

May 20, 2020

**NOTICE TO
NEIMAN MARCUS
2019 EXTENDED TERM LOAN HOLDERS**

RE: SYNDICATION MECHANICS AND GO-FORWARD TRADING

On May 19, 2020, the syndication of the DIP Opportunity and Exit Opportunity referred to in the Notice and Instruction Form dated May 11, 2020¹, the RSA and the related documentation was completed. If you subscribed to the DIP Opportunity and/or the Exit Opportunity, you should expect to imminently receive updated commitment schedules to the DIP Credit Agreement and the Exit Facility Term Sheet, as well as funding instructions for the next draw of the DIP Facility, which will occur on Friday May 22, 2020, as applicable.

In response to certain questions received by the Debtors, please be advised of the following, by way of clarification of the procedures relating to the DIP Opportunity and Exit Opportunity.

DIP Opportunity

- Each DIP Eligible Holder who subscribed by the deadline shall be entitled to receive their pro rata share of the following fees:
 - Upfront fee of 4% (payable in cash – netted from initial draw)
 - Ticking fee of 6.375% (payable in cash monthly on undrawn commitments)
 - Extension fee of 2% (payable in cash if maturity date is extended)
 - Exit fee of 3% (payable in equity upon consummation of the plan of reorganization contemplated by the RSA at a 35% discount to plan equity value; otherwise payable at maturity in cash)
- If you participate in the DIP Opportunity, you must fund your pro rata portion of draw 1b contemplated by the DIP Credit Agreement on May 22, before 10:00 am ET. Please wire your pro rata portion of draw 1b to Cortland in accordance with the wire instructions attached to this Notice.
- Assignments of loans and commitments, and associated fees, under the DIP facility may be consummated and recorded after May 22, 2020 in accordance with the assignment provisions set forth in the DIP Credit Agreement.
- For the avoidance of doubt, the DIP will trade separate from the prepetition term loans.

¹ Terms capitalized but not defined herein shall have the meanings assigned to them in the Notice and Instruction Form.

Exit Opportunity

- The Exit Opportunity was an opportunity to become a lender in respect of the Exit Facility pursuant to a backstop arrangement in respect of a future debt rights offering that will be made by the Debtors in connection with the plan of reorganization contemplated by the RSA.
- Each Exit Eligible Holder who subscribed by the deadline will be entitled to receive their pro rata share of the 6.5% backstop joinder fee (payable in equity on the Exit Effective Date at a 35% discount to plan equity value).
- In connection with the proposed plan of reorganization, record holders of Prepetition Extended Term Loan Obligations, Prepetition Second Lien Note Obligations, Prepetition Third Lien Note Obligations, Prepetition Debenture Obligations and Prepetition 2013 Term Loan Obligations *as of on or about the Disclosure Statement hearing date* will be solicited to provide commitments for the Exit Facility in proportion to their rights to receive equity on account of their prepetition claims pursuant to the proposed plan.
 - Exit Eligible Holders who subscribed for the Exit Opportunity will *not* be entitled, or obligated, to fund under the Exit Facility on account of their subscription to the Exit Opportunity, and will not be entitled to any portion of the Participation Fee referred to in the Exit Facility Term Sheet (i.e., 30% of the equity in the reorganized Debtors), if the solicitation of commitments to the Exit Facility pursuant to the proposed plan is fully subscribed or if such Exit Eligible Holder's applicable share of any under-subscription would be less than an amount to be determined.
 - For the avoidance of doubt (i) each Exit Eligible Holder that continues to hold applicable prepetition debt through the Disclosure Statement hearing date will, pursuant to the proposed plan, be entitled to subscribe for its applicable portion of the Exit Facility and to receive its ratable share of the Participation Fee; and (ii) Exit Eligible Holders who subscribed for the Exit Opportunity will be entitled to their share of the 6.5% backstop joinder fee regardless of whether they are required to fund any amount under the Exit Facility.
- Exit backstop commitments acquired pursuant to the Exit Opportunity, and the associated share of the 6.5% backstop joinder fee, are **not** transferable / assignable at this time.
- For the avoidance of doubt, prepetition term loans and notes (and the associated right to subscribe to the Exit Facility in connection with the proposed plan) are assignable after May 22, 2020 in accordance with normal procedures; provided, transfers of loans and notes by prepetition creditors that have signed onto the RSA are further subject to the transfer provisions of the RSA.

Wire Instructions for Cortland Products Corp for Neiman Marcus DIP:

Keybank N.A.
ABA: 041001039
Cortland Products Corp. Omnibus
acct# 359681463782
Ref: Neiman Marcus DIP
Contact Name: Steve Lenard
Contact # 312-262-3104 / 773-919-4625 cell
Address: 225 W Washington St, 9th Floor, Chicago, IL 60606

Call Back Info:

Contact 1: Steve Lenard
Contact # 312-262-3104 / 773-919-4625 cell

Contact 2: Tad White
Contact #: 617-880-4491