

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attached.](#)

18 Can any resulting loss be recognized? ▶ [See attached.](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attached.](#)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶  Date ▶ 11/9/2020
Print your name ▶ Leigh Ann Hernandez Title ▶ VP of Tax and Tax Governmental Affairs

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

NMG Holding Company, Inc.
Attachment to Internal Revenue Service Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Code. Holders should consult their own tax advisors regarding the particular tax consequences of the Transactions (as defined below) to them, including the applicability and effect of all U.S. federal, state and local and non-U.S. tax laws.

Form 8937, Part I, Line 10 - CUSIP Numbers

Original Instruments					
2019 Term Loans	2013 Term Loans	2028 Debentures	Second Lien Notes (144A / Reg-S)	8.000% Third Lien Notes (144A / AI / Reg-S)	8.750% Third Lien Notes (144A / AI / Reg-S)
N/A	N/A	640204 AB9	64021V AE2 U63127 AC5	64021V AA0 64021V AB8 U63127 AA9	64021V AC6 64021V AD4 U63127 AB7

New Instruments				
New Equity	Exit Rights	New Warrants	2L MyT Distribution (\$200,000,000 note issued by MYT Holding LLC) (144A / AI / Reg-S) ¹	3L MyT Distribution (Class B Common Units of MYT Holding LLC)
62929P 102	N/A	62929P 110	Initial Notes: 55406M AA3 55406M AB1 U6253M AA7 Exchange Notes: 55406N AA1 554096N AB9 U6254N AA4	55406N 103

¹ On September 25, 2020, holders of Second Lien Notes received 7.50% Senior Secured PIK Notes due 2025 issued by MYT Holding Co (the “Initial PIK Notes”). Immediately following the distribution of Initial PIK Notes, MYT Holding Co. merged with and into MYT Intermediate LLC, with MYT Intermediate LLC continuing as the surviving limited liability company under the name “MYT Holding LLC”. On October 15, 2020, the Initial PIK Notes were cancelled in exchange for a like aggregate principal amount of 7.50% Senior Secured PIK Notes due 2025 issued by MYT Holding LLC (the “Exchange Notes”).

Form 8937, Part II, Line 14

On September 25, 2020 (the “**Effective Date**”), and pursuant to the Chapter 11 plan of reorganization (the “**Plan**”) confirmed by the United States Bankruptcy Court for the Southern District of Texas, Houston Division, Neiman Marcus Group LTD LLC, a Delaware limited liability company treated as a corporation for U.S. federal income tax purposes (the “**Debtor**” or “**LTD**”) and the predecessor to NMG Holding Company, Inc. (the “**Company**”), and certain of their affiliates, subsidiaries, and creditors entered into and completed certain restructuring transactions (the “**Transactions**”) pursuant to the Plan as follows. Capitalized terms used but not defined herein, if any, shall have the meanings assigned to such terms in the Plan.

Prior to the Effective Date and to facilitate the transfer of LTD’s assets to the Company pursuant to the Transactions, an agent of certain of LTD’s creditors formed (a) NMG Parent LLC (“**New Neiman Parent**”), (b) NMG Intermediate, LLC (“**New Intermediate**”), and (c) the Company. Each of New Neiman Parent and New Intermediate can elect to be treated as corporations for U.S. federal income tax purposes and it is expected that New Neiman Parent will elect to be treated as a corporation effective as of its formation. It is not yet decided whether New Intermediate will elect to be treated as a corporation effective as of its formation.

On the Effective Date, the following transaction steps occurred in the following order:

1. MYT Holding Co. issued a new \$200,000,000 note (constituting the “2L MyT Distribution” under the Plan) directly to the holders of Second Lien Notes in partial satisfaction of their Claims pursuant to the Plan.
2. A portion of the common units of MYT Holding LLC (constituting the “3L MyT Distribution”) was transferred to the holders of Third Lien Notes on behalf of LTD in partial satisfaction of their Claims pursuant to the Plan.
3. New Neiman Parent issued and contributed to New Intermediate (i) a portion of the New Equity, (ii) rights to acquire New Equity in connection with the exercise of the Exit Rights, and (iii) all of the New Warrants (the interests and rights described in clauses (i), (ii) and (iii), collectively, the “**Equity Interests**”). Immediately after the issuance and contribution of the Equity Interests to New Intermediate, New Intermediate contributed all of the Equity Interests to the Company.
4. The Company entered into the Exit ABL Facility and borrowed thereunder.
5. All liabilities of LTD, to the extent not satisfied or extinguished pursuant to any of the foregoing steps, and to the extent they exceed the value to be received under the Plan, were cancelled for no consideration.
6. Immediately thereafter, LTD merged with and into the Company with the Company surviving (the “**Merger**”). In connection with the Merger, LTD ceased to exist and all of its existing Equity Interests (as defined in the Plan) were cancelled, released, and extinguished without any distribution or other consideration on account thereof. Simultaneously with the Merger and pursuant to the Plan, the Company issued the Exit Rights, and made the following transfers:

- a) A portion of the New Equity received in Step 3 and a portion of the Exit Rights to the holders of 2019 Term Loans in full satisfaction and discharge of any of their remaining Claims that were not cancelled in Step 5.
 - b) A portion of the New Equity received in Step 3 and a portion of the Exit Rights to the holders of 2013 Term Loans in full satisfaction and discharge of any of their remaining Claims that were not cancelled in Step 5.
 - c) A portion of the New Equity received in Step 3 and a portion of the Exit Rights to the holders of 2028 Debentures in full satisfaction and discharge of any of their remaining Claims that were not cancelled in Step 5.
 - d) A portion of the New Equity received in Step 3, a portion of the Exit Rights, and all of the New Warrants received in Step 3 to the holders of Second Lien Notes in full satisfaction and discharge of any of their remaining Claims that were not cancelled in Step 5.
 - e) A portion of the New Equity received in Step 3 and a portion of the Exit Rights to the holders of Third Lien Notes in full satisfaction and discharge of any of their remaining Claims that were not cancelled in Step 5.
7. Immediately after the Merger and pursuant to the Plan, the Company entered into the Exit Facility and issued the loans thereunder to the Exit Facility Lenders (pursuant to the exercise of Exit Rights received in the Merger) for cash and New Neiman Parent transferred New Equity to the Exit Facility Lenders in payment of the Exit Term Loan Participation Fees.

The above does not represent a comprehensive summary of the steps that comprise the Transaction and only describes certain of the steps that are relevant to the discussion herein.

Form 8937, Part II, Line 15

The U.S. federal income tax consequences of Transactions to holders will differ depending on whether the Transactions are treated as (a) a taxable transaction that is (or is deemed to be) a disposition of some or all of the assets of LTD and its subsidiaries to the Company (a “**Taxable Transaction**”) or (b) a transaction that is treated, for U.S. federal income tax purposes, as a tax-free reorganization of LTD pursuant to Section 368(a)(1)(G) of the Code (a “**Reorganization Transaction**”). It has not yet been decided whether the Transactions will be structured as a Taxable Transaction or a Reorganization Transaction. If the Company elects to structure the transactions as a Taxable Transaction, New Intermediate will file a timely election to be treated as a corporation effective as of its formation date; if the Company elects to treat the Transactions as a Reorganization Transaction, New Intermediate will not file an election to be treated as a corporation effective as of its formation and instead will remain disregarded as a separate entity from New Neiman Parent.

The remainder of this discussion assumes that the Transactions will be treated as a Reorganization Transaction. The Company may publish an amended Form 8937 in the event that the Company elects instead to cause the Transactions to be structured as a Taxable Transaction.

The Debtor and the Company intend to treat the 2013 Term Loans, 2019 Term Loans, 2028 Debentures, and Third Lien Notes as “securities” for U.S. federal income tax purposes but do not intend to treat the Second Lien Notes as “securities” for U.S. federal income tax purposes. Additionally, the Debtor and the Company intend to treat the Exit Rights as options to acquire a portion of the Exit Facility for U.S. federal income tax purposes and therefore do not intend to treat the Exit Rights as “securities” for U.S. federal income tax purposes. Holders are urged to consult their own tax advisors regarding the potentially different tax treatment that could apply (assuming the Transactions are consummated as a Reorganization Transaction) if the Exit Rights were treated as “securities” for U.S. federal income tax purposes.

Holders of 2013 Term Loans

Because the Debtor and the Company intend to treat the 2013 Term Loans as “securities” for U.S. federal income tax purposes, and assuming the Transactions are consummated as a Reorganization Transaction as discussed above, a holder of 2013 Term Loans is expected to be treated as receiving its distribution under the Plan in a transaction treated as a tax-free reorganization under Section 368(a)(1)(G) of the Code. Accordingly, a holder of 2013 Term Loans is expected to recognize gain (but not loss) as a result of the Transaction. Any gain recognized generally will equal the lesser of (a) the amount of gain realized on the exchange (computed as the difference, if any, between the amount realized on the exchange and such holder’s adjusted tax basis in its 2013 Term Loans) and (b) the value of the Exit Rights received in the exchange (excluding any amounts attributable to accrued and unpaid interest on the 2013 Term Loans). No amounts are expected to be treated as attributable to accrued and unpaid interest on the 2013 Term Loans. Thus, a holder of 2013 Term Loans would obtain an initial tax basis in the New Equity received in the exchange equal to its adjusted tax basis in the existing 2013 Term Loan surrendered, increased by any gain recognized on the exchange and decreased by the value of the Exit Rights received in the exchange.

Holders of 2019 Term Loans

Because the Debtor and the Company intend to treat the 2019 Term Loans as “securities” for U.S. federal income tax purposes, and assuming the Transactions are consummated as a Reorganization Transaction as discussed above, a holder of 2019 Term Loans is expected to be treated as receiving its distribution under the Plan in a transaction treated as a tax-free reorganization under Section 368(a)(1)(G) of the Code. Accordingly, a holder of 2019 Term Loans is expected to recognize gain (but not loss) as a result of the Transaction. Any gain recognized generally will equal the lesser of (a) the amount of gain realized on the exchange (computed as the difference, if any, between the amount realized on the exchange and such holder’s adjusted tax basis in its 2019 Term Loans) and (b) the value of the Exit Rights received in the exchange (excluding any amounts attributable to accrued and unpaid interest on the 2019 Term Loans). No amounts are expected to be treated as attributable to accrued and unpaid interest on the 2019 Term Loans. Thus, a holder of 2019 Term Loans would obtain an initial tax basis in the New Equity received in the exchange equal to its adjusted tax basis in the existing 2019 Term Loan surrendered, increased by any gain recognized on the exchange and decreased by the value of the Exit Rights received in the exchange.

Holders of 2028 Debentures

Because the Debtor and the Company intend to treat the 2028 Debentures as “securities” for U.S. federal income tax purposes, and assuming the Transactions are consummated as a Reorganization Transaction as discussed above, a holder of 2028 Debentures is expected to be treated as receiving its distribution under the Plan in a transaction treated as a tax-free reorganization under Section 368(a)(1)(G) of the Code. Accordingly, a holder of 2028 Debentures is expected to recognize gain (but not loss) as a result of the Transaction. Any gain recognized generally will equal the lesser of (a) the amount of gain realized on the exchange (computed as the difference, if any, between the amount realized on the exchange and such holder’s adjusted tax basis in its 2028 Debentures) and (b) the value of the Exit Rights received in the exchange (excluding any amounts attributable to accrued and unpaid interest on the 2028 Debentures). No amounts are expected to be treated as attributable to accrued and unpaid interest on the 2028 Debentures. Thus, a holder of 2028 Debentures would obtain an initial tax basis in the New Equity received in the exchange equal to its adjusted tax basis in the existing 2028 Debentures surrendered, increased by any gain recognized on the exchange and decreased by the value of the Exit Rights received in the exchange.

Holders of Third Lien Notes

Because the Debtor and the Company intend to treat the Third Lien Notes as “securities” for U.S. federal income tax purposes, and assuming the Transactions are consummated as a Reorganization Transaction as discussed above, a holder of Third Lien Notes is expected to be treated as receiving its distribution under the Plan in a transaction treated as a tax-free reorganization under Section 368(a)(1)(G) of the Code. Additionally, because the common units of MYT Holding LLC that constitute the 3L MyT Distribution are issued by a different entity than the issuer of the New Equity, the Debtor and the Company intend to take the position that the 3L MyT Distribution will be treated as “other property” (i.e., “boot”) received by holders of Third Lien Notes in the Transactions. Accordingly, a holder of Third Lien Notes is expected to recognize gain (but not loss) as a result of the Transaction. Any gain recognized generally will equal the lesser of (a) the amount of gain realized on the exchange (computed as the difference, if any, between

the amount realized on the exchange and such holder's adjusted tax basis in its Third Lien Notes) and (b) the value of the Exit Rights and the 3L MyT Distribution received in the exchange (excluding any amounts attributable to accrued and unpaid interest on the Third Lien Notes). No amounts are expected to be treated as attributable to accrued and unpaid interest on the Third Lien Notes. Thus, a holder of Third Lien Notes would obtain an initial tax basis in the New Equity received in the exchange equal to its adjusted tax basis in the existing Third Lien Notes surrendered, increased by any gain recognized on the exchange and decreased by the value of the Exit Rights and the 3L MyT Distribution received in the exchange.

Holders of Second Lien Notes

Because the Debtor and the Company do not intend to treat the Second Lien Notes as "securities" for U.S. federal income tax purposes, regardless of whether the Transactions are consummated as a Reorganization Transaction or a Taxable Transaction, a holder of a Second Lien Notes will be treated as receiving its distribution under the Plan in a taxable exchange under Section 1001 of the Code. No amounts received are expected to be treated as attributable to accrued and untaxed interest on the Second Lien Notes. Thus, a holder of Second Lien Notes will recognize gain or loss in an amount equal to the difference, if any, between (a) the fair market value of the New Equity, New Warrants, Exit Rights, and 2L MyT Distribution received in the exchange and (b) the holder's adjusted tax basis in its Second Lien Notes. The holder will obtain a tax basis in the New Equity, New Warrants, Exit Rights, and 2L MyT Distribution received equal to the fair market value of each such instrument on the Effective Date.

Existing Equity Interests

The cancellation of all of the existing Equity Interests of LTD pursuant to the Merger with no distribution or other consideration on account thereof is expected to give rise to an ordinary worthless stock loss to Mariposa Intermediate Holdings LLC (as the sole holder of such Equity Interests at the time of the Transactions) under Section 165(g)(3) of the Code. Such loss will be reflected as a deduction on the 2020 U.S. federal consolidated income tax return that includes the Debtor for the taxable year that includes the Effective Date.

Any holder receiving Exit Rights in the Merger that elected to exercise such Exit Rights in Step 7 of the Transactions (as described above) will generally be treated as purchasing, in exchange for its Exit Rights and the amount of cash funded by such holder to exercise the Exit Rights, the portion of the Exit Facility it is entitled to purchase pursuant to such Exit Rights. Such purchase is expected to be treated as the exercise of an option under general tax principles and such holder is therefore not expected to recognize gain or loss for U.S. federal income tax purposes on such exercise. Such holder's aggregate tax basis in the Exit Facility received upon exercise of the Exit Rights will generally equal the sum of (a) the amount of cash paid by such holder to exercise its Exit Rights plus (b) such holder's tax basis in its Exit Rights immediately before such Exit Rights are exercised.

All holders of 2013 Term Loans, 2019 Term Loans, 2028 Debentures, Third Lien Notes, and Second Lien Notes should consult their own tax advisers regarding the particular tax consequences of the Transactions to them.

Form 8937, Part II, Line 16

As discussed in Line 15 above, for consideration received in the Transactions (and assuming the Transactions are structured as a Reorganization Transaction), a holder's initial tax basis in the consideration received shall be determined as described below. To the best of the Debtor's and the Company's knowledge, there has been minimal actual trading (including in certain cases no actual trading) since the Effective Date with respect to the New Equity, New Warrants, Exit Rights, 2L MyT Distribution, and 3L MyT Distribution. Additionally, holders that elected to exercise their Exit Rights immediately after the Merger received, in exchange for the cash exercise price, the Exit Facility and New Equity and, accordingly, the "investment unit" rules will apply. Because the investment unit in this case was acquired for cash, the Company expects to take the position that such investment unit was issued at par. However, such issue price will be allocated among the Exit Facility and the New Equity (i.e., the elements of consideration making up the investment unit) based on their relative fair market values, with such allocation determining the issue price of the Exit Facility.

Given the lack of trading, as well as the minimal levels of firm or indicative quotes for each item of consideration, the Company has determined that further valuation analysis will be required to determine the fair market values of each such item of consideration. Accordingly, the summaries below are intended to illustrate a hypothetical holder's calculation of its adjusted tax basis in the consideration received on the Effective Date and the following descriptions do not purport to describe a particular holder's actual tax basis at this stage. The Company may publish an amended or supplemented version of this Form 8937 in the event that final fair market values are determined. However, holders are in any case urged to consult their own tax and other advisers regarding the particular tax consequences of the Transactions to them and the appropriate measure of fair market value for each item of consideration received.

For holders of 2013 Term Loans:

- A holder of 2013 Term Loans will receive New Equity and Exit Rights in the Transaction.
- Such holder's initial tax basis in the New Equity received will be the same as such holder's tax basis in the 2013 Term Loans surrendered, plus the amount of gain recognized by the holder in the Transaction (if any), minus the value of the Exit Rights received in the Transaction.
- Such holder's initial tax basis in the Exit Rights received will be equal to the fair market value of the Exit Rights received.
- If such holder elected to exercise its Exit Rights immediately after the Merger, such holder's aggregate tax basis in the Exit Facility and New Equity received upon such exercise will generally equal the amount of cash paid by such holder to exercise the Exit Rights plus such holder's tax basis in the Exit Rights immediately before such exercise (as described in the immediately preceding bullet). Such aggregate tax basis will be allocated among the the elements of consideration making up the

applicable investment unit (i.e., the Exit Facility and the New Equity) based on their relative fair market values.

For holders of 2019 Term Loans:

- A holder of 2019 Term Loans will receive New Equity and Exit Rights in the Transaction.
- Such holder's initial tax basis in the New Equity received will be the same as such holder's tax basis in the 2019 Term Loans surrendered, plus the amount of gain recognized by the holder in the Transaction (if any), minus the value of the Exit Rights received in the Transaction.
- Such holder's initial tax basis in the Exit Rights received will be equal to the fair market value of the Exit Rights received.
- If such holder elected to exercise its Exit Rights immediately after the Merger, such holder's aggregate tax basis in the Exit Facility and New Equity received upon such exercise will generally equal the amount of cash paid by such holder to exercise the Exit Rights plus such holder's tax basis in the Exit Rights immediately before such exercise (as described in the immediately preceding bullet). Such aggregate tax basis will be allocated among the the elements of consideration making up the applicable investment unit (i.e., the Exit Facility and the New Equity) based on their relative fair market values.

For holders of 2028 Debentures:

- A holder of 2028 Debentures will receive New Equity and Exit Rights in the Transaction.
- Such holder's initial tax basis in the New Equity received will be the same as such holder's tax basis in the 2028 Debentures surrendered, plus the amount of gain recognized by the holder in the Transaction (if any), minus the value of the Exit Rights received in the Transaction.
- Such holder's initial tax basis in the Exit Rights received will be equal to the fair market value of the Exit Rights received.
- If such holder elected to exercise its Exit Rights immediately after the Merger, such holder's aggregate tax basis in the Exit Facility and New Equity received upon such exercise will generally equal the amount of cash paid by such holder to exercise the Exit Rights plus such holder's tax basis in the Exit Rights immediately before such exercise (as described in the immediately preceding bullet). Such aggregate tax basis will be allocated among the the elements of consideration making up the applicable investment unit (i.e., the Exit Facility and the New Equity) based on their relative fair market values.

For holders of Third Lien Notes:

- A holder of Third Lien Notes will receive New Equity, the 3L MyT Distribution, and Exit Rights in the Transaction.
- Such holder's initial tax basis in the New Equity received will be the same as such holder's tax basis in the Third Lien Notes surrendered, plus the amount of gain recognized by the holder in the Transaction (if any), minus the value of the Exit Rights and the 3L MyT Distribution received in the Transaction.
- Such holder's initial tax basis in the 3L MyT Distribution received will be equal to the fair market value of the 3L MyT Distribution received.
- Such holder's initial tax basis in the Exit Rights received will be equal to the fair market value of the Exit Rights received.
- If such holder elected to exercise its Exit Rights immediately after the Merger, such holder's aggregate tax basis in the Exit Facility and New Equity received upon such exercise will generally equal the amount of cash paid by such holder to exercise the Exit Rights plus such holder's tax basis in the Exit Rights immediately before such exercise (as described in the immediately preceding bullet). Such aggregate tax basis will be allocated among the the elements of consideration making up the applicable investment unit (i.e., the Exit Facility and the New Equity) based on their relative fair market values.

For holders of Second Lien Notes:

- A holder of Second Lien Notes will receive New Equity, New Warrants, the 2L MyT Distribution, and Exit Rights in the Transaction.
- Such holder's initial tax basis in the New Equity received will be equal to the fair market value of the New Equity received.
- Such holder's initial tax basis in the New Warrants received will be equal to the fair market value of the New Warrants received.
- Such holder's initial tax basis in the 2L MyT Distribution received will be equal to the fair market value of the 2L MyT Distribution received.
- Such holder's initial tax basis in the Exit Rights received will be equal to the fair market value of the Exit Rights received.

- If such holder elected to exercise its Exit Rights immediately after the Merger, such holder's aggregate tax basis in the Exit Facility and New Equity received upon such exercise will generally equal the amount of cash paid by such holder to exercise the Exit Rights plus such holder's tax basis in the Exit Rights immediately before such exercise (as described in the immediately preceding bullet). Such aggregate tax basis will be allocated among the the elements of consideration making up the applicable investment unit (i.e., the Exit Facility and the New Equity) based on their relative fair market values

Form 8937, Part II, Line 17

Sections 165, 354, 358, 368, 1001, and 1012 of the Code.

Form 8937, Part II, Line 18

Assuming the Transactions are consummated as a Reorganization Transaction, as discussed above, the Transactions generally are not expected to result in a loss to holders of 2013 Term Loans, 2019 Term Loans, 2028 Debentures, or Third Lien Notes.

If the Transactions are consummated as a Taxable Transaction, as discussed above, the Transactions may result in a loss to a holder of 2013 Term Loans, 2019 Term Loans, 2028 Debentures, or Third Lien Notes to the extent such holder's tax basis in the 2013 Term Loans, 2019 Term Loans, 2028 Debentures, or Third Lien Notes surrendered (as applicable) exceeds the fair market value of the consideration received by such holder in exchange for such 2013 Term Loans, 2019 Term Loans, 2028 Debentures, or Third Lien Notes (as applicable) in the Transaction.

Whether the Transactions are consummated as a Reorganization Transaction or a Taxable Transaction, the Transactions may result in a loss to a holder of Second Lien Notes to the extent such holder's tax basis in the Second Lien Notes surrendered exceeds the fair market value of the New Equity, New Warrants, the 2L MyT Distribution, and Exit Rights received by such holder in exchange for such Second Lien Notes in the Transaction.

Form 8937, Part II, Line 19

The reportable tax year is 2020 with respect to calendar year taxpayers.