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SAFeway INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

stock. Safeway recorded these net proceeds as an increase to Additional Paid-In Capital and used these net proceeds to reduce debt. Additionally, the Company recorded a \$76.5 million tax liability on the sale of these shares as a reduction to Additional Paid-In Capital and \$5.8 million as an increase to tax expense. The taxes were paid in the fourth quarter of 2013. Additionally, Safeway incurred a \$17.9 million deferred tax expense related to the retained shares in Blackhawk.

Distribution of Blackhawk Safeway owned 37.8 million shares, or approximately 72%, of Blackhawk, which the Company distributed to its stockholders on April 14, 2014. See Note B.

Acquisitions On November 29, 2013, Blackhawk acquired 100% of the outstanding common stock of Retailo, a German privately-held company which is a third-party gift card distribution network in Germany, Austria and Switzerland. Blackhawk acquired Retailo for total purchase consideration of \$70.2 million. The following table summarizes the purchase price allocation which was based upon the estimated fair value of each asset and liability (in millions):

Settlement receivables	\$ 18.1
Settlement payables	(14.8)
Other liabilities, net	(0.7)
Deferred income taxes, net	(7.4)
Identifiable technology and intangible assets	45.7
Noncontrolling interests	(6.9)
Goodwill(1)	<u>36.2</u>
Total consideration	<u>\$ 70.2</u>

(1) See Note D.

Noncontrolling interests result from third-party ownership interests in certain subsidiaries of Retailo.

On November 12, 2013, Blackhawk acquired substantially all of the net assets of IntelliSpend from Maritz Holdings Inc., a privately-held company, for total purchase consideration of \$97.5 million. IntelliSpend delivers intelligent prepaid solutions for business needs: employee rewards, wellness, sales incentives, expense management and promotional programs. The following table summarizes the purchase price allocation which was based upon the estimated fair value of each asset and liability (in millions):

Cash and cash equivalents	\$ 15.0
Trading securities	29.4
Accounts receivable	7.9
Cardholder liabilities	(31.4)
Customer deposits	(12.5)
Other tangible assets, net	(4.0)
Deferred taxes	(0.3)
Identifiable technology and intangible assets	39.2
Goodwill(1)	<u>54.2</u>
Total consideration	<u>\$ 97.5</u>

(1) See Note D.