
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **October 27, 2016**

Commission file no. **333-133184-12**

Neiman Marcus Group LTD LLC

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-3509435

(I.R.S. Employer
Identification No.)

One Marcus Square

1618 Main Street

Dallas, Texas

(Address of principal executive offices)

75201

(Zip code)

Registrant's telephone number, including area code: **(214) 743-7600**

Not Applicable

(Former name or former address, if changed since last report)

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 (*see* General Instruction A.2. below):

- 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 (17 CFR 240.13e-4(c))
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Item 5.02 Department of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Grants of Restricted Stock. On October 27, 2016, the Compensation Committee (the “*Compensation Committee*”) of the Board of Directors of Neiman Marcus Group, Inc. (“*Parent*”) approved the following grants of restricted Class A and Class B common stock of Parent (“*Restricted Stock*” and a share of Class A common stock and a share of a Class B common stock subject to the award together referred to herein as a “*share*”) pursuant to Parent’s Management Equity Incentive Plan (the “*Management Equity Plan*”) to our named executive officers:

- 4,557 shares of Restricted Stock to Karen W. Katz, our President and Chief Executive Officer; and
- 2,604 shares of Restricted Stock to each of Donald T. Grimes, James J. Gold, John E. Koryl and Joshua G. Schulman.

Subject to continued employment, 25% of the shares of Restricted Stock will vest on each of the first four anniversaries of December 1, 2016. Each year beginning in calendar 2017, subject to certain limitations, each recipient will have the ability to require Parent to acquire his or her vested shares (the “*Put Right*”) for a purchase price equal to the fair market value of Parent’s common stock. Except as described below with respect to Ms. Katz, a recipient will forfeit all unvested shares of Restricted Stock and may not exercise the Put Right with respect to any vested shares following the termination of his or her employment for any reason.

If Ms. Katz’s employment is terminated by Parent without cause, by her for good reason (as defined in her employment agreement) or by reason of the non-renewal of her employment agreement, (i) prior to a change in control of Parent, all unvested shares of Restricted Stock that would have vested in the 12-month period following the date of such termination of employment will accelerate and vest, and (ii) following a change in control but before an initial public offering, all unvested shares of Restricted Stock will accelerate and vest. In either case, Ms. Katz will have the ability to exercise the Put Right with respect to vested shares in the first put period following termination of employment.

The shares are subject to certain repurchase rights in favor of Parent following termination of the recipient’s employment. In the event of a termination of employment for cause, for good reason or due to disability or death, the repurchase price will be the fair market value of the shares on the date of such termination. For these purposes, “*cause*,” “*good reason*” and “*disability*” will be as defined in the Management Equity Plan or the applicable employment agreement with the recipient. In the event of a termination for any other reason, or upon discovery by Parent that the recipient engaged in detrimental activity (as defined in the Management Equity Plan) during the period of employment or the one-year period following termination of employment, the repurchase price will be the par value of the shares.

The foregoing description of the Restricted Stock awards does not purport to be complete and is qualified in its entirety by reference to the full text of the forms of Restricted Stock agreement, which are attached as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Amendment to Management Equity Plan. Also on October 27, 2016, the Management Equity Plan was amended to increase the total number of shares available for grant thereunder from 236,278 to 253,666.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Restricted Stock Agreement pursuant to the Neiman Marcus Group, Inc. Management Equity Incentive Plan.
10.2	Form of Restricted Stock Agreement pursuant to the Neiman Marcus Group, Inc. Management Equity Incentive Plan by and between Parent and Karen W. Katz.
10.3	First Amendment to Neiman Marcus Group, Inc. (f/k/a NM Mariposa Holdings, Inc.) Management Equity Incentive Plan.

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 GROUP LTD LLC

Date: November 2, 2016

By: /s/ Tracy M. Preston
Name: Tracy M. Preston
Title: Senior Vice President, General Counsel and Corporate Secretary

EXHIBIT INDEX

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NEIMAN MARCUS GROUP, INC.

**Restricted Stock Agreement
Pursuant to the
Neiman Marcus Group, Inc.
Management Equity Incentive Plan**

AGREEMENT (“**Agreement**”), dated as of [•] (the “**Grant Date**”) between Neiman Marcus Group, Inc., a Delaware corporation (the “**Company**”), and [•] (the “**Participant**”).

Preliminary Statement

Subject to the terms and conditions set forth herein, the Committee hereby grants an equal number of shares of Class A Common Stock, \$0.001 par value per share of the Company (the “**Class A Common Stock**”), and Class B Common Stock, par value \$0.001 per share, of the Company (the “**Class B Common Stock**”) and together with the Class A Common Stock, the “**Common Stock**”), as set forth below (the “**Shares**”) to the Participant, as an Eligible Employee, on the Grant Date, pursuant to the Neiman Marcus Group, Inc. Management Equity Incentive Plan, as it may be amended from time to time (the “**Plan**”). Each Share, as defined herein, shall consist of one share of Class A Common Stock and one share of Class B Common Stock together. Pursuant to **Section 2** hereof, the Shares are subject to certain restrictions, which restrictions shall lapse at the times provided under **Section 2(c)** hereof. While such restrictions are in effect, the Shares subject to such restrictions shall be referred to herein as “**Restricted Stock**.” The Company and its Subsidiaries collectively shall be referred to as the “**Employer**.” Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations. The Participant acknowledges that the Participant is required to execute and return to the Company the Accredited Investor Questionnaire provided herewith as a condition of acceptance of the Shares.

Accordingly, the parties hereto agree as follows:

1. **Grant of Shares.** Subject to the Plan and the terms and conditions set forth herein and therein, the Participant is hereby granted [•] Shares.
2. **Restricted Stock.**
 - (a) **Retention of Certificates.** Promptly after the date of this Agreement, the Company shall issue stock certificates representing the Restricted Stock unless it elects to recognize such ownership through book entry or another similar method. Any such stock certificates shall be registered in the Participant’s name and shall bear any legend required by the Plan. Unless held in book entry form, such stock certificates shall be held in custody by the Company (or its designated agent) until the restrictions on the Restricted Stock shall have

Form of Restricted Stock Agreement

lapsed (including any restrictions under the Stockholders Agreement). Upon the Company's request, the Participant shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Shares. If the Participant receives, with respect to the Restricted Stock or any part thereof, any (i) dividend (whether paid in shares, securities, moneys or property), (ii) shares of Restricted Stock pursuant to any split, (iii) distribution or return of capital resulting from a split-up, reclassification or other like changes of the Restricted Stock or (iv) warrants, options or any other rights or properties (collectively "**RS Property**"), the Participant will also immediately deposit with and deliver to the Company any of such RS Property, including, upon the Company's request, any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank. The RS Property shall be subject to the same restrictions, including those in this Section 2(a), as the Restricted Stock with respect to which it is issued and shall be encompassed within the term "Restricted Stock." Unless otherwise determined by the Committee, any RS Property issued in the form of cash will not be reinvested in Common Stock and will be held until delivered to the Participant within 30 days after the date the restrictions related to the Restricted Stock lapse. The restrictions on any RS Property will lapse on the date that the underlying Restricted Stock vests and ceases to be Restricted Stock.

(b) **Rights with Respect to Restricted Stock; Transfer.** The Participant will have all rights of a stockholder with respect to the Restricted Stock, including the right to vote the Restricted Stock, to receive and retain any dividends payable to holders of Common Stock of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as additional compensation for tax purposes if paid on Restricted Stock, and such dividends will be subject to the restrictions provided in Section 2(a)), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock set forth in the Plan, with the exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the Restriction Period shall have expired; (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock during the Restriction Period; and (iii) no RS Property will bear interest or be segregated in separate accounts during the Restriction Period.

Notwithstanding the foregoing, and without limiting any other restrictions in the Stockholders Agreement or otherwise, the Participant may not sell, pledge, assign, encumber or otherwise Transfer any Restricted Stock, except as permitted under the Plan. Any attempted Transfer prohibited under this Agreement, the Stockholders Agreement or otherwise shall be null and void *ab initio*, and the Company shall not in any way give effect to any such impermissible Transfer.

(c) **Vesting.** The Restricted Stock shall vest and cease to be "Restricted Stock" as provided below. There shall be no partial or proportionate vesting between vesting dates, except as provided herein; provided that the Committee may accelerate the vesting at any time.

[VESTING SCHEDULE]

(d) **Detrimental Activity.** The provisions in the Plan regarding Detrimental Activity shall apply to the Shares. The restrictions regarding Detrimental Activity are necessary for the protection of the business and goodwill of the Company and are considered by the Participant to be reasonable for such purposes. Without intending to limit the legal or equitable remedies available in the Plan and this Agreement, the Participant acknowledges that engaging in Detrimental Activity will cause the Company material irreparable injury for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such activity or threat thereof, the Company shall be entitled, in addition to the remedies provided under the Plan, to obtain from any court of competent jurisdiction a temporary restraining order or a preliminary or permanent injunction restraining the Participant from engaging in Detrimental Activity or such other relief as may be required to specifically enforce any of the covenants in the Plan and this Agreement without the necessity of posting a bond, and in the case of a temporary restraining order or a preliminary injunction, without having to prove special damages.

(e) **Forfeiture.** The Participant shall forfeit to the Company, without compensation, any and all unvested Restricted Stock upon the Participant's Termination for any reason.

(f) **Withholding.** Unless otherwise directed or permitted by the Committee, the Participant must pay or provide for all applicable withholding taxes in respect of the Restricted Stock by (i) remitting the aggregate amount of such taxes to the Company in full, by cash, check, bank draft or money order payable to the order of the Company, (ii) electing to have the Employer withhold, from Shares that have vested and ceased to be "Restricted Stock," a number of whole Shares having a Fair Market Value equal to an amount necessary to satisfy any required federal, state, local or other non-U.S. withholding obligations using the minimum statutory withholding rates for federal, state, local or non-U.S. tax purposes, including payroll taxes, in all cases to the extent not prohibited under any debt or financing agreements of the Company or any of its subsidiaries or (iii) to the extent permitted by the Committee, by making arrangements with the Company to have such taxes withheld from other compensation due to the Participant. Unless the Participant notifies the Company otherwise, the withholding of applicable taxes will be addressed as described in clause (ii) of the previous sentence.

(g) **Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within 30 days after the Grant Date to include in gross income for federal income tax purposes in the year of issuance the fair market value of all or a portion of such Restricted Stock, the Participant shall be solely responsible for any foreign, federal, state, provincial or local taxes the Participant incurs in connection with such election. The Participant acknowledges that it is the Participant's sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if the Participant elects to utilize such election.

3. **Legend.** All certificates representing the Restricted Stock shall have endorsed thereon the following legends:

(a) “The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Neiman Marcus Group, Inc. Management Equity Incentive Plan (as amended from time to time) (the “Plan”), and an award agreement entered into between the registered owner of such shares and Neiman Marcus Group, Inc. (the “Company”). Copies of such Plan and award agreement are on file at the principal office of the Company”; and

(b) Any legend required to be placed thereon by (i) the Stockholders Agreement or (ii) applicable blue sky laws of any state.

In no event shall the Company be obligated to issue a certificate representing the Restricted Stock.

4. **Termination and Change in Control.** The provisions in the Plan regarding Termination and Change in Control shall apply to the Shares, except as otherwise set forth in this Agreement (including without limitation, Section 2(e), Section 5 and Section 6(e)).

5. **Company’s Right to Repurchase.**

(a) In the event of the Participant’s Termination for any reason, or if the Participant engages in Detrimental Activity during the period set forth in clause (ii) below, the Company shall have the right, but not the obligation, to repurchase (or to cause one or more of its designees to repurchase) from the Participant (or his or her Permitted Transferee), at the repurchase price set forth below, any or all Shares that are no longer Restricted Stock.

(i) In the event of Termination by the Company without Cause, voluntary Termination by the Participant for Good Reason, or on account of the Participant’s death or Disability, the repurchase price shall be, with respect to each such Share (including any security that was previously RS Property), the Fair Market Value (as defined in the Plan, provided that for purposes of this Agreement and the Shares, the proviso in section (i) of the definition of “Fair Market Value” shall be disregarded) thereof on the date of Termination.

(ii) In the event of Termination for any other reason, or upon the discovery by the Company that the Participant has engaged in Detrimental Activity during the period of employment or service or the one-year period following the Termination, the repurchase price shall be, with respect to each such Share (including all dividends and other RS Property with respect thereto), the par value thereof.

(b) To exercise the repurchase rights described in Section 5(a), the Company (or its designees) shall deliver a written notice to the Participant (or his or her Permitted Transferee) during the Repurchase Period, which notice shall set forth (i) the Shares to be repurchased and (ii) the approximate date on which such repurchase is to be consummated, which date shall be not more than 90 days after the date of such notice (subject to clause (c) below). Prior to the date of consummation of the repurchase, the Company (or its designees) shall deliver to the Participant (or his or her transferee) a written notice specifying the

applicable repurchase price for the securities being purchased. On the date of consummation of the repurchase, (1) the Company (or its designees) will pay the Participant (or his or her transferee) the applicable repurchase price in cash or, in the Company's discretion and to the extent not prohibited by law, by cancellation of undisputed indebtedness of the Participant to the Company or any of its Affiliates or any combination thereof and (2) the Participant (and his or her transferee) shall (x) cooperate with the Company to cause any certificates evidencing the Shares being purchased that are being held in escrow by the Company to be delivered to the Company or its designees, (y) deliver the certificates evidencing the Shares being purchased that are not being held in escrow by the Company (if any), duly endorsed in blank by the Person in whose name the certificate is issued or accompanied, free and clear of any liens, and with stock (or equivalent) transfer taxes affixed and (z) execute and deliver such instruments and other documents to be executed by such Participant (and his and her Permitted Transferees) in connection with such repurchase, in each case, as the Company may request (such instruments and documents, the "**Transfer Documents**"). The Company may exercise the repurchase rights described in Section 5(a) upon one or more occasions at any time during the applicable Repurchase Period.

(c) The Repurchase Period and the date on which any repurchase is to be consummated may be extended by the Committee at any time when repurchase by the Company (or its designees) (i) is prohibited pursuant to applicable law, (ii) is prohibited under any agreement (including any agreement governing indebtedness) (a "**Company Agreement**") of the Company or any of its Affiliates or (iii) could result in adverse accounting, tax or financial consequences for the Company or any of its Affiliates, in each case as determined by the Committee.

(d) Notwithstanding the foregoing, the Company shall cease to have rights of repurchase pursuant to this Section 5 on and after the Registration Date.

6. **Participant's Put Right on the Restricted Stock.**

(a) Each year, at any time during the 14-day period following release of the Company's or Neiman Marcus Group LTD LLC's earnings in respect of its first fiscal quarter (such period, the "**Put Period**"), subject to this Section 6, the Participant (or his or her Permitted Transferee) shall have the right (the "**Put Right**") to require the Company (or, at the Company's election, one or more of its designees) to purchase, no later than the 20th business day following the expiration of the Put Period, all or a portion of the Participant's vested Shares that are no longer Restricted Stock for a price equal to the Fair Market Value of such Shares at the beginning of the Put Period (each, a "**Put**"). The Fair Market Value of the Shares shall be determined by the Committee in its sole discretion, and the Participant (and his or her Permitted Transferees) shall not have the right to request any third party valuation or appraisal of the Shares or to otherwise challenge the Committee's determination of the Fair Market Value thereof.

(b) The Company will not be required to settle the Put (i) following such Participant's Termination for any reason, (ii) if settlement of all or a portion of the Put would cause the Company or its Affiliates to violate applicable law or any Company Agreement, (iii) if there is or, immediately following settlement of the Put would be, a default under any

Company Agreement relating to indebtedness, (iv) if the Committee reasonably determines that settlement of the Put would materially and adversely impact the liquidity of the Company or its Affiliates, (v) if there is an event, development or change in circumstances after the beginning of the Put Period that, in the determination of the Committee, significantly affects the Fair Market Value of the Shares after such date and before settlement of the Put, or (vi) if the Committee determines that settlement of the Put would (A) materially interfere with a significant acquisition, corporate organization, financing, securities offering or other similar transaction involving the Company; (B) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential, or (C) violate applicable securities laws and regulations. If the Committee determines that the Put shall not be settled with respect to a Put Period pursuant to Section 6(b)(ii)-(vi), the Committee shall establish another Put Period within six months following such determination (and determine the Fair Market Value of the Shares at the beginning of such Put Period), subject to compliance with the terms hereof.

(c) To exercise the Put Right, the Participant (or his or her Permitted Transferee) shall deliver an irrevocable written notice to the Company executed by such Participant (or his or her Permitted Transferee) (the "**Put Notice**") during the Put Period electing to exercise the Put Right, which notice shall set forth the number of Shares as to which such Participant (or his or her Permitted Transferee) is exercising the Put Right. Prior to the date of consummation of the Put, the Company (or its designees) shall deliver to the Participant (or his or her Permitted Transferee) a written notice specifying the applicable price for the securities being purchased. On the date of consummation of the Put, (1) the Company (or its designees) will pay the Participant (or his or her Permitted Transferee) the applicable price in cash or, in the Company's discretion and to the extent not prohibited by law, by cancellation of undisputed indebtedness of the Participant to the Company or any of its Affiliates or any combination thereof and (2) the Participant (and his or her Permitted Transferee) shall (x) cooperate with the Company to cause any certificates evidencing the Shares being purchased that are being held in escrow by the Company to be delivered to the Company or its designees, (y) deliver the certificates evidencing the Shares being purchased, duly endorsed in blank by the Person in whose name the certificate is issued or accompanied, free and clear of any liens, and with stock (or equivalent) transfer taxes affixed and (z) execute and deliver such Transfer Documents as the Company may request.

(d) The Put Right, if not exercised by the Participant (or his or her Permitted Transferee) by 5:00 p.m. (Central Time) on the last day of the Put Period, shall expire and thereafter shall be null and void and of no effect until the next Put Period.

(e) Notwithstanding the foregoing, the Put Right shall terminate on the earlier of the Registration Date and the date of a Participant's Termination for any reason, and after such termination of the Put Right, the Participant shall cease to have any rights with respect thereto.

7. **Securities Representations.** The Participant acknowledges and makes the representations, warranties and covenants set forth below. The Company is relying on the Participant's representations set forth in this Section 7.

(a) The Participant is acquiring and will hold the Shares for investment for his or her account only and not with a view to, or for resale in connection with, any “distribution” thereof within the meaning of the Securities Act or other applicable securities laws.

(b) The Participant has been advised that offerings of the Shares have not been registered under the Securities Act or other applicable securities laws, and that the Shares must be held indefinitely, unless the resales thereof are subsequently registered under the applicable securities laws or the Participant obtains an opinion of counsel (in the form and substance satisfactory to the Company and its counsel) that registration is not required. The Company is under no obligation to register offerings of the shares of Common Stock.

(c) The Participant is an “Accredited Investor” as such term is defined under Rule 501(a) of Regulation D promulgated under the Securities Act. The Participant has such knowledge and experience in financial and business matters that the Participant is capable of evaluating the merits and risks of investment in the Company and of making an informed investment decision. The Participant, or the Participant’s professional advisor, has the capacity to protect the Participant’s concerns in connection with the investment in the Shares, and the Participant is able to bear the economic risk, including the complete loss, of an investment in the Shares.

(d) The Participant will not sell, transfer or otherwise dispose of the Shares in violation of the Plan, this Agreement, the Securities Act (or the rules and regulations promulgated thereunder) or any other applicable laws.

(e) The Participant has been furnished with, and has had access to, such information as he or she considers necessary or appropriate for deciding whether to invest in the Shares, and the Participant has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions hereof.

(f) The Participant is aware that any investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. The Participant is able, without impairing his or her financial condition, to hold the Shares for an indefinite period and to suffer a complete loss of his or her investment.

8. **Power of Attorney.** The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments that such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of the Restricted Stock, Shares and property provided for herein, and the Participant hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for such purpose.

9. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. The Participant acknowledges having received and read a copy of the Plan, and agrees to comply with the Plan, this Agreement and all applicable laws and regulations. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement and the Plan contain the entire understanding of the parties, and supersede any prior agreements between the Company and the Participant, with respect to the award of Restricted Stock contemplated hereby.

10. **Delivery Delay.** The delivery of any certificate representing the Shares may be postponed by the Company for such period as may be required for it to comply with any applicable federal, state, local or other laws, or any national securities exchange listing requirements, and the Company is not obligated to issue or deliver any securities if, in the opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant, the Company or any of its Affiliates of any provisions of any applicable federal, state, local or other law or of any regulations of any governmental authority or any national securities exchange.

11. **Notices.** All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made:

(a) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 11, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Neiman Marcus Group, Inc.
c/o Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attention: Dennis Gies
Telephone: (310) 201-4100
Facsimile: (310) 201-4170

with a copy (which shall not constitute notice) to:

Neiman Marcus Group, Inc.
1618 Main Street
Dallas, TX 75201
Attention: Tracy Preston
Telephone: (214) 743-7610
Facsimile: (214) 743-7611

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Michael A. Woronoff, Esq.
Telephone: (310) 284-4550
Facsimile: (310) 557-2193

- (b) if to the Participant, to the address on file with the Employer.

Any notice, demand or request, if made in accordance with this Section 11 shall be deemed to have been duly given: (i) when delivered in person; (ii) three days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service.

12. **No Right to Employment.** This Agreement is not an agreement of employment. None of this Agreement, the Plan or the grant of the Shares hereunder shall (a) guarantee that the Employer or any other person or entity will employ the Participant for any specific time period or (b) modify or limit in any respect the Employer's or any other person's or entity's right to terminate or modify the Participant's employment or compensation.

13. **Stockholders Agreement.** As a condition to the receipt of the Shares, the Participant shall execute and deliver a Joinder Agreement or such other documentation as required by the Committee. The Stockholders Agreement and any such other documentation shall apply to the Shares.

14. **Dispute Resolution.** All controversies and claims arising out of or relating to this Agreement, or the breach hereof, shall be settled by the dispute resolution provisions in any employment agreement, or similar agreement, between the Employer and the Participant or, if none, the Employer's mandatory dispute resolution procedures as may be in effect from time to time with respect to matters arising out of or relating to Participant's employment with the Employer.

15. **Severability of Provisions.** If any provision of this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Agreement shall be construed and enforced as if such provisions had not been included.

16. **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws that would require the application of the laws of another jurisdiction.

17. **Section 409A.** Although the Company makes no guarantee with respect to the tax treatment of the Restricted Stock, the award of Restricted Stock pursuant to this Agreement is intended to be exempt from Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. With respect to any dividends and

other RS Property, however, this Agreement is intended to comply with, or to be exempt from, the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent; provided that the Employer does not guarantee to the Participant any particular tax treatment of the Restricted Stock or RS Property. In no event whatsoever shall the Employer be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

18. **Interpretation.** The words “hereof,” “herein,” “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof. Definitions shall be equally applicable to both nouns and verbs and the singular and plural forms of the terms defined. The term “or” is not exclusive. The words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation.”

19. **No Strict Construction.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

20. **Other Shares.** Notwithstanding anything in this Agreement or the Plan to the contrary, none of the shares of Common Stock owned from time to time by a Participant that were not acquired in connection with the grant of an Award to such Participant shall be subject to any of the terms, conditions or provisions of this Agreement or the Plan.

21. **Confidentiality.** The Participant hereby agrees to hold all confidential and proprietary information of the Company and its Affiliates received in connection with the grant of Restricted Stock, including any plan summaries or risk factors, in the strictest confidence. The Participant shall not, directly or indirectly, disclose or divulge any such confidential or proprietary information to any Person other than the Participant’s legal counsel and financial advisors, or an officer, director or employee of, or legal counsel for, the Company or its Affiliates, to the extent necessary for the proper performance of his or her responsibilities, unless authorized to do so by the Company or compelled to do so by law or valid legal process; provided that nothing in this Agreement shall prohibit the Participant from reporting or disclosing information related to potential violations of law under the applicable terms of the Company’s Code of Ethics and Conduct or such similar policy as the Company may have in effect from time to time.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

NEIMAN MARCUS GROUP, INC.

By: _____
Name:
Title:

Participant Name:

NEIMAN MARCUS GROUP, INC.

**Restricted Stock Agreement
Pursuant to the
Neiman Marcus Group, Inc.
Management Equity Incentive Plan**

AGREEMENT (“**Agreement**”), dated as of [•] (the “**Grant Date**”) between Neiman Marcus Group, Inc., a Delaware corporation (the “**Company**”), and **Karen W. Katz** (the “**Participant**”).

Preliminary Statement

Subject to the terms and conditions set forth herein, the Committee hereby grants an equal number of shares of Class A Common Stock, \$0.001 par value per share of the Company (the “**Class A Common Stock**”), and Class B Common Stock, par value \$0.001 per share, of the Company (the “**Class B Common Stock**”) and together with the Class A Common Stock, the “**Common Stock**”), as set forth below (the “**Shares**”) to the Participant, as an Eligible Employee, on the Grant Date, pursuant to the Neiman Marcus Group, Inc. Management Equity Incentive Plan, as it may be amended from time to time (the “**Plan**”). Each Share, as defined herein, shall consist of one share of Class A Common Stock and one share of Class B Common Stock together. Pursuant to **Section 2** hereof, the Shares are subject to certain restrictions, which restrictions shall lapse at the times provided under **Section 2(c)** hereof. While such restrictions are in effect, the Shares subject to such restrictions shall be referred to herein as “**Restricted Stock**.” The Company and its Subsidiaries collectively shall be referred to as the “**Employer**.” Except as otherwise indicated, any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Plan. By signing and returning this Agreement, the Participant acknowledges having received and read a copy of the Plan and agrees to comply with it, this Agreement and all applicable laws and regulations. The Participant acknowledges that the Participant is required to execute and return to the Company the Accredited Investor Questionnaire provided herewith as a condition of acceptance of the Shares.

Accordingly, the parties hereto agree as follows:

1. **Grant of Shares.** Subject to the Plan and the terms and conditions set forth herein and therein, the Participant is hereby granted [•] Shares.
2. **Restricted Stock.**
 - (a) **Retention of Certificates.** Promptly after the date of this Agreement, the Company shall issue stock certificates representing the Restricted Stock unless it elects to recognize such ownership through book entry or another similar method. Any such stock certificates shall be registered in the Participant’s name and shall bear any legend required by the Plan. Unless held in book entry form, such stock certificates shall be held in custody by the Company (or its designated agent) until the restrictions on the Restricted Stock shall have

Restricted Stock Agreement (Karen Katz)

lapsed (including any restrictions under the Stockholders Agreement). Upon the Company's request, the Participant shall deliver to the Company a duly signed stock power, endorsed in blank, relating to the Shares. If the Participant receives, with respect to the Restricted Stock or any part thereof, any (i) dividend (whether paid in shares, securities, moneys or property), (ii) shares of Restricted Stock pursuant to any split, (iii) distribution or return of capital resulting from a split-up, reclassification or other like changes of the Restricted Stock or (iv) warrants, options or any other rights or properties (collectively "**RS Property**"), the Participant will also immediately deposit with and deliver to the Company any of such RS Property, including, upon the Company's request, any certificates representing shares duly endorsed in blank or accompanied by stock powers duly executed in blank. The RS Property shall be subject to the same restrictions, including those in this Section 2(a), as the Restricted Stock with respect to which it is issued and shall be encompassed within the term "Restricted Stock." Unless otherwise determined by the Committee, any RS Property issued in the form of cash will not be reinvested in Common Stock and will be held until delivered to the Participant within 30 days after the date the restrictions related to the Restricted Stock lapse. The restrictions on any RS Property will lapse on the date that the underlying Restricted Stock vests and ceases to be Restricted Stock.

(b) **Rights with Respect to Restricted Stock; Transfer.** The Participant will have all rights of a stockholder with respect to the Restricted Stock, including the right to vote the Restricted Stock, to receive and retain any dividends payable to holders of Common Stock of record on and after the transfer of the Restricted Stock (although such dividends shall be treated, to the extent required by applicable law, as additional compensation for tax purposes if paid on Restricted Stock, and such dividends will be subject to the restrictions provided in Section 2(a)), and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to the Restricted Stock set forth in the Plan, with the exceptions that: (i) the Participant will not be entitled to delivery of the stock certificate or certificates representing the Restricted Stock until the Restriction Period shall have expired; (ii) the Company (or its designated agent) will retain custody of the stock certificate or certificates representing the Restricted Stock during the Restriction Period; and (iii) no RS Property will bear interest or be segregated in separate accounts during the Restriction Period.

Notwithstanding the foregoing, and without limiting any other restrictions in the Stockholders Agreement or otherwise, the Participant may not sell, pledge, assign, encumber or otherwise Transfer any Restricted Stock, except as permitted under the Plan. Any attempted Transfer prohibited under this Agreement, the Stockholders Agreement or otherwise shall be null and void *ab initio*, and the Company shall not in any way give effect to any such impermissible Transfer.

(c) **Vesting.** The Restricted Stock shall vest and cease to be "Restricted Stock" as provided below. There shall be no partial or proportionate vesting between vesting dates, except as provided herein; provided that the Committee may accelerate the vesting at any time.

[VESTING SCHEDULE]

Notwithstanding the foregoing, in the event of a Termination by the Company without Cause, by the Participant for Good Reason or due to an NMG Non-Renewal (as defined in the employment agreement by and between the Participant and the Employer, as it may be amended from time to time (the "**Employment Agreement**") (i) prior to a Change in Control, any Restricted Stock that would have vested in the 12-month period following the date of such Termination had there been no Termination during such period shall vest and cease to be "Restricted Stock" upon such Termination or (ii) following a Change in Control, but prior to an Initial Public Offering, all remaining Restricted Stock shall vest and cease to be "Restricted Stock" upon such Termination.

(d) **Detrimental Activity.** The provisions in the Plan regarding Detrimental Activity shall apply to the Shares. The restrictions regarding Detrimental Activity are necessary for the protection of the business and goodwill of the Company and are considered by the Participant to be reasonable for such purposes. Without intending to limit the legal or equitable remedies available in the Plan and this Agreement, the Participant acknowledges that engaging in Detrimental Activity will cause the Company material irreparable injury for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such activity or threat thereof, the Company shall be entitled, in addition to the remedies provided under the Plan, to obtain from any court of competent jurisdiction a temporary restraining order or a preliminary or permanent injunction restraining the Participant from engaging in Detrimental Activity or such other relief as may be required to specifically enforce any of the covenants in the Plan and this Agreement without the necessity of posting a bond, and in the case of a temporary restraining order or a preliminary injunction, without having to prove special damages.

(e) **Forfeiture.** The Participant shall forfeit to the Company, without compensation, any and all unvested Restricted Stock that does not become vested pursuant to the last sentence of Section 2(c) upon the Participant's Termination for any reason.

(f) **Withholding.** Unless otherwise directed or permitted by the Committee, the Participant must pay or provide for all applicable withholding taxes in respect of the Restricted Stock by (i) remitting the aggregate amount of such taxes to the Company in full, by cash, check, bank draft or money order payable to the order of the Company, (ii) electing to have the Employer withhold, from Shares that have vested and ceased to be "Restricted Stock," a number of whole Shares having a Fair Market Value equal to an amount necessary to satisfy any required federal, state, local or other non-U.S. withholding obligations using the minimum

statutory withholding rates for federal, state, local or non-U.S. tax purposes, including payroll taxes, in all cases to the extent not prohibited under any debt or financing agreements of the Company or any of its subsidiaries or (iii) to the extent permitted by the Committee, by making arrangements with the Company to have such taxes withheld from other compensation due to the Participant. Unless the Participant notifies the Company otherwise, the withholding of applicable taxes will be addressed as described in clause (ii) of the previous sentence.

(g) **Section 83(b).** If the Participant properly elects (as permitted by Section 83(b) of the Code) within 30 days after the Grant Date to include in gross income for federal income tax purposes in the year of issuance the fair market value of all or a portion of such Restricted Stock, the Participant shall be solely responsible for any foreign, federal, state, provincial or local taxes the Participant incurs in connection with such election. The Participant acknowledges that it is the Participant's sole responsibility, and not the Company's, to file timely and properly the election under Section 83(b) of the Code and any corresponding provisions of state tax laws if the Participant elects to utilize such election.

3. **Legend.** All certificates representing the Restricted Stock shall have endorsed thereon the following legends:

(a) "The anticipation, alienation, attachment, sale, transfer, assignment, pledge, encumbrance or charge of the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Neiman Marcus Group, Inc. Management Equity Incentive Plan (as amended from time to time) (the "Plan"), and an award agreement entered into between the registered owner of such shares and Neiman Marcus Group, Inc. (the "Company"). Copies of such Plan and award agreement are on file at the principal office of the Company"; and

(b) Any legend required to be placed thereon by (i) the Stockholders Agreement or (ii) applicable blue sky laws of any state.

In no event shall the Company be obligated to issue a certificate representing the Restricted Stock.

4. **Termination and Change in Control.** The provisions in the Plan regarding Termination and Change in Control shall apply to the Shares, except as otherwise set forth in this Agreement (including without limitation the last sentence of Section 2(c), Section 2(e), Section 5 and Section 6(e)).

5. **Company's Right to Repurchase.**

(a) In the event of the Participant's Termination for any reason, or if the Participant engages in Detrimental Activity during the period set forth in clause (ii) below, the Company shall have the right, but not the obligation, to repurchase (or to cause one or more of its designees to repurchase) from the Participant (or his or her Permitted Transferee), at the repurchase price set forth below, any or all Shares that are no longer Restricted Stock.

(i) In the event of Termination by the Company without Cause, voluntary Termination by the Participant for Good Reason, or on account of the Participant's death or Disability, the repurchase price shall be, with respect to each such Share (including any security that was previously RS Property), the Fair Market Value (as defined in the Plan, provided that for purposes of this Agreement and the Shares, the proviso in section (i) of the definition of "Fair Market Value" shall be disregarded) thereof on the date of Termination.

(ii) In the event of Termination for any other reason, or upon the discovery by the Company that the Participant has engaged in Detrimental Activity during the period of employment or service or the one-year period following the Termination, the repurchase price shall be, with respect to each such Share (including all dividends and other RS Property with respect thereto), the par value thereof.

(b) To exercise the repurchase rights described in Section 5(a), the Company (or its designees) shall deliver a written notice to the Participant (or his or her Permitted Transferee) during the Repurchase Period, which notice shall set forth (i) the Shares to be repurchased and (ii) the approximate date on which such repurchase is to be consummated, which date shall be not more than 90 days after the date of such notice (subject to clause (c) below). Prior to the date of consummation of the repurchase, the Company (or its designees) shall deliver to the Participant (or his or her transferee) a written notice specifying the applicable repurchase price for the securities being purchased. On the date of consummation of the repurchase, (1) the Company (or its designees) will pay the Participant (or his or her transferee) the applicable repurchase price in cash or, in the Company's discretion and to the extent not prohibited by law, by cancellation of undisputed indebtedness of the Participant to the Company or any of its Affiliates or any combination thereof and (2) the Participant (and his or her transferee) shall (x) cooperate with the Company to cause any certificates evidencing the Shares being purchased that are being held in escrow by the Company to be delivered to the Company or its designees, (y) deliver the certificates evidencing the Shares being purchased that are not being held in escrow by the Company (if any), duly endorsed in blank by the Person in whose name the certificate is issued or accompanied, free and clear of any liens, and with stock (or equivalent) transfer taxes affixed and (z) execute and deliver such instruments and other documents to be executed by such Participant (and his and her Permitted Transferees) in connection with such repurchase, in each case, as the Company may request (such instruments and documents, the "**Transfer Documents**"). The Company may exercise the repurchase rights described in Section 5(a) upon one or more occasions at any time during the applicable Repurchase Period.

(c) The Repurchase Period and the date on which any repurchase is to be consummated may be extended by the Committee at any time when repurchase by the Company (or its designees) (i) is prohibited pursuant to applicable law, (ii) is prohibited under any agreement (including any agreement governing indebtedness) (a "**Company Agreement**") of the Company or any of its Affiliates or (iii) could result in adverse accounting, tax or financial consequences for the Company or any of its Affiliates, in each case as determined by the Committee.

(d) Notwithstanding the foregoing, the Company shall cease to have rights of repurchase pursuant to this Section 5 on and after the Registration Date.

6. **Participant's Put Right on the Restricted Stock.**

(a) Each year, at any time during the 14-day period following release of the Company's or Neiman Marcus Group LTD LLC's earnings in respect of its first fiscal quarter (such period, the "**Put Period**"), subject to this Section 6, the Participant (or his or her Permitted Transferee) shall have the right (the "**Put Right**") to require the Company (or, at the Company's election, one or more of its designees) to purchase, no later than the 20th business day following the expiration of the Put Period, all or a portion of the Participant's vested Shares that are no longer Restricted Stock for a price equal to the Fair Market Value of such Shares at the beginning of the Put Period (each, a "**Put**"). The Fair Market Value of the Shares shall be determined by the Committee in its sole discretion, and the Participant (and his or her Permitted Transferees) shall not have the right to request any third party valuation or appraisal of the Shares or to otherwise challenge the Committee's determination of the Fair Market Value thereof.

(b) The Company will not be required to settle the Put (i) following such Participant's Termination for any reason, other than for 12 months following a Termination by the Company without Cause or by the Participant for Good Reason or due to an NMG Non-Renewal, (ii) if settlement of all or a portion of the Put would cause the Company or its Affiliates to violate applicable law or any Company Agreement, (iii) if there is or, immediately following settlement of the Put would be, a default under any Company Agreement relating to indebtedness, (iv) if the Committee reasonably determines that settlement of the Put would materially and adversely impact the liquidity of the Company or its Affiliates, (v) if there is an event, development or change in circumstances after the beginning of the Put Period that, in the determination of the Committee, significantly affects the Fair Market Value of the Shares after such date and before settlement of the Put, or (vi) if the Committee determines that settlement of the Put would (A) materially interfere with a significant acquisition, corporate organization, financing, securities offering or other similar transaction involving the Company; (B) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential, or (C) violate applicable securities laws and regulations. If the Committee determines that the Put shall not be settled with respect to a Put Period pursuant to Section 6(b)(ii)-(vi), the Committee shall establish another Put Period within six months following such determination (and determine the Fair Market Value of the Shares at the beginning of such Put Period), subject to compliance with the terms hereof.

(c) To exercise the Put Right, the Participant (or his or her Permitted Transferee) shall deliver an irrevocable written notice to the Company executed by such Participant (or his or her Permitted Transferee) (the "**Put Notice**") during the Put Period electing to exercise the Put Right, which notice shall set forth the number of Shares as to which such Participant (or his or her Permitted Transferee) is exercising the Put Right. Prior to the date of consummation of the Put, the Company (or its designees) shall deliver to the Participant (or his or her Permitted Transferee) a written notice specifying the applicable price for the securities being purchased. On the date of consummation of the Put, (1) the Company (or its

designees) will pay the Participant (or his or her Permitted Transferee) the applicable price in cash or, in the Company's discretion and to the extent not prohibited by law, by cancellation of undisputed indebtedness of the Participant to the Company or any of its Affiliates or any combination thereof and (2) the Participant (and his or her Permitted Transferee) shall (x) cooperate with the Company to cause any certificates evidencing the Shares being purchased that are being held in escrow by the Company to be delivered to the Company or its designees, (y) deliver the certificates evidencing the Shares being purchased, duly endorsed in blank by the Person in whose name the certificate is issued or accompanied, free and clear of any liens, and with stock (or equivalent) transfer taxes affixed and (z) execute and deliver such Transfer Documents as the Company may request.

(d) The Put Right, if not exercised by the Participant (or his or her Permitted Transferee) by 5:00 p.m. (Central Time) on the last day of the Put Period, shall expire and thereafter shall be null and void and of no effect until the next Put Period.

(e) Notwithstanding the foregoing, the Put Right shall terminate on the earliest of (i) the Registration Date, (ii) the date of a Participant's Termination for any reason other than a Termination by the Company without Cause, by the Participant for Good Reason or due to an NMG Non-Renewal and (iii) 12 months following a Participant's Termination by the Company without Cause, by the Participant for Good Reason or due to an NMG Non-Renewal, and after such termination of the Put Right, the Participant shall cease to have any rights with respect thereto; provided that if, pursuant to Section 6(b), the Company is not required to settle the Put during the Put Period that occurs within 12 months of Participant's Termination in the circumstances set forth in this clause (iii) and an additional Put Period is established pursuant to the last sentence of Section 6(b), then Participant's Put Right shall remain in effect through such additional subsequent Put Period.

7. **Securities Representations.** The Participant acknowledges and makes the representations, warranties and covenants set forth below. The Company is relying on the Participant's representations set forth in this Section 7.

(a) The Participant is acquiring and will hold the Shares for investment for his or her account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act or other applicable securities laws.

(b) The Participant has been advised that offerings of the Shares have not been registered under the Securities Act or other applicable securities laws, and that the Shares must be held indefinitely, unless the resales thereof are subsequently registered under the applicable securities laws or the Participant obtains an opinion of counsel (in the form and substance satisfactory to the Company and its counsel) that registration is not required. The Company is under no obligation to register offerings of the shares of Common Stock.

(c) The Participant is an "Accredited Investor" as such term is defined under Rule 501(a) of Regulation D promulgated under the Securities Act. The Participant has such knowledge and experience in financial and business matters that the Participant is capable of evaluating the merits and risks of investment in the Company and of making an informed

investment decision. The Participant, or the Participant's professional advisor, has the capacity to protect the Participant's concerns in connection with the investment in the Shares, and the Participant is able to bear the economic risk, including the complete loss, of an investment in the Shares.

(d) The Participant will not sell, transfer or otherwise dispose of the Shares in violation of the Plan, this Agreement, the Securities Act (or the rules and regulations promulgated thereunder) or any other applicable laws.

(e) The Participant has been furnished with, and has had access to, such information as he or she considers necessary or appropriate for deciding whether to invest in the Shares, and the Participant has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions hereof.

(f) The Participant is aware that any investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. The Participant is able, without impairing his or her financial condition, to hold the Shares for an indefinite period and to suffer a complete loss of his or her investment.

8. **Power of Attorney.** The Company, its successors and assigns, is hereby appointed the attorney-in-fact, with full power of substitution, of the Participant for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instruments that such attorney-in-fact may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. The Company, as attorney-in-fact for the Participant, may in the name and stead of the Participant, make and execute all conveyances, assignments and transfers of the Restricted Stock, Shares and property provided for herein, and the Participant hereby ratifies and confirms all that the Company, as said attorney-in-fact, shall do by virtue hereof. Nevertheless, the Participant shall, if so requested by the Company, execute and deliver to the Company all such instruments as may, in the judgment of the Company, be advisable for such purpose.

9. **Provisions of Plan Control.** This Agreement is subject to all the terms, conditions and provisions of the Plan, and to such rules, regulations and interpretations relating to the Plan as may be adopted by the Committee and as may be in effect from time to time. The Plan is incorporated herein by reference. The Participant acknowledges having received and read a copy of the Plan, and agrees to comply with the Plan, this Agreement and all applicable laws and regulations. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. This Agreement and the Plan contain the entire understanding of the parties, and supersede any prior agreements between the Company and the Participant, with respect to the award of Restricted Stock contemplated hereby.

10. **Delivery Delay.** The delivery of any certificate representing the Shares may be postponed by the Company for such period as may be required for it to comply with any applicable federal, state, local or other laws, or any national securities exchange listing requirements, and the Company is not obligated to issue or deliver any securities if, in the

opinion of counsel for the Company, the issuance of such Shares shall constitute a violation by the Participant, the Company or any of its Affiliates of any provisions of any applicable federal, state, local or other law or of any regulations of any governmental authority or any national securities exchange.

11. **Notices.** All notices, demands or requests made pursuant to, under or by virtue of this Agreement must be in writing and sent to the party to which the notice, demand or request is being made:

(a) unless otherwise specified by the Company in a notice delivered by the Company in accordance with this Section 11, any notice required to be delivered to the Company shall be properly delivered if delivered to:

Neiman Marcus Group, Inc.
c/o Ares Management LLC
2000 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067
Attention: Dennis Gies
Telephone: (310) 201-4100
Facsimile: (310) 201-4170

with a copy (which shall not constitute notice) to:

Neiman Marcus Group, Inc.
1618 Main Street
Dallas, TX 75201
Attention: Tracy Preston
Telephone: (214) 743-7610
Facsimile: (214) 743-7611

and

Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, CA 90067
Attention: Michael A. Woronoff, Esq.
Telephone: (310) 284-4550
Facsimile: (310) 557-2193

(b) if to the Participant, to the address on file with the Employer.

Any notice, demand or request, if made in accordance with this Section 11 shall be deemed to have been duly given: (i) when delivered in person; (ii) three days after being sent by United States mail; or (iii) on the first business day following the date of deposit if delivered by a nationally recognized overnight delivery service.

12. **No Right to Employment.** This Agreement is not an agreement of employment. None of this Agreement, the Plan or the grant of the Shares hereunder shall (a) guarantee that the Employer or any other person or entity will employ the Participant for any specific time period or (b) modify or limit in any respect the Employer's or any other person's or entity's right to terminate or modify the Participant's employment or compensation.

13. **Stockholders Agreement.** As a condition to the receipt of the Shares, the Participant shall execute and deliver a Joinder Agreement or such other documentation as required by the Committee. The Stockholders Agreement and any such other documentation shall apply to the Shares.

14. **Dispute Resolution.** All controversies and claims arising out of or relating to this Agreement, or the breach hereof, shall be settled by the dispute resolution provisions in any employment agreement, or similar agreement, between the Employer and the Participant or, if none, the Employer's mandatory dispute resolution procedures as may be in effect from time to time with respect to matters arising out of or relating to Participant's employment with the Employer.

15. **Severability of Provisions.** If any provision of this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Agreement shall be construed and enforced as if such provisions had not been included.

16. **Governing Law.** All matters arising out of or relating to this Agreement and the transactions contemplated hereby, including its validity, interpretation, construction, performance and enforcement, shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to its principles of conflict of laws that would require the application of the laws of another jurisdiction.

17. **Section 409A.** Although the Company makes no guarantee with respect to the tax treatment of the Restricted Stock, the award of Restricted Stock pursuant to this Agreement is intended to be exempt from Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. With respect to any dividends and other RS Property, however, this Agreement is intended to comply with, or to be exempt from, the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent; provided that the Employer does not guarantee to the Participant any particular tax treatment of the Restricted Stock or RS Property. In no event whatsoever shall the Employer be liable for any additional tax, interest or penalties that may be imposed on the Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

18. **Interpretation.** The words "hereof," "herein," "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof. Definitions shall be equally applicable to both nouns and verbs and the singular and plural forms of the terms defined. The term "or" is not exclusive. The

words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation.”

19. **No Strict Construction.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

20. **Other Shares.** Notwithstanding anything in this Agreement or the Plan to the contrary, none of the shares of Common Stock owned from time to time by a Participant that were not acquired in connection with the grant of an Award to such Participant shall be subject to any of the terms, conditions or provisions of this Agreement or the Plan.

21. **Confidentiality.** The Participant hereby agrees to hold all confidential and proprietary information of the Company and its Affiliates received in connection with the grant of Restricted Stock, including any plan summaries or risk factors, in the strictest confidence. The Participant shall not, directly or indirectly, disclose or divulge any such confidential or proprietary information to any Person other than the Participant’s legal counsel and financial advisors, or an officer, director or employee of, or legal counsel for, the Company or its Affiliates, to the extent necessary for the proper performance of his or her responsibilities, unless authorized to do so by the Company or compelled to do so by law or valid legal process; provided that nothing in this Agreement shall prohibit the Participant from reporting or disclosing information related to potential violations of law under the applicable terms of the Company’s Code of Ethics and Conduct or such similar policy as the Company may have in effect from time to time.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Grant Date.

NEIMAN MARCUS GROUP, INC.

By: _____
Name:
Title:

Participant Name: **Karen W. Katz**

**FIRST AMENDMENT TO
NM MARIPOSA HOLDINGS, INC.
MANAGEMENT EQUITY INCENTIVE PLAN**

WHEREAS, Neiman Marcus Group, Inc., formerly known as NM Mariposa Holdings, Inc. (the “*Company*”), maintains the NM Mariposa Holdings, Inc. Management Equity Incentive Plan (as amended, the “*Plan*”);

WHEREAS, pursuant to Article XI of the Plan, the Compensation Committee of the Board of Directors of the Company (the “*Committee*”), may at any time amend the Plan, including to increase the aggregate number of shares of Common Stock of the Company that may be issued under the Plan, provided such increase is approved by the stockholders of the Company; and

WHEREAS, the Committee has authorized such an amendment to the Plan, subject to stockholder approval.

NOW, THEREFORE, the Plan is hereby amended as follows:

1. The name of the Plan is hereby changed to the “Neiman Marcus Group, Inc. Management Equity Incentive Plan.”
2. Each reference to “NM Mariposa Holdings, Inc.” in the Plan is hereby changed to “Neiman Marcus Group, Inc.”
3. The first sentence of Section 4.1(a) of the Plan is hereby replaced in its entirety with the following sentence:

“The aggregate number of shares of Common Stock that may be issued or used for reference purposes under the Plan or with respect to which Awards may be granted under the Plan, including with respect to Incentive Stock Options, shall not exceed 253,666 shares of Class A Common Stock and 253,666 shares of Class B Common Stock (subject, in each case, to any increase or decrease pursuant to Section 4.2).
