TUPPERWARE BRANDS CORP
Form 10-Q
May 05, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the 13 weeks ended March 28, 2015
OR
o 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 1-11657

TUPPERWARE BRANDS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	36-4062333
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
14901 South Orange Blossom Trail, Orlando, Florida	32837
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (407) 826-5050

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 x No o

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 x No o

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 definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

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

As of April 30, 2015, 49,843,563 shares of the common stock, $0.01 par value, of the registrant were outstanding.

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Item 1. Financial Statements (Unaudited)

TUPPERWARE BRANDS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	13 weeks ended	
(In millions, except per share amounts)	March 28, 2015	March 29, 2014
Net sales	$581.8	$663.2
Cost of products sold	191.6	221.6
Gross margin	390.2	441.6
Delivery, sales and administrative expense	313.4	344.5
Re-engineering and impairment charges	16.2	2.3
Gains on disposal of assets	0.6	1.8
Operating income	61.2	96.6
Interest income	0.5	0.7
Interest expense	13.3	12.4
Other expense	7.2	14.1
Income before income taxes	41.2	70.8
Provision for income taxes	11.7	18.6
Net income	$29.5	$52.2
Earnings per share:		
Basic	$0.59	$1.04
Diluted	0.59	1.02
Weighted-average shares outstanding:		
Basic	49.7	50.2
Diluted	50.3	51.1
Dividends declared per common share	$0.68	$0.68

See accompanying Notes to Consolidated Financial Statements (Unaudited).

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TUPPERWARE BRANDS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In millions)	13 weeks ended March 28, 2015	March 29, 2014
Net income	$29.5	$52.2
Other comprehensive income (loss):		
Foreign currency translation adjustments	(25.2)	(0.9)
Deferred gain (loss) on cash flow hedges, net of tax provision (benefit) of ($0.4) and $0.2, respectively	(0.4)	1.5
Pension and other post-retirement income, net of tax provision of $1.1 and $0.1, respectively	2.9	0.3
Other comprehensive income (loss)	(22.7)	0.9
Total comprehensive income	$6.8	$53.1

See accompanying Notes to Consolidated Financial Statements (Unaudited).

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TUPPERWARE BRANDS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except share amounts)	March 28, 2015	December 27, 2014
ASSETS		
Cash and cash equivalents	$83.9	$77.0
Accounts receivable, less allowances of $34.6 and $34.5, respectively	167.0	168.1
Inventories	300.7	306.0
Deferred income tax benefits, net	115.4	118.8
Non-trade amounts receivable, net	59.4	61.8
Prepaid expenses and other current assets	27.4	21.0
Total current assets	753.8	752.7
Deferred income tax benefits, net	411.1	416.7
Property, plant and equipment, net	264.7	290.3
Long-term receivables, less allowances of $11.6 and $13.1, respectively	15.0	17.3
Trademarks and tradenames, net	99.7	104.2
Other intangible assets, net	1.1	1.5
Goodwill	161.8	164.7
Other assets, net	26.0	30.5
Total assets	$1,733.2	$1,777.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	$97.1	$142.8
Short-term borrowings and current portion of long-term debt and capital lease obligations	268.5	219.3
Accrued liabilities	374.1	383.2
Total current liabilities	739.7	745.3
Long-term debt and capital lease obligations	609.9	612.1
Other liabilities	218.4	234.7
Shareholders' equity:		
Preferred stock, $0.01 par value, 200,000,000 shares authorized; none issued	—	—
Common stock, $0.01 par value, 600,000,000 shares authorized; 63,607,090 shares issued	0.6	0.6
Paid-in capital	189.8	190.7
Retained earnings	1,340.9	1,348.2
Treasury stock, 13,763,527 and 13,924,568 shares, respectively, at cost	(934.7)	(945.0)
Accumulated other comprehensive loss	(431.4)	(408.7)
Total shareholders' equity	165.2	185.8
Total liabilities and shareholders' equity	$1,733.2	$1,777.9

See accompanying Notes to Consolidated Financial Statements (Unaudited).

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TUPPERWARE BRANDS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	13 weeks ended March 28, 2015	March 29, 2014
Operating Activities:		
Net income	$29.5	$52.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15.4	15.7
Unrealized foreign exchange loss	7.0	13.4
Equity compensation	3.8	5.0
Amortization of deferred debt costs	0.2	0.2
Net gains on disposal of assets	(0.6)	(1.8)
Provision for bad debts	3.2	2.7
Write-down of inventories	4.2	6.3
Non-cash impact of re-engineering and impairment costs	13.5	0.4
Net change in deferred income taxes	(11.6)	(8.7)
Excess tax benefits from share-based payment arrangements	(0.8)	(5.8)
Changes in assets and liabilities:		
Accounts and notes receivable	(12.6)	(32.2)
Inventories	(16.2)	(19.3)
Non-trade amounts receivable	(1.4)	(6.9)
Prepaid expenses	(7.8)	(12.1)
Other assets	(0.2)	(1.7)
Accounts payable and accrued liabilities	(33.8)	(3.6)
Income taxes payable	(7.0)	(16.9)
Other liabilities	(0.3)	—
Net cash impact from hedging activity	3.6	(4.7)
Other	0.1	(0.5)
Net cash used in operating activities	(11.8)	(18.3)
Investing Activities:		
Capital expenditures	(13.9)	(14.4)
Proceeds from disposal of property, plant and equipment	2.1	4.2
Net cash used in investing activities	(11.8)	(10.2)
Financing Activities:		
Dividend payments to shareholders	(35.7)	(32.6)
Proceeds from exercise of stock options	3.1	4.8
Repurchase of common stock	(0.9)	(16.9)
Repayment of capital lease obligations	(0.9)	(1.0)
Net change in short-term debt	71.7	58.5
Excess tax benefits from share-based payment arrangements	0.8	5.8
Net cash provided by financing activities	38.1	18.6
Effect of exchange rate changes on cash and cash equivalents	(7.6)	(17.8)
Net change in cash and cash equivalents	6.9	(27.7)
Cash and cash equivalents at beginning of year	77.0	127.3
Cash and cash equivalents at end of period	$83.9	$99.6

See accompanying Notes to Consolidated Financial Statements (Unaudited).

Note 1: Summary of Significant Accounting Policies

Basis of Presentation: The condensed consolidated financial statements include the accounts of Tupperware Brands Corporation and its subsidiaries, collectively “Tupperware” or the “Company”, with all intercompany transactions and balances having been eliminated. These condensed consolidated financial statements and related notes should be read in conjunction with the audited 2014 financial statements included in the Company's Annual Report on Form 10-K for the year ended December 27, 2014.

Certain prior year amounts have been reclassified to conform with current year presentation.

These condensed consolidated financial statements are unaudited and have been prepared following the rules and regulations of the United States Securities and Exchange Commission and, in the Company's opinion, reflect all adjustments, including normal recurring items that are necessary for a fair statement of the results for the interim periods. Certain information and note disclosures normally included in the balance sheet, statements of income, comprehensive income and cash flows prepared in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted as permitted by such rules and regulations. Operating results of any interim period presented herein are not necessarily indicative of the results that may be expected for a full fiscal year.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

Venezuela Foreign Currency Translation: The exchange rate used in translating the Company’s operating activity in Venezuela in the first quarter of 2014 was 6.3 bolivars to the U.S. dollar. In February 2015, the Venezuelan government launched an overhaul of its foreign currency exchange structure for obtaining U.S. dollars, introducing the Simadi mechanism. The Company used 172.0 bolivars to the U.S. dollar to translate its February 2015 operating activity and 190.0 to translate March 2015 operating activity and the end of March balance sheet of Venezuela. The Company currently expects to use the Simadi rate to translate future operating activity. The pretax impact in the first quarter of 2015 of re-measuring net monetary assets and recording in cost of sales inventory at the exchange rate when it was purchased or manufactured rather than when it was sold was $9.3 million. In the first quarter of 2014, there was a $13.4 million pretax loss recorded in connection with the remeasurement of net monetary assets in Venezuela. The amounts related to remeasurement are included in other expense.

As of March 28, 2015, the Company had approximately $2 million of net monetary assets in Venezuela, which were of a nature that would generate income or expense associated with future exchange rate fluctuations versus the U.S. dollar.

Note 2: Shipping and Handling Costs

The cost of products sold line item includes costs related to the purchase and manufacture of goods sold by the Company. Among these costs are inbound freight charges, purchasing and receiving costs, inspection costs, depreciation expense, internal transfer costs and warehousing costs of raw material, work in process and packing materials. The warehousing and distribution costs of finished goods are included in delivery, sales and administrative expense (“DS&A”). Distribution costs are comprised of outbound freight and associated labor costs. Fees billed to customers associated with the distribution of products are classified as revenue. The distribution costs included in DS&A expense for the first quarters of 2015 and 2014 were $34.7 million and $38.7 million, respectively.

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(Unaudited)

Note 3: Promotional Costs
The Company frequently makes promotional offers to members of its independent sales force to encourage them to fulfill specific goals or targets for sales levels, party attendance, recruiting of new sales force members or other business-critical functions. The awards offered are in the form of cash, product awards, special prizes or trips.
The Company accrues for the costs of these awards during the period over which the sales force qualifies for the award and reports these costs primarily as a component of DS&A expense. These accruals require estimates as to the cost of the awards, based upon estimates of achievement and actual cost to be incurred. During the qualification period, actual results are monitored, and changes to the original estimates are made when known. Promotional and other sales force compensation expenses included in DS&A expense totaled $102.0 million and $113.8 million for the first quarters of 2015 and 2014, respectively.
Note 4: Inventories

(In millions)	March 28, 2015	December 27, 2014
Finished goods	$235.2	$242.5
Work in process	26.2	26.8
Raw materials and supplies	39.3	36.7
Total inventories	$300.7	$306.0

Note 5: Net Income Per Common Share
Basic per share information is calculated by dividing net income by the weighted average number of shares outstanding. Diluted per share information is calculated by also considering the impact of potential common stock on both net income and the weighted average number of shares outstanding.
The elements of the earnings per share computations were as follows:

	13 weeks ended	
(In millions, except per share amounts)	March 28, 2015	March 29, 2014
Net income	$29.5	$52.2
Weighted-average shares of common stock outstanding	49.7	50.2
Common equivalent shares:		
Assumed exercise of dilutive options, restricted shares, restricted stock units and performance share units	0.6	0.9
Weighted-average common and common equivalent shares outstanding	50.3	51.1
Basic earnings per share	$0.59	$1.04
Diluted earnings per share	$0.59	$1.02
Shares excluded from the determination of potential common stock because inclusion would have been anti-dilutive	0.6	0.4

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(Unaudited)

Note 6: Accumulated Other Comprehensive Loss

(In millions, net of tax)	Foreign Currency Items	Cash Flow Hedges	Pension and Other Post-retirement Items	Total
Balance at December 27, 2014	$(368.3)	$7.8	$ (48.2)	$(408.7)
Other comprehensive income (loss) before reclassifications	(25.2)	3.0	2.4	(19.8)
Amounts reclassified from accumulated other comprehensive loss	—	(3.4)	0.5	(2.9)
Net current-period other comprehensive income (loss)	(25.2)	(0.4)	2.9	(22.7)
Balance at March 28, 2015	$(393.5)	$7.4	$ (45.3)	$(431.4)

(In millions, net of tax)	Foreign Currency Items	Cash Flow Hedges	Pension and Other Post-retirement Items	Total
Balance at December 28, 2013	$(283.1)	$2.2	$ (35.9)	$(316.8)
Other comprehensive income (loss) before reclassifications	(0.9)	2.8	—	1.9
Amounts reclassified from accumulated other comprehensive loss	—	(1.3)	0.3	(1.0)
Net current-period other comprehensive income (loss)	(0.9)	1.5	0.3	0.9
Balance at March 29, 2014	$(284.0)	$3.7	$ (35.6)	$(315.9)

Pretax amounts reclassified from accumulated other comprehensive loss that related to cash flow hedges consisted of net gains of $4.3 million and $1.7 million for the first quarters of 2015 and 2014, respectively. Associated with these items were tax provisions of $0.9 million and $0.4 million, respectively. See Note 10 for further discussion of derivatives.

For the first quarters of 2015 and 2014, pretax amounts reclassified from accumulated other comprehensive loss related to pension and other post-retirement items consisted of prior service benefits of $0.3 million and $0.2 million, respectively, and actuarial losses of $1.0 million and $0.6 million, respectively. The tax benefit associated with these items was $0.2 million and $0.1 million, respectively. See Note 12 for further discussion of pension and other post-retirement benefit costs.

Note 7: Re-engineering and Impairment Costs

The Company recorded $2.7 million and $2.3 million in re-engineering charges during the first quarters of 2015 and 2014, respectively. In both years, these charges were primarily related to severance costs incurred for headcount reductions in several of the Company’s operations in connection with changes in its management and organizational structures, and in 2014, the decision to cease operating the Armand Dupree business in the United States.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The balances included in accrued liabilities related to re-engineering and impairment charges as of March 28, 2015 and December 27, 2014 were as follows:

(In millions)	March 28, 2015	December 27, 2014
Beginning of the year balance	$2.4	$2.6
Provision	2.7	11.0
Non-cash charges	(0.1)	(1.8)
Cash expenditures:		
Severance	(2.0)	(7.1)
Other	(0.4)	(2.3)
End of period balance	$2.6	$2.4

The accrual balance as of March 28, 2015, related primarily to severance payments to be made by the end of the second quarter of 2015. In connection with the decision to cease operating the Armand Dupree business in the United States, the Company recorded $1.6 million in cost of sales for inventory obsolescence during the first quarter of 2014.
In February 2015, the Venezuelan government launched an overhaul of its foreign currency exchange structure and created a new exchange mechanism called Simadi that has provided an exchange rate significantly lower than the rate available to the Company under the previous SICAD 2 mechanism. As a result, and based on the perceived impact of this change to the operations of its Venezuelan unit, the Company deemed this change to be a triggering event to evaluate the $15.7 million of long-term fixed assets in Venezuela. This evaluation involved performing an undiscounted cash flow analysis to determine if the carrying value of the assets were recoverable and greater than fair value. The Company considered many economic and operating factors, including uncertainty surrounding the interpretation and enforcement of certain product pricing restrictions in Venezuela, the inability to obtain the necessary raw materials locally to meet production demands and the significant decline in the global price of oil. Due to the decline of the global price of oil, the Venezuelan government has not made U.S. dollars widely available through any of the exchange mechanisms it has had in place. Given the devaluation of the Venezuelan bolivar compared to the U.S. dollar, and the lack of U.S dollars available to use for the purchase of raw materials from on-going operations, the Company does not believe it will be able to operate the business profitably. As a result, the Company concluded that the carrying value of the long-term fixed assets in Venezuela were not recoverable. The Company then estimated the fair value of the long-term fixed assets using estimated selling prices available in Venezuela. The primary assets that were considered to continue to maintain a marketable value in Venezuela included commercial office space, a show room and parking spaces. As a result of this evaluation in the first quarter of 2015, the Company recorded an impairment charge of $13.5 million to reduce the long-term fixed asset carrying value in Venezuela to the estimated fair value of $2.2 million, which is considered a non-recurring Level 3 measurement within the fair value hierarchy.

Note 8: Segment Information

The Company manufactures and distributes a broad portfolio of products, primarily through independent direct sales consultants. Certain operating segments have been aggregated based upon consistency of economic substance, geography, products, production process, class of customers and distribution method.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

The Company's reportable segments include the following:

Europe Asia Pacific Tupperware North America	Primarily design-centric preparation, storage and serving solutions for the kitchen and home through the Tupperware® brand. Europe also includes Avroy Shlain®, which sells beauty and personal care products. Asia Pacific also sells beauty and personal care products in some of its units under the NaturCare®, Nutrimetics® and Fuller® brands.
Beauty North America	Premium cosmetics, skin care and personal care products marketed under the BeautiControl® brand in the United States, Canada and Puerto Rico and Fuller Cosmetics® brands in Mexico and Central America.
South America	Both housewares and beauty products under the Fuller®, Nutrimetics®, Nuvo® and Tupperware® brands.

Worldwide sales of beauty and personal care products totaled $113.1 million and $127.7 million in the first quarters of 2015 and 2014, respectively.

(In millions)	13 weeks ended March 28, 2015	March 29, 2014
Net sales:		
Europe	$171.7	$213.3
Asia Pacific	191.7	199.0
Tupperware North America	79.5	81.5
Beauty North America	62.9	73.5
South America	76.0	95.9
Total net sales	$581.8	$663.2
Segment profit (loss):		
Europe	$29.3	$40.3
Asia Pacific	39.0	40.9
Tupperware North America	13.0	13.6
Beauty North America (a)	(0.3)	(0.7)
South America	3.2	3.4
Total segment profit	$84.2	$97.5
Unallocated expenses	(14.6)	(14.4)
Re-engineering and impairment charges (a)	(16.2)	(2.3)
Gains on disposal of assets	0.6	1.8
Interest expense, net	(12.8)	(11.8)
Income before taxes	$41.2	$70.8

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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(In millions)	March 28, 2015	December 27, 2014
Identifiable assets:		
Europe	$307.8	$337.3
Asia Pacific	323.3	321.4
Tupperware North America	140.1	137.1
Beauty North America	308.0	317.0
South America	111.8	131.1
Corporate	542.2	534.0
Total identifiable assets	$1,733.2	$1,777.9

(a) See Note 7 to the unaudited Consolidated Financial Statements for a discussion of re-engineering and impairment charges.

Note 9: Debt

Debt Obligations

(In millions)	March 28, 2015	December 27, 2014
Fixed rate Senior Notes due 2021	$599.2	$599.2
Five year Revolving Credit Agreement (a)	266.0	206.9
Belgium facility capital lease	12.0	13.9
Other	1.2	11.4
Total debt obligations	$878.4	$831.4

(a) $175.9 million denominated in euros

Credit Agreement

At March 28, 2015, the Company had $652.6 million of unused lines of credit, including $380.3 million under the committed, secured Credit Agreement, and $272.3 million available under various uncommitted lines around the world.

As of March 28, 2015, the Company had a weighted average interest rate on LIBOR based borrowings of 1.52 percent under the Credit Agreement.

The Credit Agreement has customary financial covenants related to interest coverage and leverage. These restrictions are not expected to impact the Company's operations. As of March 28, 2015, and currently, the Company had considerable cushion under its financial covenants.

Note 10: Derivative Instruments and Hedging Activities

The Company is exposed to fluctuations in foreign currency exchange rates on the earnings, cash flows and financial position of its international operations. Although this currency risk is partially mitigated by the natural hedge arising from the Company's local manufacturing in many markets, a strengthening U.S. dollar generally has a negative impact on the Company. In response to this fact, the Company uses financial instruments to hedge certain of its exposures and to manage the foreign exchange impact to its financial statements. At its inception, a derivative financial instrument used for hedging is designated as a fair value, cash flow or net equity hedge.

Fair value hedges are entered into with financial instruments such as forward contracts, with the objective of limiting exposure to certain foreign exchange risks primarily associated with accounts payable and non-permanent intercompany transactions. For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in current earnings. In assessing hedge effectiveness, the Company excludes forward points, which are considered to be a component of interest expense. The forward points on fair value hedges resulted in pretax gains of $2.8 million and $2.4 million in the first quarters of 2015 and 2014, respectively.

The Company also uses derivative financial instruments to hedge foreign currency exposures resulting from certain forecasted purchases and classifies these as cash flow hedges. At initiation, the Company's cash flow hedge contracts are for periods ranging from one to fifteen months. The effective portion of the gain or loss on the hedging instrument is recorded in other comprehensive income and is reclassified into earnings as the transactions being hedged are recorded. As such, the balance at the end of the reporting period in other comprehensive income, related to cash flow hedges, will be reclassified into earnings within the next twelve months. The associated asset or liability on the open hedges is recorded in other current assets or accrued liabilities, as applicable. In assessing hedge effectiveness, the Company excludes forward points, which are included as a component of interest expense.

The Company also uses financial instruments, such as forward contracts and certain euro denominated borrowings under the Company's Credit Agreement, to hedge a portion of its net equity investment in international operations and classifies these as net equity hedges. Changes in the value of these financial instruments, excluding any ineffective portion of the hedges, are included in foreign currency translation adjustments within accumulated other comprehensive loss. The Company recorded a $19.5 million net gain associated with net equity hedges in other comprehensive income, net of tax, in the first quarter of 2015, and a net loss of $3.3 million associated with such hedges in the first quarter of 2014. Due to the permanent nature of the investments, the Company does not anticipate reclassifying any portion of these amounts to the income statement in the next twelve months. In assessing hedge effectiveness, the Company excludes forward points, which are included as a component of interest expense.

While the Company's net equity and fair value hedges of non-permanent intercompany balances mitigate its exposure to foreign exchange gains or losses, they result in an impact to operating cash flows as they are settled, whereas in some cases the hedged items do not generate offsetting cash flows. The net cash flow impact of these currency hedges was an inflow of $3.6 million and an outflow of $4.7 million for the first quarters of 2015 and 2014, respectively.

The Company considers the total notional value of its forward contracts as the best measure of the volume of derivative transactions. As of March 28, 2015 and December 27, 2014, the notional amounts of outstanding forward contracts to purchase currencies were $101.8 million and $185.1 million, respectively, and the notional amounts of outstanding forward contracts to sell currencies were $110.0 million and $184.2 million, respectively. As of March 28, 2015, the notional values of the largest positions outstanding were to purchase U.S. dollars $45.8 million and euro $29.3 million.

The following table summarizes the Company's derivative positions, which are the only assets and liabilities recorded at fair value on a recurring basis, and the impact they had on the Company's financial position as of March 28, 2015 and December 27, 2014. Fair values were determined based on third party quotations (Level 2 fair value measurement):

	Asset derivatives			Liability derivatives		
		Fair value			Fair value	
Derivatives designated as hedging instruments (in millions)	Balance sheet location	Mar 28, 2015	Dec 27, 2014	Balance sheet location	Mar 28, 2015	Dec 27, 2014
Foreign exchange contracts	Non-trade amounts receivable	$32.0	$35.0	Accrued liabilities	$37.8	$30.3

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The following table summarizes the impact of the Company's fair value hedging positions on the results of operations for the first quarters of 2015 and 2014:

Derivatives designated as fair value hedges (in millions)	Location of gain or (loss) recognized in income on derivatives	Amount of gain or (loss) recognized in income on derivatives		Location of gain or (loss) recognized in income on related hedged items	Amount of gain or (loss) recognized in income on related hedged items	
		2015	2014		2015	2014
Foreign exchange contracts	Other expense	$ (24.7)	$ 1.0	Other expense	$ 25.1	$ (0.5)

The following table summarizes the impact of Company's hedging activities on comprehensive income for the first quarters of 2015 and 2014:

Cash flow and net equity hedges (in millions)	Amount of gain or (loss) recognized in OCI (effective portion)		Location of gain or (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain or (loss) reclassified from accumulated OCI into income (effective portion)		Location of gain or (loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	Amount of gain or (loss) recognized in income (ineffective portion and amount excluded from effectiveness testing)	
Cash flow hedging relationships	2015	2014		2015	2014		2015	2014
Foreign exchange contracts	$ 3.4	$ 3.4	Cost of products sold	$ 4.3	$ 1.7	Interest expense	$ (2.9)	$ (1.3)
Net equity hedging relationships								
Foreign exchange contracts	19.5	(5.1)	Other expense	—	—	Interest expense	(3.5)	(3.6)
Euro denominated debt	10.9	—	Other expense	—	—	Other expense	—	—

Note 11: Fair Value Measurements

Due to their short maturities or their insignificance, the carrying amounts of cash and cash equivalents, accounts and notes receivable, accounts payable, accrued liabilities and short-term borrowings approximated their fair values at March 28, 2015 and December 27, 2014. The Company estimates that, based on current market conditions, the value of its 4.750% 2021 Senior Notes was $643.2 million at March 28, 2015, compared with the carrying value of $599.2 million. The higher fair value resulted from changes, since issuance, in the corporate bond market and investor preferences. The fair value of debt is classified as a Level 2 liability, and is estimated using quoted market prices as provided in secondary markets which consider the Company's credit risk and market related conditions. See Note 10 to the Consolidated Financial Statements for discussion of the Company's derivative instruments and related fair value measurements.

Note 12: Retirement Benefit Plans

Components of net periodic benefit cost for the first quarters ended March 28, 2015 and March 29, 2014 were as follows:

First Quarter
Pension benefits

			Postretirement benefits	
(In millions)	2015	2014	2015	2014
Service cost	$2.8	$2.8	$—	$—
Interest cost	1.8	2.2	0.2	0.4
Expected return on plan assets	(1.4)	(1.6)	—	—
Net amortization	1.0	0.6	(0.3)	(0.2)
Net periodic benefit cost	$4.2	$4.0	$(0.1)	$0.2

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During the first quarters of 2015 and 2014, approximately $0.7 million and $0.4 million, respectively, of pretax expenses were reclassified from other comprehensive income to a component of net periodic benefit cost. As they relate to foreign plans, the Company uses current exchange rates to make these reclassifications. The impact of exchange rate fluctuations is included on the net amortization line of the table above.

Note 13: Income Taxes

The effective tax rate for the first quarter of 2015 was 28.4 percent, compared with 26.2 percent for the comparable 2014 period. The higher 2015 rate was due to higher 2015 first quarter losses incurred related to the devaluation of the Venezuelan bolivar for which no tax benefit can be recognized. The effective tax rates are below the U.S. statutory rate primarily due to lower foreign effective tax rates.

As of March 28, 2015 and December 27, 2014, the Company's gross unrecognized tax benefit was $20.2 million and $22.5 million, respectively. The Company estimates that approximately $18.2 million of the unrecognized tax benefits, if recognized, would impact the effective tax rate. Interest and penalties related to uncertain tax positions in the Company's global operations are recorded as a component of the provision for income taxes. Accrued interest and penalties were $4.9 million and $6.5 million as of March 28, 2015 and December 27, 2014, respectively. During 2015, the accrual for uncertain tax positions decreased by $2.3 million primarily as a result of the Company agreeing to audit settlements with various jurisdictions, $1.3 million of which reduced the accrual for interest and penalties. The accrual for uncertain tax positions also increased for positions being taken in various global tax filings, and decreased due to the impact of foreign currency fluctuations.

The Company estimates that it may settle one or more foreign audits in the next twelve months that may result in a decrease in the amount of accrual for uncertain tax positions of up to $1.0 million. For the remaining balance as of March 28, 2015, the Company is not able to reliably estimate the timing or ultimate settlement amount. While the Company does not currently expect material changes, it is possible that the amount of unrecognized benefit with respect to the uncertain tax positions will significantly increase or decrease related to audits in various foreign jurisdictions that may conclude during that period or new developments that could also, in turn, impact the Company's assessment relative to the establishment of valuation allowances against certain existing deferred tax assets. These valuation allowances relate to tax assets in jurisdictions where it is management's best estimate that there is not a greater than 50 percent probability that the benefit of the assets will be realized in the associated tax returns. The likelihood of realizing the benefit of deferred tax assets is assessed on an ongoing basis. This assessment requires estimates as to future operating results, as well as an evaluation of the effectiveness of the Company's tax planning strategies. At this time, the Company is not able to make a reasonable estimate of the range of impact on the balance of unrecognized tax benefits or the impact on the effective tax rate related to these items.

Note 14: Statement of Cash Flow Supplemental Disclosure

Under the Company's stock incentive programs, employees are allowed to use shares retained by the Company to satisfy U.S. minimum statutorily required withholding taxes. In the first quarters of 2015 and 2014, 11,890 and 86,872 shares, respectively, were retained to fund withholding taxes, with values totaling $0.9 million and $6.9 million, respectively, which were included as a component of stock repurchases in the Consolidated Statements of Cash Flows.

During the first quarter of 2014, the Company entered into a joint venture with a real estate development partner. The Company contributed land to the joint venture in exchange for 50 percent ownership of the joint venture. The carrying value of the land was $3.1 million. The Company's ownership interest in the joint venture is accounted for using the equity method and was included in long-term other assets on the March 28, 2015 balance sheet at the carrying value of the contributed land. The Company does not expect to have any significant cash inflows or outflows related to the joint venture until such time as the joint venture completes and sells its development.

There were no capital lease arrangements initiated in the first quarters of 2015 and 2014.

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Note 15: Stock Based Compensation

Stock option activity for 2015 is summarized in the following table:

	Shares subject to option	Weighted average exercise price per share	Aggregate intrinsic value (in millions)
Outstanding at December 27, 2014	2,192,136	$48.95	
Granted	7,132	62.40	
Expired / Forfeited	(2,139)	59.55	
Exercised	(78,995)	40.08	
Outstanding at March 28, 2015	2,118,134	$49.31	$47.6
Exercisable at March 28, 2015	1,506,664	$41.67	$44.2

The intrinsic value of options exercised totaled $2.2 million and $8.4 million in the first quarters of 2015 and 2014, respectively.

The Company also has time-vested, performance-vested and market-vested awards. The activity for such awards in 2015 is summarized in the following table:

	Shares outstanding	Weighted average grant date fair value
December 27, 2014	651,849	$59.76
Time-vested shares granted	3,997	62.12
Market-vested shares granted	23,637	64.21
Performance shares granted	62,722	72.61
Performance share adjustments	490	79.34
Vested	(236,169)	33.72
Forfeited	(2,465)	72.78
March 28, 2015	504,061	$73.65

Compensation expense related to the Company's stock based compensation is as follows:

(In millions)	March 28, 2015	March 29, 2014
Stock options	$0.6	$0.4
Time, performance and market vested awards	3.2	4.6

As of March 28, 2015, total unrecognized stock based compensation expense related to all stock based awards was $27.3 million, which is expected to be recognized over a weighted average period of 2.1 years.

Note 16: Allowance for Long-Term Receivables

As of March 28, 2015, $12.0 million of long-term receivables from both active and inactive customers were considered past due, the majority of which were reserved through the Company's allowance for uncollectible accounts. The balance of the allowance for long-term receivables as of March 28, 2015 was as follows:

(In millions)	
Balance at December 27, 2014	$13.1
Write-offs	(0.4)
Provision and reclassifications	0.3
Currency translation adjustment	(1.4)
Balance at March 28, 2015	$11.6

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Note 17: Guarantor Information

The Company's payment obligations under the Notes are fully and unconditionally guaranteed, on a senior secured basis, by the Guarantor. The guarantee is secured by certain "Tupperware" trademarks and service marks owned by the Guarantor.

Condensed consolidated financial information as of March 28, 2015 and December 27, 2014 and for the quarter-to-date periods ended March 28, 2015 and March 29, 2014 for Tupperware Brands Corporation (the "Parent"), Dart Industries Inc. (the "Guarantor") and all other subsidiaries (the "Non-Guarantors") is as follows.

Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements, except for the use by the Parent and Guarantor of the equity method of accounting to reflect ownership interests in subsidiaries that are eliminated upon consolidation. The Guarantor is 100% owned by the Parent, and there are certain entities within the Non-Guarantors classification which the Parent owns directly.

There are no significant restrictions on the ability of either the Parent or the Guarantor from obtaining adequate funds from their respective subsidiaries by dividend or loan that should interfere with their ability to meet their operating needs or debt repayment obligations.

Consolidating Statement of Income

	13 Weeks Ended March 28, 2015				
(In millions)	Parent	Guarantor	Non-Guarantors	Eliminations	Total
Net sales	$—	$—	$ 582.0		