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**NEW ALBERTSON'S BUSINESS OF SUPERVALU INC.  
AND SUBSIDIARIES**

**Notes to Combined Financial Statements**

**February 21, 2013 and February 23, 2012**

**(Dollars in millions)**

	February 24, 2011	Additions	Impairments	Other net adjustments	February 23, 2012	Additions	Impairments	Other net adjustments	February 21, 2013
Trade names—indefinite useful lives	\$ 758	—	(303)	—	455	—	(158)	(2)	295
Favorable operating leases, prescription records and scripts, customer lists, customer relationships, and other (accumulated amortization of \$297 and \$327 as of February 23, 2012 and February 21, 2013, respectively)	595	7	—	(5)	597	1	(12)	(9)	577
Noncompete agreements (accumulated amortization of \$3 and \$2 as of February 23, 2012 and February 21, 2013, respectively)	5	1	—	(1)	5	—	—	2	7
Total intangible assets	1,358	8	(303)	(6)	1,057	1	(170)	(9)	879
Accumulated amortization	(254)	(47)	—	1	(300)	(40)	—	11	(329)
Total intangible assets, net	<u>\$ 1,104</u>				<u>757</u>				<u>550</u>

Fair values of NAI's trade names were determined primarily by discounting an assumed royalty value applied to projected future revenues associated with the trade names based on management's expectations of the current and future operating environment. The tax effected royalty cash flows are discounted using rates based on the weighted average cost of capital and the specific risk profile of the trade names relative to NAI's other assets. These estimates are impacted by variable factors including inflation, the general health of the economy and market competition. The calculation of the impairment charge contains significant judgments and estimates related to such items as the weighted average cost of capital and the specified risk profile of the trade names, as well as future revenue and profitability.

NAI has a single reporting unit, operating segment, and reportable segment. NAI performed reviews of goodwill and intangible assets with indefinite useful lives for impairment, which indicated that the carrying value of the reporting unit's goodwill and certain intangible assets with indefinite useful lives exceeded their estimated fair values.

During fiscal 2012, 2011, and 2010, NAI recorded noncash intangible asset impairment charges of \$170, \$303 and \$257, respectively. During fiscal 2011 and 2010, NAI recorded goodwill impairment charges of \$697 and \$1,411, respectively. NAI disposed of \$14 of goodwill associated with the sale of 107 NAI fuel centers during fiscal 2011. As of year-end 2011, there was no remaining goodwill.

The impairment charges were due to the significant and sustained decline in Parent's market capitalization and estimated discounted future cash flows. The calculation of the impairment charges