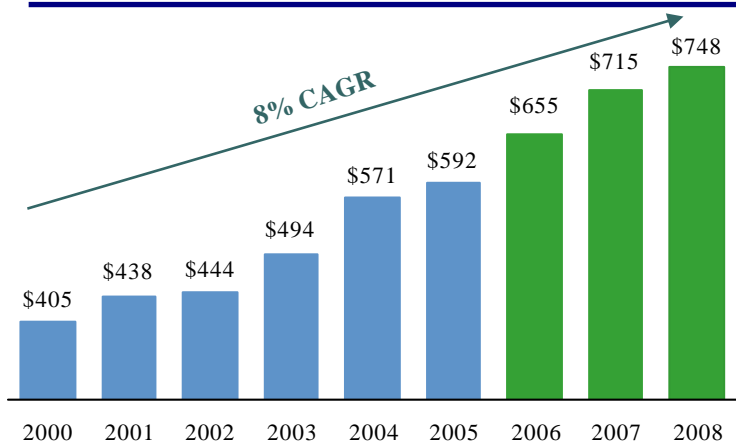
Specialty Retail EBIT

(\$ in millions)



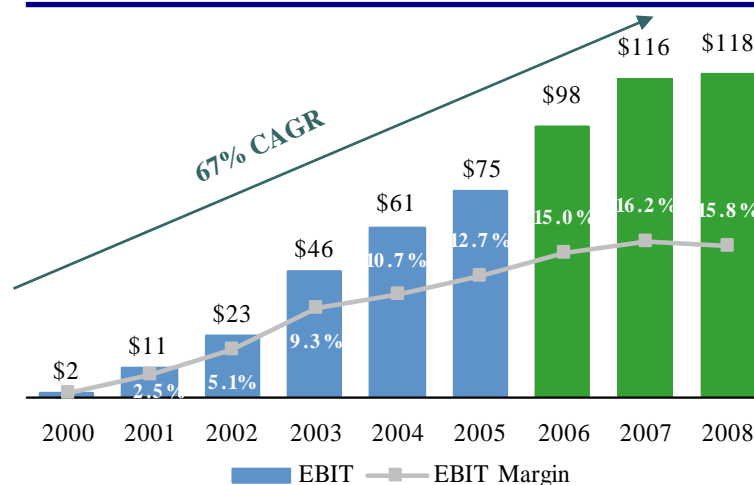
NMD Revenue

(\$ in millions)



NMD EBIT

(\$ in millions)

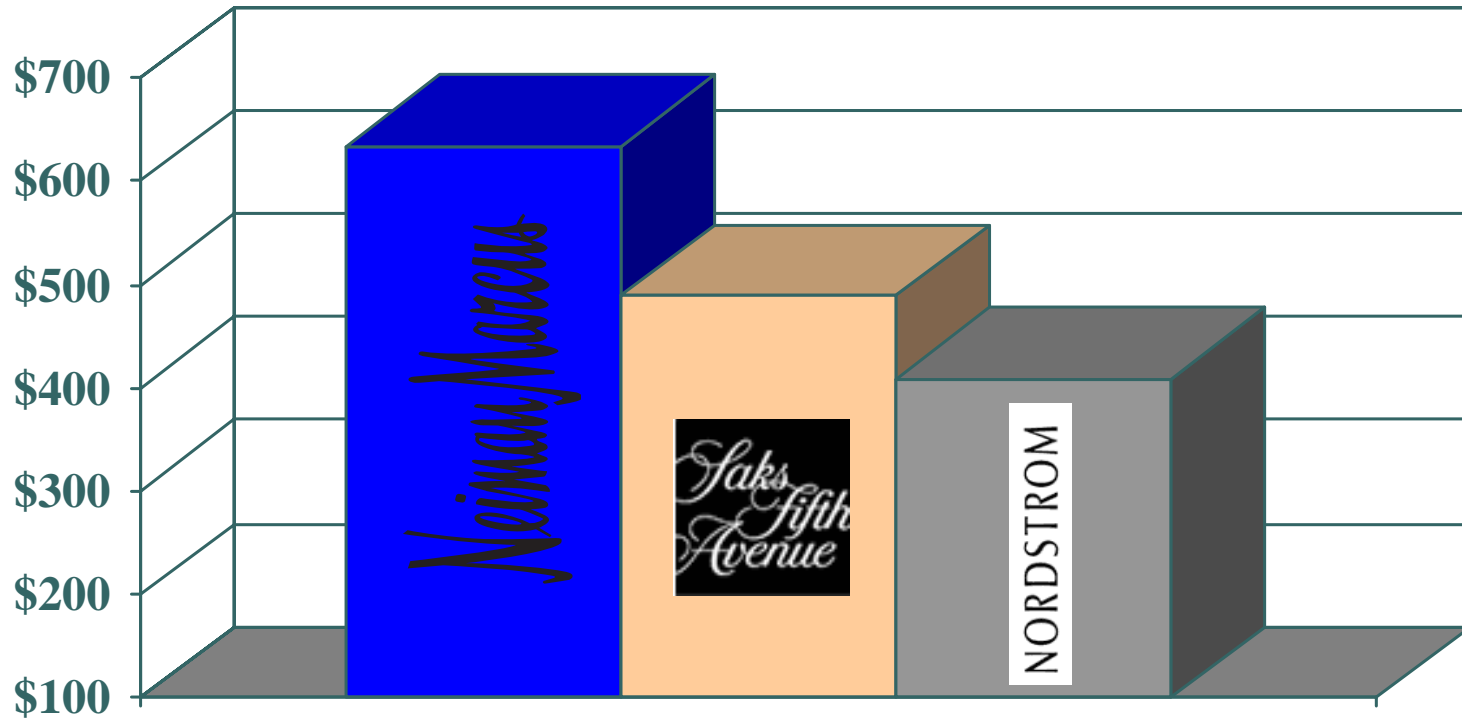


Note: Specialty Retail revenue reflects the change in classification of revenues deferred in connection with the Company's loyalty programs.



Superior Performance

Sales Per Square Foot



Note

Figures are from LTM ending August 2, 2008. NMG data is for the Specialty Retail segment only (Full line Neiman Marcus Stores and Bergdorf Goodman). SFAE is estimated Saks Fifth Avenue stores and internet sales (excludes estimated clearance center sales).



FY 2008 – Financial Highlights

□ NMG	<u>FY '07</u>	<u>FY '08</u>	<u>% change</u>
▪ Total Sales	\$4.4B	\$4.6B	4.8%
Comparable Sales Increase	6.7%	1.7%	
▪ Adjusted Operating Earnings (\$M)*	\$550	\$537	-2.4%
Adjusted Operating Margin	12.5%	11.7%	
▪ Merchandise Inventories (\$M)	\$918	\$978	6.5%
▪ Capital Expenditures (\$M)	\$148	\$183	

Source – Neiman Marcus, Inc. FY2008 Q4 Earnings Release (for the fiscal period ended August 2, 2008).

*Adjusted Operating earnings represents operating earnings excluding amortization of customer lists and favorable lease commitments and other income/expense.



Comparable Store Sales

	<u>Q4 FY '08</u>	<u>Aug FY'09</u>	<u>Sep FY'09</u>
Neiman Marcus Group	-1.4%	-0.5%	-12.9%
Specialty Retail	-1.8%	-0.4%	-15.8%
Neiman Marcus Direct	0.7%	-1.1%	5.3%
Saks Fifth Avenue	-4.0%	-5.9%	-10.9%
Nordstrom	-6.0%	-7.9%	-9.6%



Other Financial Information

(\$M)

	<u>Q1 FY '06</u>	<u>FY '06</u>	<u>FY '07</u>	<u>FY '08</u>
Cash	\$192	\$224	\$141	\$239
Debt Paydown	\$0	\$250	\$250	\$0
Revolver Availability	\$434	\$571	\$573	\$576
Leverage Ratio	6.5x	5.6x	4.3x	4.3x

Reconciliation of Adjusted Operating Earnings

(dollars in millions)	Fiscal Year Ended	
	August 2, 2008	July 28, 2007
OPERATING EARNINGS:		
Specialty Retail Stores	\$ 477	\$ 491
Direct Marketing	118	116
Corporate expenses	(57)	(56)
ADJUSTED OPERATING EARNINGS	\$ 537	\$ 550
Amortization of intangible assets	(72)	(72)
Other income (expense)	1	(1)
OPERATING EARNINGS	\$ 466	\$ 477
Depreciation & Amortization	221	209



EBITDA Reconciliation

(\$ in millions)

	<u>Q4 FY '08</u>	<u>Q4 FY '07</u>	<u>Q4 FY '06</u>	<u>Q1 FY '06</u>
LTM EBITDA (Reported)	\$ 687	\$ 686	\$ 515	\$ 509
Adjustments:				
Inventory purchase price adjustment	-	-	38	7
Transaction costs	-	-	24	24
Gain on credit card transaction	-	-	-	(6)
Other (income) expense	(1)	1	-	-
Total EBITDA adjustments	<u>(1)</u>	<u>1</u>	<u>62</u>	<u>25</u>
LTM EBITDA (Adjusted)	\$ 686	\$ 687	\$ 577	\$ 534
Debt/LTM EBITDA (Adjusted)	4.3	4.3	5.6	6.5

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