

NEIMAN MARCUS GROUP INC
Form 424B3
October 18, 2006

PROSPECTUS SUPPLEMENT
(To Prospectus dated August 21, 2006)

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-136297

The Neiman Marcus Group, Inc.

7.125% Senior Debentures due 2028

Recent Developments

We have attached to this prospectus supplement the Current Report on Form 8-K of Neiman Marcus, Inc. dated October 17, 2006. The attached information updates and supplements The Neiman Marcus Group, Inc.'s Prospectus dated August 21, 2006.

You should carefully consider the risk factors beginning on page 15 of the Prospectus before investing.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus will be used by Credit Suisse Securities (USA) LLC in connection with offers and sales in market-making transactions at certain negotiated prices related to prevailing market prices. Credit Suisse Securities (USA) LLC has advised us that it is currently making a market in the securities; however, it is not obligated to do so and may stop at any time. Credit Suisse Securities (USA) LLC may act as principal or agent in any such transaction. We will not receive the proceeds of the sale of the securities but will bear the expenses of registration. See "Plan of Distribution" in the Prospectus.

Credit Suisse

October 17, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report

October 17, 2006

Date of Earliest Event Reported

October 12, 2006

NEIMAN MARCUS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

333-133184-12

(Commission File
Number)

20-3509435

(IRS Employer
Identification Number)

1618 Main Street

Dallas, Texas

(Address of principal executive offices)

75201

(Zip Code)

Registrant's telephone number, including area code

(214) 741-6911

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR 240.13e-4(c))

ITEM 8.01. OTHER EVENTS

On October 12, 2006, The Neiman Marcus Group, Inc. (NMG), the registrant s wholly-owned subsidiary, entered into an amendment to its senior secured term loan credit facility agreement decreasing the interest rates applicable to borrowings under that facility. A copy of that amendment is attached hereto as Exhibit 99.1.

Borrowings under NMG s senior secured term loan credit facility bear interest at a rate per annum equal to, at NMG s option, either (a) a base rate determined by reference to the higher of (1) the prime rate of Credit Suisse and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate, subject to certain adjustments, in each case plus an applicable margin.

Under the facility s amended terms, (a) the applicable margin with respect to base rate borrowings (which was previously 1.50%) on a given date will be 1.00% or 1.25%, depending upon NMG s Consolidated Leverage Ratio (as defined in the senior secured term loan credit facility agreement) on such date, and (b) the applicable margin with respect to LIBOR borrowings (which was previously 2.50%) on a given date will be 2.00% or 2.25%, also depending upon NMG s Consolidated Leverage Ratio on such date.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

- 99.1 Amendment No. 3 dated as of October 12, 2006 to the Credit Agreement dated as of October 6, 2005, as amended, among NMG, Neiman Marcus, Inc. (formerly known as Newton Acquisition, Inc.), each subsidiary of NMG from time to time party thereto, the lenders thereunder, and Credit Suisse, as administrative agent and collateral agent for the lenders.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

NEIMAN MARCUS, INC.

Date: October 17, 2006

By: /s/ James E. Skinner
James E. Skinner
Senior Vice President

AMENDMENT NO. 3 dated as of October 12, 2006 (this *Amendment*), to the Credit Agreement dated as of October 6, 2005 (the *Credit Agreement*), among THE NEIMAN MARCUS GROUP, INC., a Delaware corporation (the *Borrower*), NEIMAN MARCUS, INC. (formerly known as Newton Acquisition, Inc.), a Delaware corporation (*Holdings*), each subsidiary of the Borrower from time to time party thereto, the Lenders (as defined in Article I of the Credit Agreement), and CREDIT SUISSE, as administrative agent (in such capacity, the *Administrative Agent*) and as collateral agent for the Lenders.

- A. Pursuant to the Credit Agreement, the Lenders have made loans to the Borrower.
- B. The Borrower and the Lenders have agreed to amend the Credit Agreement as set forth herein.
- C. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Credit Agreement.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. *Amendment.* The definition of **Applicable Rate** set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

Applicable Rate means, for any day, with respect to any ABR Loan or LIBOR Rate Loan, the applicable rate per annum set forth below under the caption **ABR Spread** or **LIBOR Rate Spread** , as the case may be, based upon the Consolidated Leverage Ratio as of the relevant date of determination:

Consolidated Leverage Ratio	ABR Spread	LIBOR Rate Spread
<i>Category 1</i>		
Greater than or equal to 4.50 to 1.00	1.25	% 2.25 %
<i>Category 2</i>		
Less than 4.50 to 1.00	1.00	% 2.00 %

Each change in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall be effective with respect to all Loans outstanding on and after the date of delivery to the Agent of the financial statements and certificate required by Section 5.01(a) or (b) and Section 5.01(c), respectively, indicating such change until the date immediately preceding the next date of delivery of such financial statements and certificate indicating another such change. In addition, (a) at any time during which the Borrower has failed to deliver the financial statements and certificate required by Section 5.01(a) or (b) and Section 5.01(c), respectively, or (b) at any time after the occurrence and during the continuance of an Event of Default under clause (f) or (g) of Article VII, the Consolidated Leverage Ratio shall be deemed to be in Category 1 for purposes of determining the Applicable Rate.

SECTION 2. *Effectiveness.* This Amendment shall become effective as of the date set forth above on the date on which (a) the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of the Borrower and each Lender (after giving effect to any prior or concurrent assignment, whether pursuant to the mandatory assignment provisions set forth in Section 9.02(e) of the Credit Agreement or otherwise) and (b) the Administrative Agent and its Affiliates shall have received all fees required to be paid by the Borrower in connection with the Amendment, and reimbursement from the Borrower of all expenses related thereto for which invoices have been presented (including the reasonable documented fees and expenses of legal counsel).

SECTION 3. *Counterparts.* This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 4. *Applicable Law.* THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 5. *Headings.* The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the date and year first above written.

THE NEIMAN MARCUS GROUP, INC.,

by */s/ Stacie Shirley*
Name: Stacie Shirley
Title: Vice President, Finance & Treasurer

CREDIT SUISSE, CAYMAN ISLANDS BRANCH, individually and as
Administrative Agent,

By */s/ Robert Hetu*
Name: Robert Hetu
Title: Managing Director

By */s/ Cassandra Droogan*
Name: Cassandra Droogan
Title: Vice President

SIGNATURE PAGE TO
AMENDMENT NO. 3 TO THE
THE NEIMAN MARCUS GROUP, INC.
CREDIT AGREEMENT

Name of Lender: Aberdeen Asset Management

by /s/ J. Christopher Gagnier
Name: J. Christopher Gagnier
Title: SR Portfolio Manager

Name of Lender: GOF Loan Funding LLC

by /s/
Name:
Title:

Name of Lender: Stichting Pensioenfond ABP

By: ABP Investments US, Inc., its agent

by /s/ Paul
Spijkers
Name: Paul Spijkers
Title: President / CEO

by /s/ Arnold Shapiro
Name: Arnold Shapiro
Title: Managing Director / CIO

Name of Lender: ACA CLO 2005-1, Limited

by /s/ Vincent Ingato
Name: Vincent Ingato
Title: Managing Director

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Name of Lender: ACA CLO 2006-1, Limited

by /s/ Vincent Ingato
Name: Vincent Ingato
Title: Managing Director

Name of Lender: Galaxy CLO 2003-1, Ltd.
By: AIG Global Investment Corp., Inc.
Its Collateral Manager

by /s/ Steven S. Oh
Name: Steven S. Oh
Title: Managing Director

Name of Lender: Galaxy III CLO, Ltd.
By: AIG Global Investment Corp.
Its Collateral Manager

by /s/ Steven S. Oh
Name: Steven S. Oh
Title: Managing Director

Name of Lender: Galaxy IV CLO, Ltd.
By: AIG Global Investment Corp.
Its Collateral Manager

by /s/ Steven S. Oh
Name: Steven S. Oh
Title: Managing Director

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Name of Lender:

Galaxy V CLO, Ltd.
By: AIG Global Investment Corp.
Its Collateral Manager

by

/s/ Steven S. Oh
Name: Steven S. Oh
Title: Managing Director