

Table of Contents**Fogo de Chão, Inc.****Notes to Consolidated Financial Statements (Continued)**
(in thousands, except share and per share amounts)**Impairment of Long-Lived Assets**

The Company reviews property and equipment and definite-lived intangible assets for impairment when events or circumstances indicate these assets may not be recoverable. Factors considered include, significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends. The recoverability is assessed by comparing the carrying value of the asset to the undiscounted cash flows expected to be generated by the asset. If impairment exists, the amount of impairment is measured as the excess of the carrying amount over the estimated fair value, as determined by each location's projected future discounted cash flows. This assessment process requires the use of estimates and assumptions regarding future cash flows and estimated useful lives, which are subject to a significant degree of judgment. If these assumptions change in the future, the Company may be required to record impairment charges for these assets. The Company did not record any impairment related to long-lived assets in any of the periods presented.

Goodwill

Goodwill represents the excess of the purchase price of the acquired business over the fair value of the assets acquired and liabilities assumed resulting from the acquisition. Goodwill is not amortized. Goodwill is tested annually for impairment during the fourth quarter, or more frequently should an event occur or circumstances indicate that the carrying amount may be impaired. Such events or circumstances may be a significant change in business climate, economic and industry trends, legal factors, negative operating performance indicators, significant competition, changes in strategy or disposition of a reporting unit or a portion thereof. The Company has identified two reporting units, Brazil and the United States, based on the geography of the Company's operations to which goodwill is attributable.

The impairment evaluation for goodwill is conducted annually using a two-step process. In the first step, the fair value of each reporting unit is compared with the carrying amount of the reporting unit, including goodwill. The estimated fair value of the reporting unit is determined on the basis of discounted future cash flows. If the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, then a second step must be completed in order to determine the amount of the goodwill impairment that should be recorded. In the second step, the implied fair value of the reporting unit's goodwill is determined by allocating the reporting unit's fair value to all of its assets and liabilities other than goodwill in a manner similar to a purchase price allocation. The resulting implied fair value of the goodwill that results from the application of this second step is then compared to the carrying amount of the goodwill and an impairment charge is recorded for any excess or carrying value over fair value. No impairment to goodwill was recorded during any of the periods presented.

Intangible Assets

Indefinite-lived intangible assets are not amortized, but are tested for impairment annually during the fourth quarter, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to its carrying amount. The estimated fair value is determined on the basis of discounted future cash flows. If the estimated fair value is less than the carrying amount of the indefinite-lived intangible asset, then an impairment charge is recorded to reduce the asset to its estimated fair value. The indefinite-lived intangible assets relate to the assigned value of the Fogo de Chão trade name.

Definite-lived intangible assets consist of non-compete agreements. The non-compete agreements are amortized over 5 years, which is the term of the agreements, and are measured for impairment when events or circumstances indicate the carrying value may be impaired in the same manner as long-lived assets.

The Company did not record any impairment related to intangible assets in any of the periods presented.