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AB ACQUISITION LLC AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The identifiable intangible assets acquired consisted of the following as of the acquisition date (in millions):

	March 21, 2013
Trade names	\$ 407.0
Beneficial lease rights	519.3
Customer lists, including prescription files, covenants not to compete and naming rights	552.5
Total of finite life intangible assets	1,478.8
Restricted covenants and liquor licenses	24.1
Total identifiable intangible assets	<u>\$ 1,502.9</u>

The Company recognized a bargain purchase gain of \$2,005.7 million as the amount by which the fair value of the net assets acquired exceeded the purchase consideration paid. The bargain purchase was recognized as a gain within the Consolidated Statements of Operations and Comprehensive (Loss) Income. The Company believes it was able to acquire the net assets for lower than fair value due to the seller's financial condition, together with the Company's historical experience and position with the acquired banners. These factors resulted in NAI being marketed in a limited manner without exposure to the usual and customary marketing conditions. The Company incurred \$34.0 million of acquisition-related costs to complete the NAI acquisition, and these costs were expensed as incurred in the Company's results of operations.

Unaudited Supplemental Pro Forma Information

The pro forma financial information as presented below is for informational purposes only and is not indicative of operations that would have been achieved from the NAI, Vons and United acquisitions had they all occurred at the beginning of fiscal 2012. Supplemental information on an unaudited pro forma basis is as follows (in millions):

	Fiscal 2013	Fiscal 2012
Net sales and other revenue	\$22,653.3	\$22,412.0
Loss from continuing operations, net of tax	\$ 571.2	\$ 177.3

The unaudited pro forma supplemental amounts have been calculated to reflect interest expense and additional depreciation and amortization that would have been charged assuming the fair value adjustments to the acquired assets and assumed liabilities and related financing events had been applied from the beginning of fiscal 2012 with the related tax effects.

Note 3—Lease Exit Costs and Properties Held for Sale**Lease Exit Costs**

Changes to the Company's lease exit cost reserves for closed properties consisted of the following (in millions):

	February 28, 2015	February 20, 2014
Beginning balance	\$ 55.1	\$ 11.4
Additions	22.9	46.9
Payments	(21.4)	(1.1)
Disposals, transferred to held for sale	(13.1)	(2.1)
Ending balance	<u>\$ 43.5</u>	<u>\$ 55.1</u>