

SNAP-ON Inc  
Form 10-Q  
July 23, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q**

(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended **July 4, 2015**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number 1-7724**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State of incorporation)

**39-0622040**  
(I.R.S. Employer Identification No.)

**2801 80<sup>th</sup> Street, Kenosha, Wisconsin**  
(Address of principal executive offices)

**53143**  
(Zip code)

**(262) 656-5200**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

Class	Outstanding at July 17, 2015
Common Stock, \$1.00 par value	58,172,308 shares

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1: Financial Statements****SNAP-ON INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

(Amounts in millions, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 4, 2015	June 28, 2014	July 4, 2015	June 28, 2014
Net sales	\$ 851.8	\$ 826.5	\$ 1,679.6	\$ 1,614.0
Cost of goods sold	(432.8)	(426.1)	(850.5)	(834.9)
Gross profit	419.0	400.4	829.1	779.1
Operating expenses	(268.2)	(262.3)	(540.4)	(519.3)
Operating earnings before financial services	150.8	138.1	288.7	259.8
Financial services revenue	58.7	51.7	116.1	101.9
Financial services expenses	(17.3)	(16.9)	(34.4)	(32.7)
Operating earnings from financial services	41.4	34.8	81.7	69.2
Operating earnings	192.2	172.9	370.4	329.0
Interest expense	(12.9)	(12.7)	(25.9)	(26.4)
Other income (expense) net	(0.7)	0.3	(1.4)	0.2
Earnings before income taxes and equity earnings	178.6	160.5	343.1	302.8
Income tax expense	(56.2)	(51.9)	(108.0)	(96.2)
Earnings before equity earnings	122.4	108.6	235.1	206.6
Equity earnings, net of tax	0.6	0.2	1.1	0.4
Net earnings	123.0	108.8	236.2	207.0
Net earnings attributable to noncontrolling interests	(3.0)	(2.7)	(5.7)	(5.0)
Net earnings attributable to Snap-on Incorporated	\$ 120.0	\$ 106.1	\$ 230.5	\$ 202.0
Net earnings per share attributable to Snap-on Incorporated:				
Basic	\$ 2.07	\$ 1.83	\$ 3.97	\$ 3.48
Diluted	2.03	1.80	3.90	3.42
Weighted-average shares outstanding:				
Basic	58.1	58.1	58.1	58.1

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Effect of dilutive securities	1.0	0.9	1.0	0.9
<b>Diluted</b>	<b>59.1</b>	<b>59.0</b>	<b>59.1</b>	<b>59.0</b>
Dividends declared per common share	\$ 0.53	\$ 0.44	\$ 1.06	\$ 0.88

See Notes to Condensed Consolidated Financial Statements.

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**SNAP-ON INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in millions)

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 4, 2015	June 28, 2014	July 4, 2015	June 28, 2014
<b>Comprehensive income (loss):</b>				
Net earnings	\$ 123.0	\$ 108.8	\$ 236.2	\$ 207.0
<b>Other comprehensive income (loss):</b>				
Foreign currency translation*	30.7	(3.2)	(65.6)	1.5
<b>Unrealized cash flow hedges, net of tax:</b>				
Reclassification of cash flow hedges to net earnings	(0.1)	(0.1)	(0.2)	(0.2)
<b>Defined benefit pension and postretirement plans:</b>				
Amortization of net unrecognized losses and prior service credits included in net periodic benefit cost	10.4	5.8	19.2	11.0
Income tax benefit	(3.8)	(2.1)	(7.2)	(4.0)
Net of tax	6.6	3.7	12.0	7.0
<b>Total comprehensive income</b>	<b>\$ 160.2</b>	<b>\$ 109.2</b>	<b>\$ 182.4</b>	<b>\$ 215.3</b>
Comprehensive income attributable to noncontrolling interests	(3.0)	(2.7)	(5.7)	(5.0)
<b>Comprehensive income attributable to Snap-on Incorporated</b>	<b>\$ 157.2</b>	<b>\$ 106.5</b>	<b>\$ 176.7</b>	<b>\$ 210.3</b>

\*There was no sale or liquidation of any foreign entity; therefore, there is no reclassification adjustment for any period presented.  
See Notes to Condensed Consolidated Financial Statements.

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**SNAP-ON INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in millions, except share data)

(Unaudited)

	July 4, 2015	January 3, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 124.6	\$ 132.9
Trade and other accounts receivable net	558.0	550.8
Finance receivables net	421.7	402.4
Contract receivables net	69.1	74.5
Inventories net	499.2	475.5
Deferred income tax assets	96.7	101.0
Prepaid expenses and other assets	128.6	121.5
<b>Total current assets</b>	<b>1,897.9</b>	<b>1,858.6</b>
Property and equipment:		
Land	20.0	18.3
Buildings and improvements	294.5	294.0
Machinery, equipment and computer software	766.1	750.8
	1,080.6	1,063.1
Accumulated depreciation and amortization	(669.4)	(658.6)
<b>Property and equipment net</b>	<b>411.2</b>	<b>404.5</b>
Deferred income tax assets	88.2	93.2
Long-term finance receivables net	708.8	650.5
Long-term contract receivables net	252.9	242.0
Goodwill	787.8	810.7
Other intangibles net	198.0	203.3
Other assets	45.9	47.3
<b>Total assets</b>	<b>\$ 4,390.7</b>	<b>\$ 4,310.1</b>

See Notes to Condensed Consolidated Financial Statements.

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**SNAP-ON INCORPORATED**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in millions, except share data)

(Unaudited)

	July 4, 2015	January 3, 2015
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Notes payable	\$ 61.0	\$ 56.6
Accounts payable	166.1	145.0
Accrued benefits	45.1	53.8
Accrued compensation	76.6	99.2
Franchisee deposits	68.4	65.8
Other accrued liabilities	322.6	298.3
<b>Total current liabilities</b>	<b>739.8</b>	<b>718.7</b>
Long-term debt	861.4	862.7
Deferred income tax liabilities	160.4	159.2
Retiree health care benefits	40.3	42.5
Pension liabilities	184.6	217.9
Other long-term liabilities	88.0	83.8
<b>Total liabilities</b>	<b>2,074.5</b>	<b>2,084.8</b>
Commitments and contingencies (Note 14)		
<b>Equity</b>		
Shareholders' equity attributable to Snap-on Incorporated:		
Preferred stock (authorized 15,000,000 shares of \$1 par value; none outstanding)		
Common stock (authorized 250,000,000 shares of \$1 par value; issued 67,392,239 and 67,383,127 shares, respectively)	67.4	67.4
Additional paid-in capital	285.5	254.7
Retained earnings	2,805.5	2,637.2
Accumulated other comprehensive loss	(302.0)	(248.2)
Treasury stock at cost (9,289,031 and 9,269,680 shares, respectively)	(557.9)	(503.3)
<b>Total shareholders' equity attributable to Snap-on Incorporated</b>	<b>2,298.5</b>	<b>2,207.8</b>
Noncontrolling interests	17.7	17.5
<b>Total equity</b>	<b>2,316.2</b>	<b>2,225.3</b>
<b>Total liabilities and equity</b>	<b>\$ 4,390.7</b>	<b>\$ 4,310.1</b>

See Notes to Condensed Consolidated Financial Statements.





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**SNAP-ON INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

(Amounts in millions, except share data)

(Unaudited)

The following summarizes the changes in total equity for the six month period ended July 4, 2015:

	Shareholders Equity Attributable to Snap-on Incorporated Accumulated							Total Equity	
	Common Stock	Additional Paid-in Capital		Retained Earnings	Other Comprehensive Income (Loss)		Treasury Stock		Noncontrolling Interests
		Paid-in Capital	Retained Earnings		Comprehensive Income (Loss)	Treasury Stock			
Balance at January 3, 2015	\$ 67.4	\$ 254.7	\$ 2,637.2	\$ (248.2)	\$ (503.3)	\$ 17.5	\$ 2,225.3		
Net earnings for the six months ended July 4, 2015			230.5			5.7	236.2		
Other comprehensive loss				(53.8)			(53.8)		
Cash dividends \$1.06 per share			(61.7)				(61.7)		
Dividend reinvestment plan and other			(0.5)			(5.5)	(6.0)		
Stock compensation plans		16.8			32.3		49.1		
Share repurchases 580,000 shares					(86.9)		(86.9)		
Tax benefit from certain stock options		14.0					14.0		
Balance at July 4, 2015	\$ 67.4	\$ 285.5	\$ 2,805.5	\$ (302.0)	\$ (557.9)	\$ 17.7	\$ 2,316.2		

The following summarizes the changes in total equity for the six month period ended June 28, 2014:

	Shareholders Equity Attributable to Snap-on Incorporated Accumulated							Total Equity	
	Common Stock	Additional Paid-in Capital		Retained Earnings	Other Comprehensive Income (Loss)		Treasury Stock		Noncontrolling Interests
		Paid-in Capital	Retained Earnings		Comprehensive Income (Loss)	Treasury Stock			
Balance at December 28, 2013	\$ 67.4	\$ 225.1	\$ 2,324.1	\$ (44.8)	\$ (458.6)	\$ 17.2	\$ 2,130.4		
Net earnings for the six months ended June 28, 2014			202.0			5.0	207.0		

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Other comprehensive income				8.3			8.3
Cash dividends \$0.88 per share			(51.2)				(51.2)
Dividend reinvestment plan and other			(0.6)		(4.8)		(5.4)
Stock compensation plans	9.0				27.6		36.6
Share repurchases 550,000 shares					(62.5)		(62.5)
Tax benefit from certain stock options	9.6						9.6
Balance at June 28, 2014	\$ 67.4	\$ 243.7	\$ 2,474.3	\$ (36.5)	\$ (493.5)	\$ 17.4	\$ 2,272.8

See Notes to Condensed Consolidated Financial Statements.

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**SNAP-ON INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in millions)

(Unaudited)

	Six Months Ended	
	July 4, 2015	June 28, 2014
<b>Operating activities:</b>		
Net earnings	\$ 236.2	\$ 207.0
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation	28.2	27.0
Amortization of other intangibles	12.4	12.3
Provision for losses on finance receivables	14.4	13.4
Provision for losses on non-finance receivables	7.9	6.6
Stock-based compensation expense	23.1	18.7
Excess tax benefits from stock-based compensation	(14.0)	(9.6)
Deferred income tax provision (benefit)	3.1	(2.8)
Loss on sale of assets	0.3	0.2
Changes in operating assets and liabilities, net of effects of acquisition:		
Increase in trade and other accounts receivable	(26.8)	(36.0)
Increase in contract receivables	(9.7)	(13.9)
Increase in inventories	(35.8)	(28.4)
Increase in prepaid and other assets	(38.4)	(35.3)
Increase in accounts payable	27.8	18.4
Increase in accruals and other liabilities	9.7	35.1
<b>Net cash provided by operating activities</b>	<b>238.4</b>	<b>212.7</b>
<b>Investing activities:</b>		
Additions to finance receivables	(416.0)	(370.6)
Collections of finance receivables	319.3	282.3
Capital expenditures	(45.8)	(41.0)
Acquisition of business		(41.6)
Disposal of property and equipment	0.4	0.5
Other	(2.8)	(0.2)
<b>Net cash used by investing activities</b>	<b>(144.9)</b>	<b>(170.6)</b>
<b>Financing activities:</b>		
Repayment of long-term debt		(100.0)
Proceeds from short-term borrowings	1.6	
Repayment of short-term borrowings	(1.6)	
Net increase in other short-term borrowings	5.2	33.8
Purchases of treasury stock	(86.9)	(62.5)
Cash dividends paid	(61.7)	(51.2)
Proceeds from stock purchase and option plans	36.5	32.1
Excess tax benefits from stock-based compensation	14.0	9.6
Other	(7.3)	(6.0)

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Net cash used by financing activities	(100.2)	(144.2)
Effect of exchange rate changes on cash and cash equivalents	(1.6)	0.3
Decrease in cash and cash equivalents	(8.3)	(101.8)
Cash and cash equivalents at beginning of year	132.9	217.6
Cash and cash equivalents at end of period	\$ 124.6	\$ 115.8
Supplemental cash flow disclosures:		
Cash paid for interest	\$ (25.4)	\$ (27.8)
Net cash paid for income taxes	(66.4)	(87.9)

See Notes to Condensed Consolidated Financial Statements.

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**SNAP-ON INCORPORATED**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**Note 1: Summary of Accounting Policies**

**Principles of consolidation and presentation**

The Condensed Consolidated Financial Statements include the accounts of Snap-on Incorporated and its wholly-owned and majority-owned subsidiaries (collectively, Snap-on or the company ). These financial statements should be read in conjunction with, and have been prepared in conformity with, the accounting principles reflected in the consolidated financial statements and related notes included in Snap-on's 2014 Annual Report on Form 10-K for the fiscal year ended January 3, 2015 ( 2014 year end ).

Snap-on's 2015 fiscal year ends on January 2, 2016, and will contain 52 weeks of operating results. Snap-on's 2014 fiscal year contained 53 weeks of operating results; the additional week occurred in the fourth quarter. Snap-on's 2015 fiscal second quarter ended on July 4, 2015; the 2014 fiscal second quarter ended on June 28, 2014. The company's 2015 and 2014 fiscal second quarters each contained 13 weeks of operating results.

Snap-on accounts for investments in unconsolidated affiliates where Snap-on has a greater than 20% but less than 50% ownership interest under the equity method of accounting. Investments in unconsolidated affiliates of \$13.3 million as of both July 4, 2015, and January 3, 2015, are included in Other assets on the accompanying Condensed Consolidated Balance Sheets. In the normal course of business, the company may purchase products or services from unconsolidated affiliates; purchases from unconsolidated affiliates were \$3.8 million and \$3.6 million in the respective second quarters of 2015 and 2014, and \$7.7 million and \$7.4 million in the respective first six months of 2015 and 2014. The Condensed Consolidated Financial Statements do not include the accounts of the company's independent franchisees. Snap-on's Condensed Consolidated Financial Statements are prepared in conformity with generally accepted accounting principles in the United States of America ( U.S. GAAP ). All significant intercompany accounts and transactions have been eliminated.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the Condensed Consolidated Financial Statements for the three and six month periods ended July 4, 2015, and June 28, 2014, have been made. Interim results of operations are not necessarily indicative of the results to be expected for the full fiscal year.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Instruments**

The fair value of the company's derivative financial instruments is generally determined using quoted prices in active markets for similar assets and liabilities. The carrying value of the company's non-derivative financial instruments either approximates fair value, due to their short-term nature, or the amount disclosed for fair value is based upon a discounted cash flow analysis or quoted market values. See Note 9 for further information on financial instruments.

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On May 28, 2014, Snap-on acquired substantially all of the assets of Pro-Cut International, Inc. ( Pro-Cut ) for a preliminary cash purchase price of \$41.6 million; the final cash purchase price of \$41.3 million, including post-closing adjustments, was concluded in the third quarter of 2014. Pro-Cut designs, manufactures and distributes on-car brake lathes, related equipment and accessories used in brake servicing by automotive repair facilities. For segment reporting purposes, the results of operations and assets of Pro-Cut have been included in the Repair Systems & Information Group since the date of acquisition. Pro forma financial information has not been presented as the net effects of the Pro-Cut acquisition were neither significant nor material to Snap-on s results of operations or financial position.

**Note 3: Receivables***Trade and Other Accounts Receivable*

Snap-on s trade and other accounts receivable primarily arise from the sale of tools and diagnostic and equipment products to a broad range of industrial and commercial customers and to Snap-on s independent franchise van channel on a non-extended-term basis with payment terms generally ranging from 30 to 120 days.

The components of Snap-on s trade and other accounts receivable as of July 4, 2015, and January 3, 2015, are as follows:

<i>(Amounts in millions)</i>	July 4, 2015	January 3, 2015
Trade and other accounts receivable	\$ 575.1	\$ 567.0
Allowances for doubtful accounts	(17.1)	(16.2)
<b>Total trade and other accounts receivable net</b>	<b>\$ 558.0</b>	<b>\$ 550.8</b>

*Finance and Contract Receivables*

Snap-on Credit LLC ( SOC ), the company s financial services operation in the United States, originates extended-term finance and contract receivables on sales of Snap-on s products sold through the U.S. franchisee and customer network and to Snap-on s industrial and other customers; Snap-on s foreign finance subsidiaries provide similar financing internationally. Interest income on finance and contract receivables is included in Financial services revenue on the accompanying Condensed Consolidated Statements of Earnings.

Snap-on s finance receivables are comprised of extended-term installment payment contracts to both technicians and independent shop owners (i.e., franchisees customers) to enable them to purchase tools and diagnostic and equipment products on an extended-term payment plan, generally with expected average payment terms of approximately three years. Contract receivables, with payment terms of up to 10 years, are comprised of extended-term installment payment contracts to a broad base of industrial and other customers worldwide, including shop owners, both independents and national chains, for their purchase of tools and diagnostic and equipment products. Contract receivables also include extended-term installment loans to franchisees to meet a number of financing needs, including working capital loans, loans to enable new franchisees to fund the purchase of the franchise and van leases. Finance and contract receivables are generally secured by the underlying tools and/or diagnostic or equipment products financed and, for installment loans to franchisees, other franchisee assets.





**Table of Contents****SNAP-ON INCORPORATED****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****(Unaudited)**

The components of Snap-on's current finance and contract receivables as of July 4, 2015, and January 3, 2015, are as follows:

<i>(Amounts in millions)</i>	July 4, 2015	January 3, 2015
Finance receivables, net of unearned finance charges of \$16.5 million and \$15.6 million, respectively	\$ 434.3	\$ 414.6
Contract receivables, net of unearned finance charges of \$14.4 million and \$13.9 million, respectively	70.3	75.5
<b>Total</b>	<b>504.6</b>	<b>490.1</b>
Allowances for doubtful accounts:		
Finance receivables	(12.6)	(12.2)
Contract receivables	(1.2)	(1.0)
<b>Total</b>	<b>(13.8)</b>	<b>(13.2)</b>
<b>Total current finance and contract receivables - net</b>	<b>\$ 490.8</b>	<b>\$ 476.9</b>
Finance receivables - net	\$ 421.7	\$ 402.4
Contract receivables - net	69.1	74.5
<b>Total current finance and contract receivables - net</b>	<b>\$ 490.8</b>	<b>\$ 476.9</b>

The components of Snap-on's finance and contract receivables with payment terms beyond one year as of July 4, 2015, and January 3, 2015, are as follows:

<i>(Amounts in millions)</i>	July 4, 2015	January 3, 2015
Finance receivables, net of unearned finance charges of \$10.7 million and \$9.9 million, respectively	\$ 731.1	\$ 671.0
Contract receivables, net of unearned finance charges of \$20.4 million and \$19.4 million, respectively	255.9	244.5
<b>Total</b>	<b>987.0</b>	<b>915.5</b>
Allowances for doubtful accounts:		
Finance receivables	(22.3)	(20.5)
Contract receivables	(3.0)	(2.5)

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Total	(25.3)	(23.0)
Total long-term finance and contract receivables net	\$ 961.7	\$ 892.5
Finance receivables net	\$ 708.8	\$ 650.5
Contract receivables net	252.9	242.0
Total long-term finance and contract receivables net	\$ 961.7	\$ 892.5

Delinquency is the primary indicator of credit quality for finance and contract receivables. Receivable balances are considered delinquent when contractual payments become 30 days past due.

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Finance receivables are generally placed on nonaccrual status (nonaccrual of interest and other fees) (i) when a customer is placed on repossession status; (ii) upon receipt of notification of bankruptcy; (iii) upon notification of the death of a customer; or (iv) in other instances in which management concludes collectability is not reasonably assured. Finance receivables that are considered nonperforming include receivables that are on nonaccrual status and receivables that are generally more than 90 days past due.

Contract receivables are generally placed on nonaccrual status (i) when a receivable is more than 90 days past due or at the point a customer's account is placed on terminated status regardless of its delinquency status; (ii) upon notification of the death of a customer; or (iii) in other instances in which management concludes collectability is not reasonably assured. Contract receivables that are considered nonperforming include receivables that are on nonaccrual status.

The accrual of interest and other fees is resumed when the finance or contract receivable becomes contractually current and collection of all remaining contractual amounts due is reasonably assured. Finance and contract receivables are evaluated for impairment on a collective basis. A receivable is impaired when it is probable that all amounts related to the receivable will not be collected according to the contractual terms of the applicable agreement. Impaired receivables are covered by the company's finance and contract allowances for doubtful accounts reserves and are charged-off against the reserves when appropriate. As of July 4, 2015, and January 3, 2015, there were \$14.8 million and \$15.5 million, respectively, of impaired finance receivables, and there were \$1.6 million and \$1.5 million, respectively, of impaired contract receivables.

It is the general practice of Snap-on's financial services business to not engage in contract or loan modifications. In limited instances, Snap-on's financial services business may modify certain impaired receivables in troubled debt restructurings. The amount and number of restructured finance and contract receivables as of July 4, 2015, and January 3, 2015, were immaterial to both the financial services portfolio and the company's results of operations and financial position.

The aging of finance and contract receivables as of July 4, 2015, and January 3, 2015, is as follows:

<i>(Amounts in millions)</i>	30-59 Days Past Due	60-90 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Total Not Past Due	Total	Greater Than 90 Days Past Due and Accruing
<b>July 4, 2015:</b>							
Finance receivables	\$ 9.6	\$ 6.0	\$ 8.7	\$ 24.3	\$ 1,141.1	\$ 1,165.4	\$ 6.3
Contract receivables	1.1	0.9	1.2	3.2	323.0	326.2	0.2

**January 3, 2015:**

Finance receivables	\$ 9.8	\$ 6.7	\$ 10.4	\$ 26.9	\$ 1,058.7	\$ 1,085.6	\$ 7.7
Contract receivables	0.9	0.7	1.1	2.7	317.3	320.0	0.1

The amount of performing and nonperforming finance and contract receivables based on payment activity as of July 4, 2015, and January 3, 2015, is as follows:

<i>(Amounts in millions)</i>	July 4, 2015		January 3, 2015	
	Finance Receivables	Contract Receivables	Finance Receivables	Contract Receivables

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Performing	\$ 1,150.6	\$ 324.6	\$ 1,070.1	\$ 318.5
Nonperforming	14.8	1.6	15.5	1.5
Total	\$ 1,165.4	\$ 326.2	\$ 1,085.6	\$ 320.0

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The amount of finance and contract receivables on nonaccrual status as of July 4, 2015, and January 3, 2015, is as follows:

<i>(Amounts in millions)</i>	July 4, 2015	January 3, 2015
Finance receivables	\$ 8.6	\$ 7.9
Contract receivables	1.5	1.5

The following is a rollforward of the allowances for credit losses for finance and contract receivables for the three and six month periods ended July 4, 2015:

<i>(Amounts in millions)</i>	Three Months Ended July 4, 2015		Six Months Ended July 4, 2015	
	Finance Receivables	Contract Receivables	Finance Receivables	Contract Receivables
Allowances for doubtful accounts:				
Beginning of period	\$ 33.4	\$ 3.9	\$ 32.7	\$ 3.5
Provision for bad debt expense	7.3	0.7	14.4	1.6
Charge-offs	(7.3)	(0.6)	(15.1)	(1.0)
Recoveries	1.5	0.2	3.0	0.2
Currency translation			(0.1)	(0.1)
End of period	\$ 34.9	\$ 4.2	\$ 34.9	\$ 4.2

The following is a rollforward of the allowances for credit losses for finance and contract receivables for the three and six month periods ended June 28, 2014:

<i>(Amounts in millions)</i>	Three Months Ended June 28, 2014		Six Months Ended June 28, 2014	
	Finance Receivables	Contract Receivables	Finance Receivables	Contract Receivables
Allowances for doubtful accounts:				
Beginning of period	\$ 28.5	\$ 3.6	\$ 27.8	\$ 3.3
Provision for bad debt expense	7.2	0.7	13.4	1.3
Charge-offs	(6.7)	(0.6)	(13.5)	(1.0)
Recoveries				