

NEIMAN MARCUS GROUP INC
Form 8-K
July 12, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported) July 7, 2005

THE NEIMAN MARCUS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-19659
(Commission File Number)

95-4119509
(IRS 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) 741-6911**

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

Edgar Filing: NEIMAN MARCUS GROUP INC - Form 8-K

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - ý Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR 240.13e-4(c))
-

Item 2.01 Completion of Acquisition or Disposition of Assets.

On July 7, 2005, The Neiman Marcus Group, Inc. (the Company) completed the previously announced sale of its private label credit card accounts and related assets to HSBC Bank Nevada, National Association and certain of its affiliates (collectively, HSBC) and entered into a related strategic alliance with HSBC with respect to the proprietary credit card and credit operations of Neiman Marcus and Bergdorf Goodman.

Pursuant to the Purchase, Sale and Servicing Transfer Agreement, dated as of June 8, 2005, among the Company, Bergdorf Goodman, Inc. and HSBC (the Sale Agreement), the Company and Bergdorf Goodman 1) sold both their private label credit card and non-card payment plan accounts and related assets and their interests in the securitization arrangements relating to the outstanding balances associated with such accounts (the Securitization Arrangements) and 2) HSBC assumed the obligations of the Company and its affiliates under the Securitization Arrangements (the foregoing sale and assumption, collectively, the Sale Transaction). The total consideration in the Sale Transaction was approximately \$653 million and consisted of net cash proceeds equal to the face value of the outstanding receivables and accumulated accounts receivable collections (totaling approximately \$540 million) and the assumption of approximately \$113 million of outstanding liabilities of the Company under the Securitization Arrangements.

In connection with the execution and delivery of the Sale Agreement, the Company and HSBC entered into a long-term marketing and servicing alliance with HSBC under a Credit Card Program Agreement and related Servicing Agreement (collectively, the On-Going Agreement). Under the On-Going Agreement, HSBC will offer credit cards and non-card payment plans bearing the brands of the Company and its subsidiaries and the Company will receive ongoing compensation from HSBC in connection with credit sales under those credit cards and payment plans. The Company will continue to handle certain customer service functions under the On-Going Agreement, including new account processing, transaction authorization, billing adjustments, collection services and customer inquiries.

Further details regarding the terms of the Sale Agreement, Program Agreement and Servicing Agreement referred to above are contained in the Company's Current Report on Form 8-K dated June 8, 2005 and filed on June 9, 2005.

Item 9.01 Financial Statements.

(b) Unaudited Pro Forma Consolidated Financial Statements

The following Unaudited Pro Forma Consolidated Financial Statements are based on the unaudited consolidated financial statements of The Neiman Marcus Group, Inc. adjusted to give effect to the Sale Transaction and the On-Going Agreement.

The Unaudited Pro Forma Consolidated Financial Statements are presented for illustrative purposes only and, therefore, are not necessarily indicative of the operating results and financial position that might have been achieved had the transactions occurred as of an earlier date, nor are they necessarily indicative of operating results and financial position that may occur in the future. The Unaudited Pro Forma Consolidated Financial Statements do not reflect the use of the net cash proceeds from the Sale Transaction on the Company's on-going results of operations and future financial position.

Edgar Filing: NEIMAN MARCUS GROUP INC - Form 8-K

The Unaudited Pro Forma Consolidated Financial Statements should be read in conjunction with the historical consolidated financial statements and notes thereto in (1) the Quarterly Report on Form 10-Q for the period ended April 30, 2005 and (1) the amendment to the Annual Report on Form 10-K/A for the year ended July 31, 2004.

THE NEIMAN MARCUS GROUP, INC.

Unaudited Pro Forma Consolidated Statement of Earnings

Thirty-Nine Weeks Ended April 30, 2005

(Unaudited)

(in thousands, except per share data)	Historical	Pro Forma Adjustments		Pro Forma
		Sale Transaction	On-Going Agreement	
Revenues	\$ 2,970,533			\$ 2,970,533
Cost of goods sold including buying and occupancy costs	1,892,904			1,892,904
Selling, general and administrative expenses	698,054	\$ 52,414(a)	\$ (32,922)(b)	717,546
Loss on disposition of Chef's Catalog	15,348			15,348
Operating earnings	364,227	(52,414)	32,922	344,735
Interest expense, net	10,948	(4,110)(a)		6,838
Earnings before income taxes and minority interest	353,279	(48,304)	32,922	337,897
Income taxes	136,014	(18,597)(c)	12,675(c)	130,092
Earnings before minority interest	217,265	(29,707)	20,247	207,805
Minority interest in net earnings of subsidiaries	(2,787)			(2,787)
Net earnings	\$ 214,478	\$ (29,707)	\$ 20,247	\$ 205,018
Weighted average shares				
Basic	48,309	48,309	48,309	48,309
Diluted	49,427	49,427	49,427	49,427
Earnings per share				
Basic	\$ 4.44	\$ (0.61)	\$ 0.42	\$ 4.24
Diluted	\$ 4.34	\$ (0.60)	\$ 0.41	\$ 4.15

THE NEIMAN MARCUS GROUP, INC.

Unaudited Pro Forma Consolidated Statement of Earnings

Year Ended July 31, 2004

(Unaudited)

(in thousands, except per share data)	Historical	Pro Forma Adjustments		Pro Forma
		Sale Transaction	On-Going Agreement	
Revenues	\$ 3,524,771			\$ 3,524,771
Cost of goods sold including buying and occupancy costs	2,327,229			2,327,229
Selling, general and administrative expenses	848,453	\$ 55,750(a)	\$ (38,167)(b)	866,036
Impairment and other charges	3,853			3,853
Operating earnings	345,236	(55,750)	38,167	327,653