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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)**

***Property, plant and equipment related impairment charges***

In fiscal 2012, long-lived assets with a carrying amount of \$131 were written down to their fair value of \$73, resulting in an impairment charge of \$58. NAI groups long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets, which historically has been at the geographic market level. During the second and third quarters of fiscal 2012, certain markets were disaggregated to the store level as economic factors indicated the geographic market level was no longer appropriate. NAI recorded impairment charges of \$41 as a result of the impairment reviews performed during the second and third quarters of fiscal 2012. NAI also reviewed its disaggregated store level long-lived asset groupings during the fourth quarter of fiscal 2012 and recorded impairment charges of \$1 as a result of these reviews. The remaining \$16 of impairment charges in fiscal 2012 primarily related to the closure of nonstrategic stores.

In fiscal 2011, long-lived assets with a carrying amount of \$44 were written down to their fair value of \$35, resulting in an impairment charge of \$9. In fiscal 2010, NAI recorded \$26 of property, plant and equipment related impairment charges.

These impairment charges were measured at fair value on a nonrecurring basis using Level 3 inputs as described in note 6—Fair Value Measurements.

Additions and adjustments to the reserves for closed properties and property, plant and equipment related impairment charges for fiscal 2012, 2011, and 2010 were recorded as a component of Selling and administrative expenses in the Combined Statements of Operations and Comprehensive Income (Loss).

***(5) Property, Plant and Equipment***

Property, plant and equipment, net, consisted of the following:

	February 21, 2013	February 23, 2012
Land	\$ 1,057	1,090
Buildings	2,388	2,343
Property under construction	9	93
Leasehold improvements	1,022	1,014
Equipment	2,081	2,015
Capitalized lease assets	567	570
<b>Total property, plant and equipment</b>	<b>7,124</b>	<b>7,125</b>
Accumulated depreciation	(3,034)	(2,680)
Accumulated amortization on capitalized lease assets	(199)	(177)
<b>Total property, plant and equipment, net</b>	<b>\$ 3,891</b>	<b>4,268</b>

Depreciation expense was \$462, \$468, and \$489 for fiscal 2012, 2011, and 2010, respectively. Amortization expense related to capitalized lease assets was \$33, \$33 and \$34 for fiscal 2012, 2011, and 2010, respectively.