BALL CORP
Form 10-Q
November 03, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2014

Commission file number 1-7349

BALL CORPORATION

State of Indiana	**35-0160610**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10 Longs Peak Drive, P.O. Box 5000	
Broomfield, CO	**80021-2510**
(Address of registrant s principal executive office)	(Zip Code)

Registrant s telephone number, including area code: **303/469-3131**

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 the definitions of large accelerated filer,   accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Outstanding at October 29, 2014**
Common Stock, without par value	136,921,950 shares

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Ball Corporation and Subsidiaries

QUARTERLY REPORT ON FORM 10-Q

For the period ended September 30, 2014

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

($ in millions, except per share amounts)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Net sales	$ 2,238.9	$ 2,277.9	$ 6,537.6	$ 6,471.3
Costs and expenses				
Cost of sales (excluding depreciation and amortization)	(1,807.3)	(1,846.9)	(5,266.6)	(5,289.3)
Depreciation and amortization	(71.3)	(76.6)	(209.7)	(223.6)
Selling, general and administrative	(123.1)	(99.0)	(342.2)	(311.2)
Business consolidation and other activities	(9.2)	(43.8)	(17.8)	(89.1)
	(2,010.9)	(2,066.3)	(5,836.3)	(5,913.2)
Earnings before interest and taxes	228.0	211.6	701.3	558.1
Interest expense	(40.1)	(45.5)	(120.9)	(138.0)
Debt refinancing costs		(1.3)	(33.1)	(28.0)
Total interest expense	(40.1)	(46.8)	(154.0)	(166.0)
Earnings before taxes	187.9	164.8	547.3	392.1
Tax provision	(39.8)	(44.1)	(139.6)	(93.0)
Equity in results of affiliates, net of tax	0.3	0.9	1.9	0.9
Net earnings from continuing operations	148.4	121.6	409.6	300.0
Discontinued operations, net of tax		0.3		0.4
Net earnings	148.4	121.9	409.6	300.4
Less net earnings attributable to noncontrolling interests	(1.0)	(6.7)	(15.6)	(18.1)
Net earnings attributable to Ball Corporation	$ 147.4	$ 115.2	$ 394.0	$ 282.3
Amounts attributable to Ball Corporation:				
Continuing operations	$ 147.4	$ 114.9	$ 394.0	$ 281.9
Discontinued operations		0.3		0.4
Net earnings	$ 147.4	$ 115.2	$ 394.0	$ 282.3
Earnings per share:				
Basic - continuing operations	$ 1.07	$ 0.80	$ 2.83	$ 1.92
Basic - discontinued operations				
Total basic earnings per share	$ 1.07	$ 0.80	$ 2.83	$ 1.92

Diluted - continuing operations	$	1.04	$	0.78	$	2.76	$	1.88
Diluted - discontinued operations								
Total diluted earnings per share	$	1.04	$	0.78	$	2.76	$	1.88

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

($ in millions)	**Three Months Ended September 30, 2014**	**2013**	**Nine Months Ended September 30, 2014**	**2013**
Net earnings	$ 148.4	$ 121.9	$ 409.6	$ 300.4
Other comprehensive earnings:				
Foreign currency translation adjustment	(106.1)	57.3	(136.7)	29.7
Pension and other postretirement benefits *(a)*	11.7	3.0	22.6	17.0
Effective financial derivatives *(b)*	21.6	3.6	38.1	(22.9)
Total comprehensive earnings	75.6	185.8	333.6	324.2
Less comprehensive earnings attributable to noncontrolling interests	(0.6)	(6.6)	(15.2)	(18.3)
Comprehensive earnings attributable to Ball Corporation	$ 75.0	$ 179.2	$ 318.4	$ 305.9

(a) Net of tax (expense) benefit of $(3.3) million and $(9.9) million for the three and nine months ended September 30, 2014, respectively, and $(4.7) million and $(13.9) million for the comparable periods in 2013, respectively.

(b) Net of tax (expense) benefit of $(2.7) million and $(6.4) million for the three and nine months ended September 30, 2014, respectively, and $(2.4) million and $2.5 million for the comparable periods in 2013, respectively.

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

($ in millions)	**September 30, 2014**	**December 31, 2013**
Assets		
Current assets		
Cash and cash equivalents	$ 189.5	$ 416.0
Receivables, net	1,049.4	859.4
Inventories, net	972.7	1,028.3
Deferred taxes and other current assets	167.2	167.2
Total current assets	2,378.8	2,470.9
Non-current assets		
Property, plant and equipment, net	2,371.1	2,372.3
Goodwill	2,300.6	2,399.7
Intangibles and other assets, net	564.4	577.5
Total assets	**$ 7,614.9**	**$ 7,820.4**
Liabilities and Shareholders Equity		
Current liabilities		
Short-term debt and current portion of long-term debt	$ 306.5	$ 422.6
Accounts payable	1,251.2	998.8
Accrued employee costs	255.8	241.3
Other current liabilities	208.4	264.7
Total current liabilities	2,021.9	1,927.4
Non-current liabilities		
Long-term debt	3,009.0	3,182.5
Employee benefit obligations	939.9	1,033.0
Deferred taxes and other liabilities	229.4	261.5
Total liabilities	6,200.2	6,404.4
Shareholders equity		
Common stock (331,406,146 shares issued - 2014; 330,240,265 shares issued - 2013)	1,119.3	1,078.4
Retained earnings	4,288.1	3,947.7
Accumulated other comprehensive earnings (loss)	(325.5)	(249.9)
Treasury stock, at cost (193,764,190 shares - 2014; 188,122,102 shares - 2013)	(3,867.4)	(3,551.6)
Total Ball Corporation shareholders equity	1,214.5	1,224.6
Noncontrolling interests	200.2	191.4
Total shareholders equity	1,414.7	1,416.0
Total liabilities and shareholders equity	**$ 7,614.9**	**$ 7,820.4**

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in millions)	Nine Months Ended September 30, 2014	2013
Cash Flows from Operating Activities		
Net earnings	$ 409.6	$ 300.4
Discontinued operations, net of tax		(0.4)
Adjustments to reconcile net earnings to cash provided by (used in) continuing operating activities:		
Depreciation and amortization	209.7	223.6
Business consolidation and other activities	17.8	89.1
Deferred tax provision	8.3	3.3
Other, net	(18.8)	4.8
Changes in working capital components	23.4	(207.2)
Cash provided by (used in) continuing operating activities	650.0	413.6
Cash provided by (used in) discontinued operating activities		(2.3)
Total cash provided by (used in) operating activities	650.0	411.3
Cash Flows from Investing Activities		
Capital expenditures	(250.0)	(309.6)
Business acquisitions, net of cash acquired		(14.2)
Other, net	11.1	2.2
Cash provided by (used in) investing activities	(238.9)	(321.6)
Cash Flows from Financing Activities		
Long-term borrowings	396.9	1,546.6
Repayments of long-term borrowings	(874.3)	(1,277.5)
Net change in short-term borrowings	199.0	(14.8)
Proceeds from issuances of common stock	27.7	24.3
Acquisitions of treasury stock	(335.5)	(292.2)
Common dividends	(54.8)	(56.8)
Other, net	7.7	(15.6)
Cash provided by (used in) financing activities	(633.3)	(86.0)
Effect of exchange rate changes on cash	(4.3)	(9.6)
Change in cash and cash equivalents	(226.5)	(5.9)
Cash and cash equivalents - beginning of period	416.0	174.1
Cash and cash equivalents - end of period	**$ 189.5**	**$ 168.2**

See accompanying notes to the unaudited condensed consolidated financial statements.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Ball Corporation and its controlled affiliates, including its consolidated variable interest entities (collectively Ball, the company, we or our), and have been prepared by the company. Certain information and footnote disclosures, including critical and significant accounting policies normally included in financial statements prepared in accordance with generally accepted accounting principles, have been condensed or omitted for this quarterly presentation.

Results of operations for the periods shown are not necessarily indicative of results for the year, particularly in view of the seasonality in the packaging segments and the irregularity of contract revenues in the aerospace and technologies segment. These unaudited condensed consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and the notes thereto included in the company s Annual Report on Form 10-K filed on February 24, 2014, pursuant to Section 13 of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2013 (annual report).

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires Ball s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. These estimates are based on historical experience and various assumptions believed to be reasonable under the circumstances. Ball s management evaluates these estimates on an ongoing basis and adjusts or revises the estimates as circumstances change. As future events and their impacts cannot be determined with precision, actual results may differ from these estimates. In the opinion of management, the financial statements reflect all adjustments necessary to fairly state the results of the periods presented.

Certain prior period amounts have been reclassified in order to conform to the current period presentation.

Revision of Prior Period Financial Statements Related to Deferred Taxes

During the second quarter of 2014, Ball identified errors in the determination of certain deferred tax amounts, originating in 2007 and prior, primarily related to fixed assets, Canadian entity valuation allowances and pension, other postretirement benefits and restructuring balances in a Canadian entity. The correction of these items impacted the consolidated balance sheets and statements of comprehensive earnings for the years ended December 31, 2013, 2012 and 2011, as presented in the company´s annual report and the unaudited condensed financial statements for each prior quarterly interim period. Additionally, as a result of these corrections, the 2012 consolidated statement of earnings should have included a tax provision related to the settlement of certain pension plans of the Canadian entity. The company assessed the applicable guidance issued by the Securities and Exchange Commission (SEC) and the Financial Accounting Standards Board (FASB) and concluded that these misstatements were not material to Ball s consolidated financial statements for the aforementioned prior periods; however, the company did conclude that correcting these prior misstatements would be material to the second quarter and full year 2014 consolidated statements of earnings. As a result of this analysis, the 2013 unaudited condensed consolidated financial statements included in this Form 10-Q have been revised to reflect the proper determination of these deferred tax positions and all related impacts. In addition, the 2013 and 2012 consolidated financial statements will be revised in the company s 2014 Form 10-K filing. Following is a summary of the financial statement line items impacted by this revision for all periods and statements included in the company s annual report and first quarter 2014 Form 10-Q:

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation *(continued)*

Revised Consolidated Statement of Earnings Amounts

($ in millions, except per share amounts)	Year Ended December 31, 2012 As previously reported	Adjustments	As revised
Tax provision	$ (165.0)	$ (7.2)	$ (172.2)
Net earnings	426.5	(7.2)	419.3
Net earnings from continuing operations attributable to Ball	406.3	(7.2)	399.1
Basic earnings per share - continuing operations	$ 2.63	$ (0.05)	$ 2.58
Diluted earnings per share - continuing operations	2.57	(0.05)	2.52

Revised Consolidated Statements of Comprehensive Earnings Amounts

	Year Ended December 31, 2013			Year Ended December 31, 2012			Year Ended December 31, 2011		
($ in millions)	As previously reported	Adjustments	As revised	As previously reported	Adjustments	As revised	As previously reported	Adjustments	As revised
Net earnings	$ 435.0	$	$ 435.0	$ 426.5	$ (7.2)	$ 419.3	$ 466.3	$	$ 466.3
Pension and other postretirement benefits	79.2	0.5	79.7	(79.5)	7.2	(72.3)	(93.7)	0.2	(93.5)
Total comprehensive earnings	546.9	0.5	547.4	409.0		409.0	213.5	0.2	213.7
Comprehensive earnings attributable to Ball Corporation	518.5	0.5	519.0	386.3		386.3	190.9	0.2	191.1

Revised Consolidated Balance Sheets Amounts

	December 31, 2013			December 31, 2012		
($ in millions)	As previously reported	Adjustments	As revised	As previously reported	Adjustments	As revised
Deferred taxes and other current assets	$ 162.0	$ 5.2	$ 167.2	$ 190.8	$ 5.2	$ 196.0
Goodwill	2,404.3	(4.6)	2,399.7	2,359.4	(4.6)	2,354.8

Intangibles and other assets, net	577.5		577.5	531.6	13.0	544.6
Total assets	7,819.8	0.6	7,820.4	7,507.1	13.6	7,520.7
Deferred taxes and other liabilities	285.6	(24.1)	261.5	207.9	(10.6)	197.3
Total liabilities	6,428.5	(24.1)	6,404.4	6,217.1	(10.6)	6,206.5
Retained earnings	3,913.8	33.9	3,947.7	3,580.8	33.9	3,614.7
Accumulated other comprehensive earnings (loss)	(240.7)	(9.2)	(249.9)	(352.4)	(9.7)	(362.1)
Total shareholders´equity	1,391.3	24.7	1,416.0	1,290.0	24.2	1,314.2

	March 31, 2014		
($ in millions)	**As previously reported**	**Adjustments**	**As revised**
Deferred taxes and other current assets *(a)*	$ 166.2	$ 5.2	$ 171.4
Goodwill	2,398.8	(4.6)	2,394.2
Total assets	7,744.5	0.6	7,745.1
Deferred taxes and other liabilities *(b)*	292.3	(24.1)	268.2
Total liabilities	6,462.4	(24.1)	6,438.3
Retained earnings	3,989.2	33.9	4,023.1
Accumulated other comprehensive earnings (loss)	(256.5)	(9.2)	(265.7)
Total shareholders´equity	1,282.1	24.7	1,306.8

(a) *Financial statement line item was referred to as Other current assets in the company s first quarter 2014 Form 10-Q filing.*

(b) *Financial statement line item was referred to as Other non-current liabilities in the company s first quarter 2014 Form 10-Q filing.*

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

2. Accounting Pronouncements

Recently Adopted Accounting Standards

In July 2013, accounting guidance was issued to eliminate diversity in practice for the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. In general, an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, unless certain exceptions exist. The guidance was effective for Ball on January 1, 2014, and did not have a material effect on the company s unaudited condensed consolidated financial statements.

In March 2013, accounting guidance was issued to clarify that an entity should release the cumulative translation adjustment into net earnings if the parent ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity. The guidance also affects entities that lose a controlling financial interest in an investment in a foreign entity and those that acquire a business in stages by increasing an investment in a foreign entity from one accounted for under the equity method to one accounted for as a consolidated investment. The guidance was effective for Ball prospectively on January 1, 2014, and did not have a material effect on the company s unaudited condensed consolidated financial statements.

New Accounting Guidance

In August 2014, accounting guidance was issued to define management s responsibility to evaluate whether there is substantial doubt about an entity s ability to continue as a going concern and to provide related footnote disclosure in certain circumstances. Under the new guidance, management is required to evaluate, at each annual and interim reporting period, whether there are conditions or events that raise substantial doubt about the entity s ability to continue as a going concern within one year after the date the financial statements are issued and to provide related disclosures. The guidance will be effective for Ball on January 1, 2017, and is not expected to have a material effect on the company s consolidated financial statements.

In May 2014, the FASB and International Accounting Standards Board jointly issued new revenue recognition guidance which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new guidance contains a more robust framework for addressing revenue issues and is intended to remove inconsistencies in existing guidance and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The guidance will supersede the majority of current revenue recognition guidance, including industry-specific guidance. The guidance will be effective for Ball on January 1, 2017, and early adoption is not permitted for the company. Entities have the option of using either a full retrospective or modified retrospective approach for the adoption of the standard. The company is currently assessing the impact that the adoption of this standard will have on its consolidated financial statements.

In April 2014, accounting guidance was issued to change the criteria for reporting discontinued operations. Under the new guidance, only disposals of components of an entity that represent strategic shifts that have, or will have, a major effect on an entity s operations should be reported as discontinued operations in the financial statements. The new guidance also requires expanded disclosures for discontinued operations, as well as disclosures about the financial effects of significant disposals that do not qualify for discontinued operations. The guidance will be effective for Ball on January 1, 2015, and is not expected to have a material effect on the company s consolidated financial statements.

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Notes to the Unaudited Condensed Consolidated Financial Statements

3. Business Segment Information

Ball s operations are organized and reviewed by management along its product lines and geographical areas and presented in the four reportable segments discussed below.

Metal beverage packaging, Americas and Asia: Consists of the metal beverage packaging, Americas, operations in the U.S., Canada and Brazil, and the metal beverage packaging, Asia, operations in the People s Republic of China (PRC). The Americas and Asia segments have been aggregated based on similar economic and qualitative characteristics. The operations in this reporting segment manufacture and sell metal beverage containers.

Metal beverage packaging, Europe: Consists of operations in several countries in Europe, which manufacture and sell metal beverage containers.

Metal food and household products packaging: Consists of operations in the U.S., Europe, Canada, Mexico and Argentina, which manufacture and sell steel food, aerosol, paint, general line and decorative specialty containers, as well as extruded aluminum beverage and aerosol containers and aluminum slugs.

Aerospace and technologies: Consists of the manufacture and sale of aerospace and other related products and the providing of services used in the defense, civil space and commercial space industries.

The accounting policies of the segments are the same as those in the unaudited condensed consolidated financial statements. A discussion of the company s critical and significant accounting policies can be found in Ball s annual report. The company also has investments in companies in the U.S. and Vietnam, which are accounted for under the equity method of accounting and, accordingly, those results are not included in segment sales or earnings.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

3. Business Segment Information *(continued)*

Summary of Business by Segment

($ in millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Net sales				
Metal beverage packaging, Americas & Asia	$ 1,079.6	$ 1,109.2	$ 3,207.3	$ 3,190.7
Metal beverage packaging, Europe	489.2	488.9	1,497.8	1,400.5
Metal food & household products packaging	450.6	463.6	1,159.4	1,213.4
Aerospace & technologies	221.7	217.5	683.5	675.0
Corporate and intercompany eliminations	(2.2)	(1.3)	(10.4)	(8.3)
Net sales	2,238.9	2,277.9	6,537.6	6,471.3
Net earnings				
Metal beverage packaging, Americas & Asia	$ 133.4	$ 134.8	$ 400.3	$ 364.5
Business consolidation and other activities	(0.1)	(14.1)	1.7	(26.6)
Total metal beverage packaging Americas & Asia	133.3	120.7	402.0	337.9
Metal beverage packaging, Europe	63.8	60.5	193.0	143.2
Business consolidation and other activities	(4.3)	(1.7)	(6.6)	(4.6)
Total metal beverage packaging, Europe	59.5	58.8	186.4	138.6
Metal food & household products packaging	43.0	58.4	119.1	140.6
Business consolidation and other activities	(4.5)	(28.9)	(11.6)	(57.4)
Total metal food & household products packaging	38.5	29.5	107.5	83.2
Aerospace & technologies	21.2	18.0	70.1	55.0
Business consolidation and other activities				(0.2)
Total aerospace & technologies	21.2	18.0	70.1	54.8
Segment earnings before interest and taxes	252.5	227.0	766.0	614.5
Undistributed and corporate expenses and intercompany eliminations, net	(24.2)	(16.3)	(63.4)	(56.1)
Business consolidation and other activities	(0.3)	0.9	(1.3)	(0.3)
Total undistributed and corporate expenses and intercompany eliminations, net	(24.5)	(15.4)	(64.7)	(56.4)
Earnings before interest and taxes	228.0	211.6	701.3	558.1

Interest expense		(40.1)		(45.5)		(120.9)		(138.0)
Debt refinancing costs				(1.3)		(33.1)		(28.0)
Total interest expense		(40.1)		(46.8)		(154.0)		(166.0)
Tax provision		(39.8)		(44.1)		(139.6)		(93.0)
Equity in results of affiliates, net of tax		0.3		0.9		1.9		0.9
Net earnings from continuing operations		148.4		121.6		409.6		300.0
Discontinued operations, net of tax				0.3				0.4
Net earnings		148.4		121.9		409.6		300.4
Less net earnings attributable to noncontrolling interests		(1.0)		(6.7)		(15.6)		(18.1)
Net earnings attibutable to Ball Corporation	**$**	**147.4**	**$**	**115.2**	**$**	**394.0**	**$**	**282.3**

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

3. Business Segment Information *(continued)*

($ in millions)		September 30, 2014		December 31, 2013 (a)
Total Assets				
Metal beverage packaging, Americas & Asia	$	3,302.3	$	3,425.2
Metal beverage packaging, Europe		2,353.3		2,380.1
Metal food & household products packaging *(a)*		1,611.4		1,556.3
Aerospace & technologies		395.2		346.1
Segment assets *(a)*		7,662.2		7,707.7
Corporate assets, net of eliminations *(a)*		(47.3)		112.7
Total assets *(a)*	**$**	**7,614.9**	**$**	**7,820.4**

(a) 2013 amounts have been revised; further details are included in the Revision of Prior Period Financial Statements Related to Deferred Taxes section of Note 1.

4. Business Consolidation and Other Activities

Following is a summary of business consolidation and other activity charges included in the unaudited condensed consolidated statements of earnings:

($ in millions)	Three Months Ended September 30, 2014		2013		Nine Months Ended September 30, 2014		2013	
Metal beverage packaging, Americas & Asia	$	(0.1)	$	(14.1)	$	1.7	$	(26.6)
Metal beverage packaging, Europe		(4.3)		(1.7)		(6.6)		(4.6)
Metal food & household products packaging		(4.5)		(28.9)		(11.6)		(57.4)
Aerospace & technologies								(0.2)
Corporate and other		(0.3)		0.9		(1.3)		(0.3)
	$	(9.2)	$	(43.8)	$	(17.8)	$	(89.1)

2014

Metal Beverage Packaging, Americas and Asia

The first nine months included charges of $2.0 million related to a fire at a metal beverage packaging, Americas, facility.

During the first quarter, the company received and recorded compensation of $5.0 million for the reimbursement of severance costs incurred in connection with the company s closure and relocation of the Shenzhen, PRC, manufacturing facility in 2013. Also during the first quarter, the company sold its plastic motor oil container and pail manufacturing business in the PRC and recorded a gain of $0.8 million in connection with the sale. During the third quarter, the company entered into a supplemental agreement related to the sale and recorded a loss of $1.1 million.

The third quarter and first nine months of 2014 also included net gains of $1.0 million and net charges of $1.0 million, respectively, primarily related to previously closed facilities and other insignificant activities.

Metal Food and Household Products Packaging

In the third quarter, the company recorded charges of $3.6 million related to a reduction in force to eliminate certain food can production in the Oakdale, California, facility, as well as the completion of a voluntary separation program. The third quarter and first nine months also included charges of $0.9 million and $4.2 million, respectively, related to previously closed facilities and other insignificant activities.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

4. Business Consolidation and Other Activities *(continued)*

During the fourth quarter of 2013, the company announced plans to close its Danville, Illinois, steel aerosol packaging facility in the second half of 2014. Charges of $3.8 million were recorded during the first nine months of 2014 in connection with the announced closure.

Metal Beverage Packaging, Europe, and Corporate

The third quarter and first nine months included charges of $0.9 million and $3.2 million, respectively, for headcount reductions, cost-out initiatives and the relocation of the company s European headquarters from Germany to Switzerland, as well as additional tax expense of $1.9 million and $6.1 million, respectively, related to this relocation. The third quarter and first nine months of 2014 also included charges of $3.7 million and $4.7 million, respectively, related to the write off of previously capitalized costs associated with the company s Lublin, Poland, facility, and for other insignificant activities.

2013

Metal Beverage Packaging, Americas and Asia

During July 2013, the company signed a compensation agreement for approximately $72 million pretax with the PRC government to close the Shenzhen manufacturing facility and relocate the production capacity. The third quarter and first nine months included charges of $6.8 million and $8.1 million, respectively, for closure and relocation costs. The total charges in the first nine months of $8.1 million were composed of $6.6 million for severance, a majority of which was compensated in the first quarter of 2014; and $1.5 million for other costs that were not compensated under the agreement. The company also recorded charges of $7.8 million and $3.3 million, respectively, in the first nine months for the write-off of the land and building and the disposal and transfer of machinery and equipment, which were both fully compensated in the third quarter and recorded as income to offset the charges. During the third quarter of 2013, the company received $28.4 million of compensation, of which $17.3 million was deferred on the balance sheet.

The third quarter and first nine months included charges of $1.6 million and $8.7 million, respectively, to eliminate 12- ounce beverage can production from the company s Milwaukee, Wisconsin, facility. The charges for the nine months were composed of $4.6 million for accelerated depreciation, $1.6 million for severance and other employee benefits and $2.5 million for other costs. In addition, the third quarter and first nine months of 2013 included net charges of $5.3 million and $8.4 million, respectively, primarily for ongoing costs related to the previously announced closures of Ball s Columbus, Ohio, and Gainesville, Florida, facilities and voluntary separation programs, as well as other insignificant charges.

The third quarter and first nine months of 2013 also included net charges of $0.4 million and $1.4 million, respectively, for ongoing costs related to previously closed facilities and other insignificant costs.

Metal Food and Household Products Packaging

In the third quarter, the company recorded an accounts receivable provision of $27.0 million as a result of the October 28, 2013, bankruptcy filing of a metal food and household products packaging segment customer, see Note 5 for further details.

During the first quarter, the company announced the closure of its Elgin, Illinois, food and household products packaging facility, which was completed in December 2013. Charges of $1.9 million and $28.0 million were recorded in the third quarter and first nine months, respectively, in connection with the closure. The total charges in the first nine months were composed of $16.0 million for severance, pension and other employee benefits; $4.2 million for the write down of the land and building to net realizable value; and $7.8 million for the accelerated depreciation on assets to be abandoned and other closure costs. The Elgin plant produced steel aerosol and specialty cans, as well as flat steel sheet used by other Ball facilities. The plant s production capabilities are being supplied by other Ball food and household products packaging facilities.

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4. Business Consolidation and Other Activities *(continued)*

The second quarter also included a charge of $5.9 million to migrate certain hourly employees from a multi-employer defined benefit pension plan as of January 1, 2014, to a Ball-sponsored defined benefit pension plan. Additionally, in the first six months, $3.5 million was accrued for the reimbursement of funds paid in 2012 for the settlement of certain Canadian defined benefit pension liabilities related to previously closed facilities.

Metal Beverage Packaging, Europe, and Corporate

During the third quarter and first nine months, the company recorded charges of $1.7 million and $5.5 million, respectively, primarily for headcount reductions and implementation costs incurred in connection with the relocation of the company s European headquarters from Germany to Switzerland.

The third quarter and first nine months of 2013 also included net income of $0.9 million and $0.6 million, respectively, primarily related to previously closed facilities.

Following is a summary by segment of the activity in the business consolidation reserves:

($ in millions)	Metal Beverage Packaging, Americas & Asia	Metal Food & Household Products Packaging	Total
Balance at December 31, 2013	$ 1.9	$ 14.7	$ 16.6
(Gains) charges in earnings	(1.7)	9.1	7.4
Cash payments and other activity	(0.2)	(18.0)	(18.2)
Balance at September 30, 2014	$	$ 5.8	$ 5.8

The carrying value of assets held for sale in connection with facility closures was $15.7 million at September 30, 2014, and $20.4 million at December 31, 2013.

5. Receivables

($ in millions)	September 30, 2014	December 31, 2013
Trade accounts receivable	$ 940.6	$ 835.2
Less allowance for doubtful accounts	(7.1)	(36.3)
Net trade accounts receivable	933.5	798.9
Other receivables	115.9	60.5
	$ 1,049.4	$ 859.4

The allowance for doubtful accounts at December 31, 2013, included a provision of $27.0 million as a result of the October 2013 bankruptcy filing of a metal food and household products packaging segment customer. On February 6, 2014, the customer s second lien lenders (lenders) were selected as the successful bidder for the customer s assets and such selection was approved by the U.S. Bankruptcy Court on February 12, 2014. The lenders acquired the customer s assets on February 28, 2014, and as a result, the company fully wrote off the accounts receivable reserved for at December 31, 2013. The company also recorded various short-term and long-term receivables in conjunction with the lenders acquisition.

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Notes to the Unaudited Condensed Consolidated Financial Statements

5. Receivables *(continued)*

The company has entered into several regional uncommitted accounts receivable factoring programs with various financial institutions for certain accounts receivable of the company. The programs are accounted for as true sales of the accounts receivable, without recourse to Ball, and had combined limits of approximately $279 million at September 30, 2014. A total of $232.5 million and $137.5 million were sold under these programs as of September 30, 2014, and December 31, 2013, respectively. In addition, Latapack-Ball has non-recourse uncommitted accounts receivable factoring programs with a combined limit of approximately $8 million at September 30, 2014. There were no accounts receivable sold as of September 30, 2014, and $6.0 million were sold as of December 31, 2013.

6. Inventories

($ in millions)		September 30, 2014		December 31, 2013
Raw materials and supplies	$	456.0	$	465.6
Work-in-process and finished goods		562.2		609.6
Less inventory reserves		(45.5)		(46.9)
	$	972.7	$	1,028.3

7. Property, Plant and Equipment

($ in millions)		September 30, 2014		December 31, 2013
Land	$	65.8	$	67.6
Buildings		965.1		980.9
Machinery and equipment		3,615.7		3,647.8
Construction-in-progress		328.7		232.9
		4,975.3		4,929.2
Accumulated depreciation		(2,604.2)		(2,556.9)
	$	2,371.1	$	2,372.3

Property, plant and equipment are stated at historical or acquired cost. Depreciation expense amounted to $60.9 million and $179.1 million for the three and nine months ended September 30, 2014, respectively, and $66.8 million and $194.9 million for the comparable periods in 2013, respectively.

8. Goodwill

($ in millions)	Metal Beverage Packaging, Americas & Asia	Metal Beverage Packaging, Europe	Metal Food & Household Products Packaging	Aerospace & Technologies	Total
Balance at December 31, 2013 *(a)*	$ 740.7	$ 1,037.2	$ 613.2	$ 8.6	$ 2,399.7
Business disposition	(1.2)				(1.2)
Effects of currency exchange rates		(83.9)	(14.0)		(97.9)
Balance at September 30, 2014	$ 739.5	$ 953.3	$ 599.2	$ 8.6	$ 2,300.6

(a) 2013 amounts have been revised; further details are included in the Revision of Prior Period Financial Statements Related to Deferred Taxes section of Note 1.

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9. Intangibles and Other Assets

($ in millions)		September 30, 2014		December 31, 2013
Investment in affiliates	$	33.9	$	33.7
Intangible assets (net of accumulated amortization of $110.0 million at September 30, 2014, and $93.7 million at December 31, 2013)		144.7		166.1
Capitalized software (net of accumulated amortization of $100.5 million at September 30, 2014, and $91.3 million at December 31, 2013)		64.0		65.0
Company and trust-owned life insurance		160.2		150.9
Deferred financing costs		37.9		46.2
Other		123.7		115.6
	$	564.4	$	577.5

Total amortization expense of intangible assets amounted to $10.4 million and $30.6 million for the three and nine months ended September 30, 2014, respectively, and $9.8 million and $28.7 million for the comparable periods in 2013, respectively.

10. Debt

Long-term debt consisted of the following:

($ in millions)		September 30, 2014		December 31, 2013
Notes Payable				
7.375% Senior Notes, due September 2019	$		$	315.4
6.75% Senior Notes, due September 2020		500.0		500.0
5.75% Senior Notes, due May 2021		500.0		500.0
5.00% Senior Notes, due March 2022		750.0		750.0
4.00% Senior Notes, due November 2023		1,000.0		1,000.0
Senior Credit Facilities, due June 2018 (at variable rates)				
Term B Loan, British sterling denominated				60.8
Term C Loan, euro denominated		98.3		111.2
Multi-currency revolver, euro denominated				96.6
Latapack-Ball Notes Payable (at various rates and terms), denominated in various currencies		213.0		215.8
Other (including discounts and premiums), denominated in various currencies		2.1		(2.0)

		3,063.4		3,547.8
Less: Current portion of long-term debt		(54.4)		(365.3)
	$	3,009.0	$	3,182.5

The senior credit facilities bear interest at variable rates and include the term loans described in the table above, as well as a long-term, multi-currency committed revolving credit facility that provides the company with up to the U.S. dollar equivalent of $1 billion.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

10. Debt *(continued)*

On December 9, 2013, Ball announced the redemption of its outstanding 7.375 percent senior notes due in September 2019. The redemption occurred on January 10, 2014, at a price per note of 108.01 percent of the outstanding principal amount plus accrued interest. The redemption of the bonds resulted in a pretax charge in the first nine months of 2014 of $33.1 million for the call premium and the write off of unamortized financing costs and premiums.

At September 30, 2014, taking into account outstanding letters of credit and excluding availability under the accounts receivable securitization program, approximately $984 million was available under the company s long-term, multi-currency committed revolving credit facilities, which are available until June 2018. In addition to these facilities, the company had approximately $840 million of short-term uncommitted credit facilities available at September 30, 2014, of which $113.1 million was outstanding and due on demand. At December 31, 2013, the company had $57.3 million outstanding under short-term uncommitted credit facilities.

Short-term debt and current portion of long-term debt on the balance sheet includes the company s borrowings under its existing accounts receivable securitization agreement, totaling $139.0 million at September 30, 2014. This agreement, which has been amended and extended from time to time, is scheduled to mature in June 2017 and allows the company to borrow against a maximum amount of accounts receivable that varies between $85 million and $175 million depending on the seasonal accounts receivable balances in the company s North American packaging businesses.

The fair value of the long-term debt at September 30, 2014, and at December 31, 2013, approximated its carrying value. The fair value reflects the market rates at each period end for debt with credit ratings similar to the company s ratings and is classified as Level 2 within the fair value hierarchy. Rates currently available to the company for loans with similar terms and maturities are used to estimate the fair value of long-term debt based on discounted cash flows.

The senior notes and senior credit facilities are guaranteed on a full, unconditional and joint and several basis by certain of the company s wholly owned domestic subsidiaries. Certain foreign denominated tranches of the senior credit facilities are similarly guaranteed by certain of the company s wholly owned foreign subsidiaries. Note 18 contains further details, as well as required unaudited condensed consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries as defined in the senior notes agreements.

The U.S. note agreements, bank credit agreement and accounts receivable securitization agreement contain certain restrictions relating to dividend payments, share repurchases, investments, financial ratios, guarantees and the incurrence of additional indebtedness. The most restrictive of the company s debt covenants require the company to maintain an interest coverage ratio (as defined in the agreements) of no less than 3.50 and a leverage ratio (as defined) of no greater than 4.00. The company was in compliance with all loan agreements and debt covenants at September 30, 2014, and December 31, 2013, and has met all debt payment obligations.

The Latapack-Ball debt facilities contain various covenants and restrictions but are non-recourse to Ball Corporation and its wholly owned subsidiaries.

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Notes to the Unaudited Condensed Consolidated Financial Statements

11. Employee Benefit Obligations

($ in millions)	September 30, 2014	December 31, 2013
Underfunded defined benefit pension liabilities	$ 509.2	$ 601.9
Less current portion and prepaid pension assets	(22.2)	(21.4)
Long-term defined benefit pension liabilities	487.0	580.5
Retiree medical and other postemployment benefits	162.0	165.9
Deferred compensation plans	261.6	257.1
Other	29.3	29.5
	$ 939.9	$ 1,033.0

Components of net periodic benefit cost associated with the company s defined benefit pension plans were:

	Three Months Ended September 30,					
	2014			2013		
($ in millions)	U.S.	Foreign	Total	U.S.	Foreign	Total
Ball-sponsored plans:						
Service cost	$ 11.5	$ 3.1	$ 14.6	$ 12.1	$ 2.5	$ 14.6
Interest cost	15.6	6.5	22.1	13.8	5.9	19.7
Expected return on plan assets	(20.6)	(4.2)	(24.8)	(19.3)	(3.4)	(22.7)
Amortization of prior service cost		(0.2)	(0.2)		(0.1)	(0.1)
Recognized net actuarial loss	7.2	2.0	9.2	10.7	1.2	11.9
Net periodic benefit cost for Ball-sponsored plans	13.7	7.2	20.9	17.3	6.1	23.4
Multi-employer plans:						
Net periodic benefit cost for multi-employer plans	0.7		0.7	0.7		0.7
Total net periodic benefit cost	$ 14.4	$ 7.2	$ 21.6	$ 18.0	$ 6.1	$ 24.1

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

11. Employee Benefit Obligations *(continued)*

	Nine Months Ended September 30,					
		2014			2013	
($ in millions)	**U.S.**	**Foreign**	**Total**	**U.S.**	**Foreign**	**Total**
Ball-sponsored plans:						
Service cost	$ 34.3	$ 10.2	$ 44.5	$ 36.5	$ 7.5	$ 44.0
Interest cost	46.8	19.6	66.4	41.4	17.8	59.2
Expected return on plan assets	(61.6)	(12.9)	(74.5)	(58.0)	(10.2)	(68.2)
Amortization of prior service cost		(0.4)	(0.4)		(0.3)	(0.3)
Recognized net actuarial loss	21.6	6.2	27.8	32.0	3.7	35.7
Curtailment and settlement losses (gains) *(a)*				4.1		4.1
Net periodic benefit cost for Ball-sponsored plans	41.1	22.7	63.8	56.0	18.5	74.5
Multi-employer plans:						
Net periodic benefit cost, excluding curtailment loss	2.0		2.0	2.0		2.0
Curtailment and settlement losses (gains) *(a)*				9.8		9.8
Net periodic benefit cost for multi-employer plans	2.0		2.0	11.8		11.8
Total net periodic benefit cost	$ 43.1	$ 22.7	$ 65.8	$ 67.8	$ 18.5	$ 86.3

(a) Curtailment and settlement losses (gains) in 2013 were related to the closure of the company s Elgin, Illinois, facility and the migration of certain of the company s Weirton, West Virginia, hourly employees from a multi-employer defined benefit pension plan to the Ball-sponsored defined benefit pension plans as of January 1, 2014. Further details are available in Note 4.

Contributions to the company s defined global benefit pension plans, not including the unfunded German plans, were $83.6 million in the first nine months of 2014 ($89.7 million in 2013). The total contributions to these funded plans are expected to be in the range of $90 million for the full year. This estimate may change based on changes in the U.S. Pension Protection Act and actual plan asset performance and available company cash flow, among other factors. Payments to participants in the unfunded German plans were $17.1 million in the first nine months of 2014 and are expected to be approximately $23 million for the full year.

In September 2014, the company executed a lump sum buyout offering for certain terminated vested pension plan participants in its U.S. defined benefit pension plans. The program provides participants with a one-time election to receive a lump-sum payout in full settlement of their remaining pension benefit. The company expects to record a non-cash charge of approximately $40 million for the settlement of its pension benefit obligations in connection with this program in the fourth quarter of 2014, when lump sum payments are made. The charge will be based on pension asset values and liabilities at the time of the settlement and could change from the existing estimate based on actual asset returns and any changes to assumptions used to value pension benefit obligations, such as interest rates and mortality.

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Notes to the Unaudited Condensed Consolidated Financial Statements

12. Shareholders Equity and Comprehensive Earnings

Accumulated Other Comprehensive Earnings (Loss)

The activity related to accumulated other comprehensive earnings (loss) was as follows:

($ in millions)	Foreign Currency Translation	Pension and Other Postretirement Benefits (Net of Tax)	Effective Derivatives (Net of Tax)	Accumulated Other Comprehensive Earnings (Loss)
Balance at December 31, 2013 *(a)*	$ 180.7	$ (391.8)	$ (38.8)	$ (249.9)
Other comprehensive earnings (loss) before reclassifications	(136.3)	5.1	4.8	(126.4)
Amounts reclassified from accumulated other comprehensive earnings (loss)		17.5	33.3	50.8
Balance at September 30, 2014	$ 44.4	$ (369.2)	$ (0.7)	$ (325.5)

(a) 2013 amounts have been revised; further details are included in the Revision of Prior Period Financial Statements Related to Deferred Taxes section of Note 1.

The following table provides additional details of the amounts recognized into net earnings from accumulated other comprehensive earnings (loss):

($ in millions)	Three Months Ended September 30, 2014	2013	Nine Months Ended September 30, 2014	2013
Gains (losses) on cash flow hedges:				
Commodity contracts recorded in net sales	$ (2.5)	$ 2.8	$ (3.0)	$ 5.2
Commodity contracts and currency exchange contracts recorded in cost of sales	(20.3)	(13.2)	(34.2)	(23.6)
Interest rate contracts recorded in interest expense	0.1	(0.3)	(0.2)	(0.8)
Total before tax effect	(22.7)	(10.7)	(37.4)	(19.2)
Tax benefit (expense) on amounts reclassified into earnings	3.2	2.7	4.1	5.3

Recognized gain (loss)	$	(19.5)	$	(8.0)	$	(33.3)	$	(13.9)
Amortization of pension and other postretirement benefits *(a)*:								
Prior service income (cost)	$	0.1	$	0.1	$	0.3	$	0.3
Actuarial gains (losses)		(9.2)		(11.9)		(27.7)		(35.7)
Total before tax effect		(9.1)		(11.8)		(27.4)		(35.4)
Tax benefit (expense) on amounts reclassified into earnings		3.3		4.7		9.9		13.9
Recognized gain (loss)	$	(5.8)	$	(7.1)	$	(17.5)	$	(21.5)

(a) *These components are included in the computation of net periodic benefit cost included in Note 11.*

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

12. Shareholders Equity and Comprehensive Earnings *(continued)*

Share Repurchase Agreements

On March 4, 2014, in a privately negotiated transaction, Ball entered into an accelerated share repurchase agreement to buy $100 million of its common shares using cash on hand and available borrowings. The company advanced the $100 million on March 7, 2014, and received 1,538,740 shares, which represented 85 percent of the total shares as calculated using the closing price on March 3, 2014. The agreement was settled in June 2014, and the company received an additional 245,196 shares, which represented a weighted average price of $56.06 for the entire contract period.

13. Stock-Based Compensation Programs

The company has shareholder-approved stock plans under which options and stock-settled appreciation rights (SSARs) have been granted to employees at the market value of the company s stock at the date of grant. In general, options and SSARs are exercisable in four equal installments commencing one year from the date of grant and terminating 10 years from the date of grant. A total of 1,361,390 stock options and SSARs were granted in January 2014.

These options and SSARs cannot be traded in any equity market. However, based on the Black-Scholes option pricing model, options and SSARs granted in January 2014 and 2013 have estimated weighted average fair values at the date of grant of $9.81 per share and $8.69 per share, respectively. The actual value an employee may realize will depend on the excess of the stock price over the exercise price on the date the option or SSAR is exercised. Consequently, there is no assurance that the value realized by an employee will be at or near the value estimated. The fair values were estimated using the following weighted average assumptions:

	January 2014	January 2013
Expected dividend yield	1.06%	1.13%
Expected stock price volatility	21.41%	22.02%
Risk-free interest rate	1.65%	1.02%
Expected life of options (in years)	5.5 years	5.5 years

In January 2014 and 2013, the company s board of directors granted 143,305 and 148,875 performance-contingent restricted stock units (PCEQs), respectively, to key employees. These PCEQs vest three years from the date of grant, and the number of shares available at the vesting date are based on the company s growth in economic valued added (EVA®) dollars in excess of the EVA® dollars generated in the calendar year prior to grant as the minimum threshold, and ranging from zero to 200 percent of each participant s assigned award opportunity. If the minimum performance goals are not met, the shares will be forfeited. Grants under the plan are being accounted for as equity awards and compensation expense is recorded based upon the most probable outcome using the closing market price of the shares at the grant date. On a quarterly basis, the company reassesses the probability of the goals being met and adjusts compensation expense as appropriate.

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14. Earnings and Dividends Per Share

($ in millions, except per share amounts; shares in thousands)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Net earnings attributable to Ball Corporation	$ 147.4	$ 115.2	$ 394.0	$ 282.3
Basic weighted average common shares	138,010	144,714	139,133	146,910
Effect of dilutive securities	4,080	3,181	3,853	3,212
Weighted average shares applicable to diluted earnings per share	142,090	147,895	142,986	150,122
Per basic share	$ 1.07	$ 0.80	$ 2.83	$ 1.92
Per diluted share	$ 1.04	$ 0.78	$ 2.76	$ 1.88

Certain outstanding options were excluded from the diluted earnings per share calculation because they were anti-dilutive (i.e., the sum of the proceeds, including the unrecognized compensation and windfall tax benefits, exceeded the average closing stock price for the period). The options and SSARs excluded totaled 1.2 million in the nine months ended September 30, 2014, and 1.4 million and 1.5 million in the three and nine months ended September 30, 2013, respectively. There were no options or SSARS excluded in the three months ended September 30, 2014.

The company declared and paid dividends of $0.13 per share in the first three quarters of both 2014 and 2013.

15. Financial Instruments and Risk Management

The company employs established risk management policies and procedures, which seek to reduce the company s commercial risk exposure to fluctuations in commodity prices, interest rates, currency exchange rates and prices of the company s common stock with regard to common share repurchases and the company s deferred compensation stock plan. However, there can be no assurance that these policies and procedures will be successful. Although the instruments utilized involve varying degrees of credit, market and interest risk, the counterparties to the agreements are expected to perform fully under the terms of the agreements. The company monitors counterparty credit risk, including lenders, on a regular basis, but Ball cannot be certain that all risks will be discerned or that its risk management policies and procedures will always be effective. Additionally, in the event of default under the company s master derivative agreements, the non-defaulting party has the option to set-off any amounts owed with regard to open derivative positions.

Commodity Price Risk

Aluminum

The company manages commodity price risk in connection with market price fluctuations of aluminum ingot through two different methods. First, the company enters into container sales contracts that include aluminum ingot-based pricing terms that generally reflect the same price fluctuations under commercial purchase contracts for aluminum sheet. The terms include fixed, floating or pass-through aluminum ingot component pricing. Second, the company uses certain derivative instruments such as option and forward contracts as economic and cash flow hedges of commodity price risk where there is not an arrangement in the sales contract to match underlying purchase volumes and pricing with sales volumes and pricing.

The company had aluminum contracts limiting its aluminum exposure with notional amounts of approximately $332 million at September 30, 2014. The aluminum contracts, which are recorded at fair value, include economic derivative instruments that are undesignated, as well as cash flow hedges that offset sales and purchase contracts of various terms and lengths. Cash flow hedges relate to forecasted transactions that expire within the next three years. Included in shareholders equity at September 30, 2014, within accumulated other comprehensive earnings (loss) is a net after-tax gain of $2.0 million associated with these contracts. A net gain of $3.6 million is expected to be recognized in the consolidated statement of earnings during the next 12 months, the majority of which will be offset by pricing changes in sales and purchase contracts, thus resulting in an insignificant earnings impact to Ball.

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Notes to the Unaudited Condensed Consolidated Financial Statements

15. Financial Instruments and Risk Management ***(continued)***

Steel

Most sales contracts involving our steel products either include provisions permitting the company to pass through some or all steel cost changes incurred, or they incorporate annually negotiated steel prices.

Interest Rate Risk

The company s objective in managing exposure to interest rate changes is to minimize the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, the company may use a variety of interest rate swaps, collars and options to manage our mix of floating and fixed-rate debt. Interest rate instruments held by the company at September 30, 2014, included pay-fixed interest rate swaps, which effectively convert variable rate obligations to fixed-rate instruments.

At September 30, 2014, the company had outstanding interest rate swap contracts with notional amounts of approximately $117 million paying fixed rates expiring within the next four years. The after-tax loss included in shareholders equity at September 30, 2014, within accumulated other comprehensive earnings (loss) is insignificant.

Currency Exchange Rate Risk

The company s objective in managing exposure to currency fluctuations is to limit the exposure of cash flows and earnings from changes associated with currency exchange rate changes through the use of various derivative contracts. In addition, at times the company manages earnings translation volatility through the use of currency option strategies, and the change in the fair value of those options is recorded in the company s net earnings. The company s currency translation risk results from the currencies in which we transact business. The company faces currency exposures in our global operations as a result of various factors including intercompany currency denominated loans, selling our products in various currencies, purchasing raw materials and equipment in various currencies and tax exposures not denominated in the functional currency. Sales contracts are negotiated with customers to reflect cost changes and, where there is not an exchange pass-through arrangement, the company uses forward and option contracts to manage significant currency exposures. At September 30, 2014, the company had outstanding forward and option contracts with notional amounts totaling approximately $455 million. Included in shareholders equity at September 30, 2014, within accumulated other comprehensive earnings (loss) is a net after-tax loss of $2.7 million associated with these contracts. A net loss of $2.8 million is expected to be recognized in the consolidated statement of earnings during the next 12 months. The contracts outstanding at September 30, 2014, expire within the next two years.

Common Stock Price Risk

The company s deferred compensation stock program is subject to variable plan accounting and, accordingly, is marked to fair value using the company s closing stock price at the end of the related reporting period. Based on current share levels in the program, each $1 change in the company s stock price has an impact of $1.3 million on pretax earnings. The company entered into total return swaps to reduce the company s earnings exposure to these fair value fluctuations that, after renewals, will be outstanding until March 2015 and December 2014, respectively. The swaps have a notional value of 1 million shares and 300,000 shares, respectively. As of September 30, 2014, the combined fair value of these swaps was a $1.8 million loss. All gains and losses on the total return swaps are recorded in the unaudited condensed consolidated statements of earnings in selling, general and administrative expenses.

Collateral Calls

The company s agreements with its financial counterparties require the company to post collateral in certain circumstances when the negative fair value of the derivative contracts exceeds specified levels. Additionally, the company has collateral posting arrangements with certain customers on these derivative contracts. The cash flows of the margin calls are shown within the investing section of the company s consolidated statements of cash flows. As of September 30, 2014, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was $8.8 million and no collateral was required to be posted. As of December 31, 2013, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was $48.0 million and no collateral was required to be posted.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

15. Financial Instruments and Risk Management *(continued)*

Fair Value Measurements

The company has classified all applicable financial derivative assets and liabilities as Level 2 within the fair value hierarchy and presented those values in the tables below. The company s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The fair values of the company s derivative instruments were as follows:

	2014			2013		
($ in millions)	Derivatives Designated As Hedging Instruments	Derivatives Not Designated As Hedging Instruments	Total	Derivatives Designated As Hedging Instruments	Derivatives Not Designated As Hedging Instruments	Total
Assets:						
Commodity contracts	$ 6.3	$ 0.6	$ 6.9	$ 2.6	$ 1.7	$ 4.3
Foreign currency contracts	1.2	2.5	3.7	0.2	1.5	1.7
Other contracts					1.1	1.1
Total current derivative contracts	$ 7.5	$ 3.1	$ 10.6	$ 2.8	$ 4.3	$ 7.1
Commodity contracts	$ 6.1	$	$ 6.1	$	$	$
Foreign currency contracts					0.1	0.1
Interest contracts	0.5		0.5			
Total noncurrent derivative contracts	$ 6.6	$	$ 6.6	$	$ 0.1	$ 0.1
Liabilities:						
Commodity contracts	$ 6.3	$ 0.6	$ 6.9	$ 19.2	$ 2.0	$ 21.2
Foreign currency contracts	3.9	3.1	7.0	1.5	6.1	7.6
Interest rate and other contracts	0.5	1.8	2.3	0.8		0.8
Total current derivative contracts	$ 10.7	$ 5.5	$ 16.2	$ 21.5	$ 8.1	$ 29.6
Commodity contracts	$ 7.4	$	$ 7.4	$ 20.3	$	$ 20.3
Foreign currency contracts	0.3		0.3			
Interest rate contracts	0.2		0.2			
Total noncurrent derivative contracts	$ 7.9	$	$ 7.9	$ 20.3	$	$ 20.3

The company uses closing spot and forward market prices as published by the London Metal Exchange, the Chicago Mercantile Exchange, Reuters and Bloomberg to determine the fair value of any outstanding aluminum, currency, energy, inflation and interest rate spot and forward contracts. Option contracts are valued using a Black-Scholes model with observable market inputs for aluminum, currency and interest rates. We value each of our financial instruments either internally using a single valuation technique or from a reliable observable market source. The company does not adjust the value of its financial instruments except in determining the fair value of a trade that settles in the future by discounting the value to its present value using 12-month LIBOR as the discount factor. Ball performs validations of our internally derived fair values reported for our financial instruments on a quarterly basis utilizing counterparty valuation statements. The company additionally evaluates counterparty creditworthiness and, as of September 30, 2014, has not identified any circumstances requiring that the reported values of our financial instruments be adjusted.

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Notes to the Unaudited Condensed Consolidated Financial Statements

15. Financial Instruments and Risk Management *(continued)*

Impact on Earnings from Derivative Instruments

	Three Months Ended September 30,			
	2014		2013	
($ in millions)	Cash Flow Hedge - Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments	Cash Flow Hedge - Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments
Commodity contracts *(a)*	$ (22.7)	$ 4.7	$ (10.0)	$ (0.4)
Interest rate contracts *(b)*	0.1		(0.3)	
Foreign currency contracts *(c)*	(0.1)	(14.4)	(0.4)	0.3
Equity contracts *(d)*		(3.6)		0.3
Total	$ (22.7)	$ (13.3)	$ (10.7)	$ 0.2

	Nine Months Ended September 30,			
	2014		2013	
($ in millions)	Cash Flow Hedge - Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments	Cash Flow Hedge - Reclassified Amount From Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives Not Designated As Hedge Instruments
Commodity contracts *(a)*	$ (37.4)	$ 5.5	$ (17.7)	$ (1.9)
Interest rate contracts *(b)*	(0.2)		(0.8)	
Foreign currency contracts *(c)*	0.2	(19.5)	(0.7)	3.7
Equity contracts *(d)*		(3.9)		(1.5)
Total	$ (37.4)	$ (17.9)	$ (19.2)	$ 0.3

(a) Gains and losses on commodity contracts are recorded in sales and cost of sales in the consolidated statements of earnings. Virtually all these gains and losses were passed through to our customers, resulting in no significant impact to earnings.

(b) Gains and losses on interest contracts are recorded in interest expense in the consolidated statements of earnings.

(c) Gains and losses on foreign currency contracts to hedge the sales of products are recorded in cost of sales. Gains and losses on foreign currency hedges used for transactions between segments are reflected in selling, general and administrative expenses in the consolidated

statements of earnings.

(d) Gains and losses on equity contracts are recorded in selling, general and administrative expenses in the consolidated statements of earnings.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

15. Financial Instruments and Risk Management *(continued)*

The changes in accumulated other comprehensive earnings (loss) for effective derivatives were as follows:

($ in millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Amounts reclassified into earnings:				
Commodity contracts	$ 22.7	$ 10.0	$ 37.4	$ 17.7
Interest rate contracts	(0.1)	0.3	0.2	0.8
Currency exchange contracts	0.1	0.4	(0.2)	0.7
Change in fair value of cash flow hedges:				
Commodity contracts	1.4	(1.7)	8.1	(46.1)
Interest rate contracts	0.2	(0.5)	(0.2)	0.4
Currency exchange contracts	(0.7)	(1.4)	(1.9)	1.9
Foreign currency and tax impacts	(2.0)	(3.4)	(5.3)	1.5
	$ 21.6	$ 3.7	$ 38.1	$ (23.1)

16. Contingencies

Ball is subject to numerous lawsuits, claims or proceedings arising out of the ordinary course of business, including actions related to product liability; personal injury; the use and performance of company products; warranty matters; patent, trademark or other intellectual property infringement; contractual liability; the conduct of the company s business; tax reporting in domestic and foreign jurisdictions; workplace safety; and environmental and other matters. The company has also been identified as a potentially responsible party (PRP) at several waste disposal sites under U.S. federal and related state environmental statutes and regulations and may have joint and several liability for any investigation and remediation costs incurred with respect to such sites. Some of these lawsuits, claims and proceedings involve substantial amounts, including as described below, and some of the environmental proceedings involve potential monetary costs or sanctions that may be material. Ball has denied liability with respect to many of these lawsuits, claims and proceedings and is vigorously defending such lawsuits, claims and proceedings. The company carries various forms of commercial, property and casualty, and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against Ball with respect to these lawsuits, claims and proceedings. The company does not believe that these lawsuits, claims and proceedings are material individually or in the aggregate. While management believes the company has established adequate accruals for expected future liability with respect to pending lawsuits, claims and proceedings, where the nature and extent of any such liability can be reasonably estimated based upon then presently available information, there can be no assurance that the final resolution of any existing or future lawsuits, claims or proceedings will not have a material adverse effect on the liquidity, results of operations or financial condition of the company.

As previously reported, the U.S. Environmental Protection Agency (USEPA) considers the company a PRP with respect to the Lowry Landfill site located east of Denver, Colorado. In 1992, the company was served with a lawsuit filed by the City and County of Denver (Denver) and

Waste Management of Colorado, Inc., seeking contributions from the company and approximately 38 other companies. The company filed its answer denying the allegations of the complaint. Subsequently in 1992, the company was served with a third-party complaint filed by S.W. Shattuck Chemical Company, Inc., seeking contribution from the company and other companies for the costs associated with cleaning up the Lowry Landfill. The company denied the allegations of the complaint.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

16. Contingencies *(continued)*

Also in 1992, Ball entered into a settlement and indemnification agreement with Chemical Waste Management, Inc., and Waste Management of Colorado, Inc. (collectively Waste Management) and Denver pursuant to which Waste Management and Denver dismissed their lawsuit against the company, and Waste Management agreed to defend, indemnify and hold harmless the company from claims and lawsuits brought by governmental agencies and other parties relating to actions seeking contributions or remedial costs from the company for the cleanup of the site. Waste Management, Inc., has agreed to guarantee the obligations of Waste Management. Waste Management and Denver may seek additional payments from the company if the response costs related to the site exceed $319 million. In 2003 Waste Management, Inc., indicated that the cost of the site might exceed $319 million in 2030, approximately three years before the projected completion of the project. The company might also be responsible for payments (based on 1992 dollars) for any additional wastes that may have been disposed of by the company at the site but which are identified after the execution of the settlement agreement. While remediating the site, contaminants were encountered, which could add an additional cleanup cost of approximately $10 million. This additional cleanup cost could, in turn, add approximately $1 million to total site costs for the PRP group. At this time, there are no Lowry Landfill actions in which the company is actively involved. Based on the information available to the company at this time, we do not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

In November 2012, the USEPA wrote to the company asserting that it is one of at least 50 PRPs with respect to the Lower Duwamish site located in Seattle, Washington, based on the company s ownership of a glass container plant prior to 1995, and notifying the company of a proposed remediation action plan. An allocator has been selected to begin data review on over 30 industrial companies and government entities and at least two PRP groups have begun to discuss various allocation proposals, with this process expected to last approximately three years. Based on the information available to the company at this time, we do not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

In February 2012, Ball Metal Beverage Container Corp. (BMBCC) filed an action against Crown Packaging Technology, Inc. (Crown) in the U.S. District Court for the Southern District of Ohio seeking a declaratory judgment that the sale and use of certain ends by BMBCC and its customers do not infringe certain claims of Crown s U.S. patents. Crown subsequently filed a counterclaim alleging infringement of certain claims in these patents seeking unspecified monetary damages, fees and declaratory and injunctive relief. The parties are awaiting a claim construction order from the District Court. Based on the information available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

Latapack-Ball s operations are involved in various governmental assessments, principally related to claims for taxes on the internal transfer of inventory, gross revenue taxes and tax incentives. The company does not believe that the ultimate resolution of these matters will materially impact Ball Corporation s results of operations, financial position or cash flows. Under customary local regulations, Latapack-Ball may need to post cash or other collateral if the process to challenge any administrative assessment proceeds to the Brazilian court system; however, the level of any potential cash or collateral required would not significantly impact the liquidity of Latapack-Ball or Ball Corporation.

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Notes to the Unaudited Condensed Consolidated Financial Statements

17. Indemnifications and Guarantees

General Guarantees

The company or its appropriate consolidated direct or indirect subsidiaries have made certain indemnities, commitments and guarantees under which the specified entity may be required to make payments in relation to certain transactions. These indemnities, commitments and guarantees include indemnities to the customers of the subsidiaries in connection with the sales of their packaging and aerospace products and services; guarantees to suppliers of subsidiaries of the company guaranteeing the performance of the respective entity under a purchase agreement, construction contract or other commitment; guarantees in respect of certain foreign subsidiaries pension plans; indemnities for liabilities associated with the infringement of third party patents, trademarks or copyrights under various types of agreements; indemnities to various lessors in connection with facility, equipment, furniture and other personal property leases for certain claims arising from such leases; indemnities to governmental agencies in connection with the issuance of a permit or license to the company or a subsidiary; indemnities pursuant to agreements relating to certain joint ventures; indemnities in connection with the sale of businesses or substantially all of the assets and specified liabilities of businesses; and indemnities to directors, officers and employees of the company to the extent permitted under the laws of the State of Indiana and the United States of America. The duration of these indemnities, commitments and guarantees varies and, in certain cases, is indefinite. In addition, many of these indemnities, commitments and guarantees do not provide for any limitation on the maximum potential future payments the company could be obligated to make. As such, the company is unable to reasonably estimate its potential exposure under these items.

The company has not recorded any liability for these indemnities, commitments and guarantees in the accompanying consolidated balance sheets. The company does, however, accrue for payments under promissory notes and other evidences of incurred indebtedness and for losses for any known contingent liability, including those that may arise from indemnifications, commitments and guarantees, when future payment is both reasonably estimable and probable. Finally, the company carries specific and general liability insurance policies and has obtained indemnities, commitments and guarantees from third party purchasers, sellers and other contracting parties, which the company believes would, in certain circumstances, provide recourse to any claims arising from these indemnifications, commitments and guarantees.

Debt Guarantees

The company s senior notes and senior credit facilities are guaranteed on a full, unconditional and joint and several basis by certain of the company s material domestic subsidiaries and the domestic subsidiary borrowers, and obligations of the subsidiary borrowers under the senior credit facilities are guaranteed by the company. Loans borrowed under the senior credit facilities by foreign subsidiary borrowers are also effectively guaranteed by certain of the company s foreign subsidiaries by pledges of stock of the foreign subsidiary borrowers and stock of material foreign subsidiaries. These guarantees are required in support of the notes and credit facilities referred to above, are co-terminous with the terms of the respective note indentures and credit agreements and would require performance upon certain events of default referred to in the respective guarantees. The maximum potential amounts which could be required to be paid under the domestic guarantees are essentially equal to the then outstanding principal and interest under the respective notes and credit agreements, or under the applicable tranche, and the maximum potential amounts that could be required to be paid under the foreign stock pledges by foreign subsidiaries are essentially equal to the value of the stock pledged. The company is not in default under the above notes or credit facilities. The condensed consolidating financial information for the guarantor and non-guarantor subsidiaries is presented in Note 18. Separate financial statements for the guarantor subsidiaries and the non-guarantor subsidiaries are not presented because management has determined that such financial statements are not required by the current regulations.

Accounts Receivable Securitization

Ball Capital Corp. II is a separate, wholly owned corporate entity created for the purchase of accounts receivable from certain of the company s wholly owned subsidiaries. Ball Capital Corp. II s assets will be available first to satisfy the claims of its creditors. The company has been designated as the servicer pursuant to an agreement whereby Ball Capital Corp. II may sell and assign the accounts receivable to a commercial lender or lenders. As the servicer, the company is responsible for the servicing, administration and collection of the receivables and is primarily liable for the performance of such obligations. The company, the relevant subsidiaries and Ball Capital Corp. II are not in default under the above credit arrangement.

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Notes to the Unaudited Condensed Consolidated Financial Statements

18. Subsidiary Guarantees of Debt

The company s senior notes are guaranteed on a full, unconditional and joint and several basis by certain of the company s material domestic subsidiaries. Each of the guarantor subsidiaries is 100 percent owned by Ball Corporation. These guarantees are required in support of the notes, are co-terminous with the terms of the respective note indentures and would require performance upon certain events of default referred to in the respective guarantees. The maximum potential amounts that could be required to be paid under the domestic guarantees are essentially equal to the then outstanding principal and interest under the respective notes. The following is unaudited condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries, as of September 30, 2014, and December 31, 2013, and for the nine months ended September 30, 2014 and 2013. Separate financial statements for the guarantor subsidiaries and the non-guarantor subsidiaries are not presented because management has determined that such financial statements are not required by the current regulations.

	Unaudited Condensed Consolidating Statement of Earnings Three Months Ended September 30, 2014				
($ in millions)	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	$	$ 1,363.0	$ 878.1	$ (2.2)	$ 2,238.9
Cost and expenses					
Cost of sales (excluding depreciation and amortization)		(1,124.5)	(685.0)	2.2	(1,807.3)
Depreciation and amortization	(1.6)	(33.2)	(36.5)		(71.3)
Selling, general and administrative	(22.6)	(45.9)	(54.6)		(123.1)
Business consolidation and other activities	(2.8)	(3.1)	(3.3)		(9.2)
Equity in results of subsidiaries	137.2	69.7		(206.9)	
Intercompany	52.4	(45.6)	(6.8)		
	162.6	(1,182.6)	(786.2)	(204.7)	(2,010.9)
Earnings (loss) before interest and taxes	162.6	180.4	91.9	(206.9)	228.0
Interest expense	(37.1)	0.9	(3.9)		(40.1)
Earnings (loss) before taxes	125.5	181.3	88.0	(206.9)	187.9
Tax provision	21.9	(45.7)	(16.0)		(39.8)
Equity in results of affiliates, net of tax		0.5	(0.2)		0.3
Net earnings (loss)	147.4	136.1	71.8	(206.9)	148.4
Less net earnings attributable to noncontrolling interests			(1.0)		(1.0)
Net earnings (loss) attributable to Ball Corporation	$ 147.4	$ 136.1	$ 70.8	$ (206.9)	$ 147.4
Comprehensive earnings attributable to Ball Corporation	$ 75.0	$ 62.2	$ (1.8)	$ (60.4)	$ 75.0

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

18. Subsidiary Guarantees of Debt *(continued)*

	Unaudited Condensed Consolidating Statement of Earnings Three Months Ended September 30, 2013				
($ in millions)	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	$	$ 1,392.6	$ 890.3	$ (5.0)	$ 2,277.9
Cost and expenses					
Cost of sales (excluding depreciation and amortization)		(1,152.0)	(699.9)	5.0	(1,846.9)
Depreciation and amortization	(1.6)	(33.0)	(42.0)		(76.6)
Selling, general and administrative	(16.7)	(42.7)	(39.6)		(99.0)
Business consolidation and other activities	0.9	(36.2)	(8.5)		(43.8)
Equity in results of subsidiaries	137.5	73.7		(211.2)	
Intercompany	46.7	(37.7)	(9.0)		
	166.8	(1,227.9)	(799.0)	(206.2)	(2,066.3)
Earnings (loss) before interest and taxes	166.8	164.7	91.3	(211.2)	211.6
Interest expense	(43.3)	0.6	(2.8)		(45.5)
Debt refinancing and other	(1.3)				(1.3)
Total interest expense	(44.6)	0.6	(2.8)		(46.8)
Earnings (loss) before taxes	122.2	165.3	88.5	(211.2)	164.8
Tax provision	(7.0)	(24.6)	(12.5)		(44.1)
Equity in results of affiliates, net of tax		0.6	0.3		0.9
Net earnings (loss) from continuing operations	115.2	141.3	76.3	(211.2)	121.6
Discontinued operations, net of tax		0.3			0.3
Net earnings (loss)	115.2	141.6	76.3	(211.2)	121.9
Less net earnings attributable to noncontrolling interests			(6.7)		(6.7)
Net earnings (loss) attributable to Ball Corporation	$ 115.2	$ 141.6	$ 69.6	$ (211.2)	$ 115.2
Comprehensive earnings attributable to Ball Corporation *(a)*	$ 179.2	$ 204.3	$ 125.6	$ (329.9)	$ 179.2

(a) Amounts have been revised; further details are included in the Revision of Prior Period Financial Statements Related to Deferred Taxes section of Note 1.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

18. Subsidiary Guarantees of Debt *(continued)*

	Unaudited Condensed Consolidating Statement of Earnings Nine Months Ended September 30, 2014				
($ in millions)	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	$	$ 3,885.4	$ 2,662.4	$ (10.2)	$ 6,537.6
Cost and expenses					
Cost of sales (excluding depreciation and amortization)	(0.1)	(3,209.4)	(2,067.3)	10.2	(5,266.6)
Depreciation and amortization	(4.6)	(94.9)	(110.2)		(209.7)
Selling, general and administrative	(57.3)	(134.2)	(150.7)		(342.2)
Business consolidation and other activities	(3.8)	(14.0)			(17.8)
Equity in results of subsidiaries	426.6	230.6		(657.2)	
Intercompany	151.6	(131.3)	(20.3)		
	512.4	(3,353.2)	(2,348.5)	(647.0)	(5,836.3)
Earnings (loss) before interest and taxes	512.4	532.2	313.9	(657.2)	701.3
Interest expense	(112.6)	2.0	(10.3)		(120.9)
Debt refinancing and other	(33.1)				(33.1)
Total interest expense	(145.7)	2.0	(10.3)		(154.0)
Earnings (loss) before taxes	366.7	534.2	303.6	(657.2)	547.3
Tax provision	27.3	(104.1)	(62.8)		(139.6)
Equity in results of affiliates, net of tax		1.4	0.5		1.9
Net earnings (loss)	394.0	431.5	241.3	(657.2)	409.6
Less net earnings attributable to noncontrolling interests			(15.6)		(15.6)
Net earnings (loss) attributable to Ball Corporation	$ 394.0	$ 431.5	$ 225.7	$ (657.2)	$ 394.0
Comprehensive earnings attributable to Ball Corporation	$ 318.4	$ 352.5	$ 139.2	$ (491.7)	$ 318.4

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

18. Subsidiary Guarantees of Debt *(continued)*

	Unaudited Condensed Consolidating Statement of Earnings Nine Months Ended September 30, 2013				
($ in millions)	**Ball Corporation**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminating Adjustments**	**Consolidated Total**
Net sales	$	$ 3,957.1	$ 2,533.3	$ (19.1)	$ 6,471.3
Cost and expenses					
Cost of sales (excluding depreciation and amortization)		(3,300.1)	(2,008.3)	19.1	(5,289.3)
Depreciation and amortization	(5.9)	(94.8)	(122.9)		(223.6)
Selling, general and administrative	(58.9)	(135.5)	(116.8)		(311.2)
Business consolidation and other activities	(0.4)	(79.1)	(9.6)		(89.1)
Equity in results of subsidiaries	346.6	185.5		(532.1)	
Intercompany	135.1	(110.6)	(24.5)		
	416.5	(3,534.6)	(2,282.1)	(513.0)	(5,913.2)
Earnings (loss) before interest and taxes	416.5	422.5	251.2	(532.1)	558.1
Interest expense	(128.4)	1.6	(11.2)		(138.0)
Debt refinancing and other	(28.0)				(28.0)
Total interest expense	(156.4)	1.6	(11.2)		(166.0)
Earnings (loss) before taxes	260.1	424.1	240.0	(532.1)	392.1
Tax provision	22.2	(72.8)	(42.4)		(93.0)
Equity in results of affiliates, net of tax		0.6	0.3		0.9
Net earnings (loss) from continuing operations	282.3	351.9	197.9	(532.1)	300.0
Discontinued operations, net of tax		0.4			0.4
Net earnings (loss)	282.3	352.3	197.9	(532.1)	300.4
Less net earnings attributable to noncontrolling interests			(18.1)		(18.1)
Net earnings (loss) attributable to Ball Corporation	$ 282.3	$ 352.3	$ 179.8	$ (532.1)	$ 282.3
Comprehensive earnings attributable to Ball Corporation *(a)*	$ 305.9	$ 382.4	$ 191.8	$ (574.2)	$ 305.9

(a) Amounts have been revised; further details are included in the Revision of Prior Period Financial Statements Related to Deferred Taxes section of Note 1.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

18. Subsidiary Guarantees of Debt *(continued)*

	Unaudited Condensed Consolidating Balance Sheet September 30, 2014				
($ in millions)	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	$ 5.4	$ 0.4	$ 183.7	$	$ 189.5
Receivables, net	3.7	253.4	792.3		1,049.4
Intercompany receivables	69.0	98.9	4.0	(171.9)	
Inventories, net	(0.1)	541.4	431.4		972.7
Deferred taxes and other current assets	36.3	84.9	46.0		167.2
Total current assets	114.3	979.0	1,457.4	(171.9)	2,378.8
Non-current assets					
Property, plant and equipment, net	15.8	917.1	1,438.2		2,371.1
Investment in subsidiaries	4,806.5	2,268.1	78.6	(7,153.2)	
Goodwill		935.6	1,365.0		2,300.6
Intangibles and other assets, net	208.6	111.6	244.2		564.4
Total assets	$ 5,145.2	$ 5,211.4	$ 4,583.4	$ (7,325.1)	$ 7,614.9
LIABILITIES AND SHAREHOLDERS EQUITY					
Current liabilities					
Short-term debt and current portion of long-term debt	$ 22.4	$ 32.4	$ 251.7	$	$ 306.5
Accounts payable	7.7	695.4	548.1		1,251.2
Intercompany payables	98.6	1.6	71.7	(171.9)	
Accrued employee costs	43.1	121.6	91.1		255.8
Other current liabilities	5.9	94.6	107.9		208.4
Total current liabilities	177.7	945.6	1,070.5	(171.9)	2,021.9
Non-current liabilities					
Long-term debt	2,749.9	0.5	258.6		3,009.0
Employee benefit obligations	292.9	250.8	396.2		939.9
Deferred taxes and other liabilities	710.2	(872.5)	391.7		229.4
Total liabilities	3,930.7	324.4	2,117.0	(171.9)	6,200.2
Common stock	1,119.3	856.1	530.7	(1,386.8)	1,119.3
Preferred stock			4.8	(4.8)	
Retained earnings	4,288.1	4,305.4	1,805.4	(6,110.8)	4,288.1
Accumulated other comprehensive earnings (loss)	(325.5)	(274.5)	(74.7)	349.2	(325.5)
Treasury stock, at cost	(3,867.4)				(3,867.4)
Total Ball Corporation shareholders equity	1,214.5	4,887.0	2,266.2	(7,153.2)	1,214.5
Noncontrolling interests			200.2		200.2
Total shareholders equity	1,214.5	4,887.0	2,466.4	(7,153.2)	1,414.7
Total liabilties and shareholders equity	$ 5,145.2	$ 5,211.4	$ 4,583.4	$ (7,325.1)	$ 7,614.9

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Notes to the Unaudited Condensed Consolidated Financial Statements

18. Subsidiary Guarantees of Debt *(continued)*

	Unaudited Condensed Consolidating Balance Sheet December 31, 2013				
($ in millions)	**Ball Corporation**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminating Adjustments**	**Consolidated Total**
ASSETS					
Current assets					
Cash and cash equivalents	$ 218.6	$ 0.3	$ 197.1	$	$ 416.0
Receivables, net	2.9	133.9	722.6		859.4
Intercompany receivables	178.9	99.1	1.0	(279.0)	
Inventories, net		601.7	426.6		1,028.3
Deferred taxes and other current assets *(a)*	4.0	109.7	53.5		167.2
Total current assets *(a)*	404.4	944.7	1,400.8	(279.0)	2,470.9
Non-current assets					
Property, plant and equipment, net	14.9	877.5	1,479.9		2,372.3
Investment in subsidiaries *(a)*	4,452.3	2,122.0	78.6	(6,652.9)	
Goodwill *(a)*		935.6	1,464.1		2,399.7
Intangibles and other assets, net	206.9	100.9	269.7		577.5
Total assets *(a)*	$ 5,078.5	$ 4,980.7	$ 4,693.1	$ (6,931.9)	$ 7,820.4
LIABILITIES AND SHAREHOLDERS EQUITY					
Current liabilities					
Short-term debt and current portion of long-term debt	$ 310.8	$ 30.1	$ 81.7	$	$ 422.6
Accounts payable	6.9	525.3	466.6		998.8
Intercompany payables	95.1	0.4	183.5	(279.0)	
Accrued employee costs	22.5	133.7	85.1		241.3
Other current liabilities	10.0	138.5	116.2		264.7
Total current liabilities	445.3	828.0	933.1	(279.0)	1,927.4
Non-current liabilities					
Long-term debt	2,750.0	0.5	432.0		3,182.5
Employee benefit obligations	284.4	310.9	437.7		1,033.0
Deferred taxes and other liabilities *(a)*	374.2	(684.1)	571.4		261.5
Total liabilities *(a)*	3,853.9	455.3	2,374.2	(279.0)	6,404.4
Common stock	1,078.4	847.1	531.1	(1,378.2)	1,078.4
Preferred stock			4.8	(4.8)	
Retained earnings *(a)*	3,947.7	3,873.8	1,579.8	(5,453.6)	3,947.7
Accumulated other comprehensive earnings (loss) *(a)*	(249.9)	(195.5)	11.8	183.7	(249.9)
Treasury stock, at cost	(3,551.6)				(3,551.6)
Total Ball Corporation shareholders equity *(a)*	1,224.6	4,525.4	2,127.5	(6,652.9)	1,224.6
Noncontrolling interests			191.4		191.4
Total shareholders equity *(a)*	1,224.6	4,525.4	2,318.9	(6,652.9)	1,416.0

Total liabilties and shareholders equity *(a)*	$	5,078.5	$	4,980.7	$	4,693.1	$	(6,931.9)	$	7,820.4

(a) Amounts have been revised; further details are included in the Revision of Prior Period Financial Statements Related to Deferred Taxes section of Note 1.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

18. Subsidiary Guarantees of Debt *(continued)*

	Unaudited Condensed Consolidating Statement of Cash Flows Nine Months Ended September 30, 2014			
($ in millions)	**Ball Corporation**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidated Total**
Cash provided by (used in) operating activities	$ (14.7)	$ 301.1	$ 363.6	$ 650.0
Cash flows from investing activities				
Capital expenditures	(8.4)	(120.1)	(121.5)	(250.0)
Other, net	4.2	1.6	5.3	11.1
Cash provided by (used in) investing activities	(4.2)	(118.5)	(116.2)	(238.9)
Cash flows from financing activities				
Long-term borrowings	375.0		21.9	396.9
Repayments of long-term borrowings	(690.4)	(0.3)	(183.6)	(874.3)
Net change in short-term borrowings	22.4	2.6	174.0	199.0
Proceeds from issuances of common stock	27.7			27.7
Acquisitions of treasury stock	(335.5)			(335.5)
Common dividends	(54.8)			(54.8)
Intercompany	452.1	(184.8)	(267.3)	
Other, net	13.9		(6.2)	7.7
Cash provided by (used in) financing activities	(189.6)	(182.5)	(261.2)	(633.3)
Effect of exchange rate changes on cash	(4.7)		0.4	(4.3)
Change in cash and cash equivalents	(213.2)	0.1	(13.4)	(226.5)
Cash and cash equivalents beginning of period	218.6	0.3	197.1	416.0
Cash and cash equivalents end of period	$ 5.4	$		