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AND SUBSIDIARIES****Notes to Combined Financial Statements****February 21, 2013 and February 23, 2012****(Dollars in millions)**

The maturities above reflect contractual maturities of debt (excluding any remaining debt discounts or premiums) and do not include the potential accelerations of debt allocated from Parent that could arise due to the debt holders' ability to cause Parent to repurchase the debt.

A significant portion of NAI's assets were pledged as collateral to secure certain of Parent's debt. The debt agreements relating to the allocated debt from Parent contain certain operating covenants, which restrict the ability of Parent to take certain actions without permission of the lenders or as otherwise permitted under the agreements. However, these facilities do not require Parent to comply with any financial ratio maintenance covenants. Parent has separately guaranteed the NAI obligations associated with the 8.00% Debentures due June 2026, the 7.90% Debentures due May 2017 and a 7.10% Medium Term Note, due March 2028 with an outstanding balance of \$100 as of February 21, 2013.

Deferred financing costs relating to debt allocated from Parent have been allocated by Parent to NAI based on NAI's proportionate share of Parent's combined long-term debt. Deferred financing costs included as a component of Other Assets in the Combined Balance Sheets were \$71 and \$43 as of February 21, 2013 and February 23, 2012, respectively. Deferred financing costs are being amortized over the life of the related debt allocated from Parent. Parent allocated amortization expense, excluding write offs, relating to the deferred financing costs was \$11, \$12 and \$12 for the years ended February 21, 2013, February 23, 2012 and February 24, 2011, respectively, and was included as a component of interest expense within the Combined Statements of Operations and Comprehensive Income (Loss).

Interest expense relating to debt allocated from Parent has been allocated by Parent to NAI based on NAI's proportionate share of Parent's combined long-term debt. Parent allocated interest expense was \$154, \$154 and \$135 for the years ended February 21, 2013, February 23, 2012 and February 24, 2011, respectively. The write off of deferred financing fees allocated to NAI related to Parent debt refinancing was \$20, \$0, and \$0 for fiscal years 2012, 2011, and 2010, respectively.

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