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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

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

For the Quarterly Period Ended September 30, 2020  
or

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

Commission file number 001-07349

**BALL CORPORATION**

**State of Indiana**  
(State or other jurisdiction of incorporation or  
organization)

**35-0160610**  
(I.R.S. Employer Identification No.)

**9200 West 108th Circle**  
**Westminster, CO**  
(Address of registrant's principal executive office)

**80021**  
(Zip Code)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date, and the securities registered pursuant to section 12(b) of the Act:

| <u>Class</u>                    | <u>Trading<br/>Symbol</u> | <u>Name of<br/>Exchange</u> | <u>Outstanding at October 31, 2020</u> |
|---------------------------------|---------------------------|-----------------------------|--|
| Common Stock, without par value | BLL                       | NYSE                        | 327,111,668 shares                     |

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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**Ball Corporation**  
**QUARTERLY REPORT ON FORM 10-Q**  
**For the period ended September 30, 2020**

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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, |                | Nine Months Ended September 30, |                |
|--|----------------------------------|----------------|---------------------------------|----------------|
|  | 2020                             | 2019           | 2020                            | 2019           |
| <b>Net sales</b>   | \$ 3,093                         | \$ 2,953       | \$ 8,679                        | \$ 8,755       |
| <b>Costs and expenses</b>                                    |                                  |                |                                 |                |
| Cost of sales (excluding depreciation and amortization)      | (2,430)                          | (2,363)        | (6,875)                         | (7,044)        |
| Depreciation and amortization                                | (160)                            | (169)          | (499)                           | (510)          |
| Selling, general and administrative                          | (121)                            | (90)           | (363)                           | (328)          |
| Business consolidation and other activities                  | (8)                              | (133)          | (235)                           | (147)          |
|  | <u>(2,719)</u>                   | <u>(2,755)</u> | <u>(7,972)</u>                  | <u>(8,029)</u> |
| <b>Earnings before interest and taxes</b>                    | 374                              | 198            | 707                             | 726            |
| Interest expense   | (68)                             | (79)           | (206)                           | (237)          |
| Debt refinancing and other costs                             | (1)                              | —              | (41)                            | (4)            |
| Total interest expense                                       | <u>(69)</u>                      | <u>(79)</u>    | <u>(247)</u>                    | <u>(241)</u>   |
| Earnings before taxes  | 305                              | 119            | 460                             | 485            |
| Tax (provision) benefit                                      | (73)                             | (32)           | (92)                            | (73)           |
| Equity in results of affiliates, net of tax                  | 8                                | 5              | (13)                            | (6)            |
| Net earnings   | <u>240</u>                       | <u>92</u>      | <u>355</u>                      | <u>406</u>     |
| Net (earnings) loss attributable to noncontrolling interests | 1                                | —              | 3                               | —              |
| Net earnings attributable to Ball Corporation                | <u>\$ 241</u>                    | <u>\$ 92</u>   | <u>\$ 358</u>                   | <u>\$ 406</u>  |
| <b>Earnings per share:</b>                                   |                                  |                |                                 |                |
| Basic  | \$ 0.74                          | \$ 0.28        | \$ 1.10                         | \$ 1.22        |
| Diluted  | \$ 0.72                          | \$ 0.27        | \$ 1.08                         | \$ 1.19        |
| <b>Weighted average shares outstanding: (000s)</b>           |                                  |                |                                 |                |
| Basic  | 326,549                          | 331,148        | 325,965                         | 332,726        |
| Diluted  | 332,654                          | 340,632        | 332,152                         | 341,702        |

See accompanying notes to the unaudited condensed consolidated financial statements.

**BALL CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)**

| (\$ in millions)   | Three Months Ended September 30, |        | Nine Months Ended September 30, |        |
|--|----------------------------------|--------|---------------------------------|--------|
|  | 2020                             | 2019   | 2020                            | 2019   |
| Net earnings   | \$ 240                           | \$ 92  | \$ 355                          | \$ 406 |
| Other comprehensive earnings (loss):                                   |                                  |        |                                 |        |
| Foreign currency translation adjustment                                | (130)                            | 50     | (292)                           | 136    |
| Pension and other postretirement benefits                              | 9                                | 20     | (2)                             | 27     |
| Derivatives designated as hedges                                       | 44                               | 16     | 63                              | 47     |
| Total other comprehensive earnings (loss)                              | (77)                             | 86     | (231)                           | 210    |
| Income tax (provision) benefit   | (10)                             | (5)    | (14)                            | (12)   |
| Total other comprehensive earnings (loss), net of tax                  | (87)                             | 81     | (245)                           | 198    |
| Total comprehensive earnings (loss)                                    | 153                              | 173    | 110                             | 604    |
| Comprehensive (earnings) loss attributable to noncontrolling interests | 1                                | —      | 3                               | —      |
| Comprehensive earnings (loss) attributable to Ball Corporation         | \$ 154                           | \$ 173 | \$ 113                          | \$ 604 |

See accompanying notes to the unaudited condensed consolidated financial statements.

**BALL CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

| (\$ in millions)  | September 30,<br>2020 | December 31,<br>2019 |
|---|-----------------------|----------------------|
| <b>Assets</b>   |                       |                      |
| Current assets  |                       |                      |
| Cash and cash equivalents   | \$ 771                | \$ 1,798             |
| Receivables, net  | 1,772                 | 1,631                |
| Inventories, net  | 1,309                 | 1,274                |
| Other current assets  | 173                   | 181                  |
| Total current assets  | <u>4,025</u>          | <u>4,884</u>         |
| Noncurrent assets   |                       |                      |
| Property, plant and equipment, net  | 4,895                 | 4,470                |
| Goodwill  | 4,401                 | 4,419                |
| Intangible assets, net  | 1,897                 | 2,002                |
| Other assets  | 1,754                 | 1,585                |
| Total assets  | <u>\$ 16,972</u>      | <u>\$ 17,360</u>     |
| <b>Liabilities and Equity</b>   |                       |                      |
| Current liabilities   |                       |                      |
| Short-term debt and current portion of long-term debt                             | \$ 31                 | \$ 1,480             |
| Accounts payable  | 2,832                 | 3,136                |
| Accrued employee costs  | 283                   | 285                  |
| Other current liabilities   | 618                   | 676                  |
| Total current liabilities   | <u>3,764</u>          | <u>5,577</u>         |
| Noncurrent liabilities  |                       |                      |
| Long-term debt  | 7,679                 | 6,337                |
| Employee benefit obligations  | 1,573                 | 1,486                |
| Deferred taxes  | 589                   | 561                  |
| Other liabilities   | 414                   | 380                  |
| Total liabilities   | <u>14,019</u>         | <u>14,341</u>        |
| Equity  |                       |                      |
| Common stock (679,001,052 shares issued - 2020; 676,302,319 shares issued - 2019) | 1,164                 | 1,178                |
| Retained earnings   | 6,014                 | 5,803                |
| Accumulated other comprehensive earnings (loss)                                   | (1,155)               | (910)                |
| Treasury stock, at cost (352,022,101 shares - 2020; 351,667,322 shares - 2019)    | (3,137)               | (3,122)              |
| Total Ball Corporation shareholders' equity                                       | <u>2,886</u>          | <u>2,949</u>         |
| Noncontrolling interests  | 67                    | 70                   |
| Total equity  | <u>2,953</u>          | <u>3,019</u>         |
| Total liabilities and equity  | <u>\$ 16,972</u>      | <u>\$ 17,360</u>     |

See accompanying notes to the unaudited condensed consolidated financial statements.

**BALL CORPORATION**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| (\$ in millions)  | Nine Months Ended September 30, |        |
|---|---------------------------------|--------|
|   | 2020                            | 2019   |
| <b>Cash Flows from Operating Activities</b>   |                                 |        |
| Net earnings  | \$ 355                          | \$ 406 |
| Adjustments to reconcile net earnings to cash provided by (used in) operating activities: |                                 |        |
| Depreciation and amortization   | 499                             | 510    |
| Business consolidation and other activities   | 235                             | 147    |
| Deferred tax provision (benefit)  | (23)                            | (16)   |
| Other, net  | 7                               | 32     |
| Changes in working capital components, net of dispositions                                | (728)                           | (423)  |
| Cash provided by (used in) operating activities   | 345                             | 656    |
| <b>Cash Flows from Investing Activities</b>   |                                 |        |
| Capital expenditures  | (683)                           | (425)  |
| Business acquisitions, net of cash acquired   | (69)                            | —      |
| Business dispositions, net of cash sold   | (17)                            | (50)   |
| Other, net  | 18                              | 26     |
| Cash provided by (used in) investing activities   | (751)                           | (449)  |
| <b>Cash Flows from Financing Activities</b>   |                                 |        |
| Long-term borrowings  | 2,552                           | 1,098  |
| Repayments of long-term borrowings  | (2,792)                         | (906)  |
| Net change in short-term borrowings   | (3)                             | 131    |
| Proceeds (payments) from issuances of common stock, net of shares used for taxes          | (12)                            | 16     |
| Acquisitions of treasury stock  | (57)                            | (614)  |
| Common stock dividends  | (149)                           | (133)  |
| Other, net  | (60)                            | (10)   |
| Cash provided by (used in) financing activities   | (521)                           | (418)  |
| Effect of exchange rate changes on cash   | (96)                            | (20)   |
| Change in cash, cash equivalents and restricted cash                                      | (1,023)                         | (231)  |
| Cash, cash equivalents and restricted cash - beginning of period                          | 1,806                           | 728    |
| Cash, cash equivalents and restricted cash - end of period                                | \$ 783                          | \$ 497 |

See accompanying notes to the unaudited condensed consolidated financial statements.

**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 variability of contract sales in the company's aerospace 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 2019 Annual Report on Form 10-K filed on February 19, 2020, pursuant to the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2019 (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 sales 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 that are of a normal recurring nature and are necessary to fairly state the results of the periods presented.

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

*Risks and Uncertainties – Novel Coronavirus (COVID-19)*

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting periods. These estimates represent management's judgement about the outcome of future events. The current global business environment is being impacted directly and indirectly by the effects of the novel coronavirus (COVID-19), and it is not possible to accurately estimate the impacts of COVID-19. However, Ball management has reviewed the estimates used in preparing the company's consolidated financial statements and the following have a reasonably possible likelihood of being affected, to a material extent, by the direct and indirect impacts of COVID-19 in the near term.

- Estimates regarding the future financial performance of the business used in the impairment tests for goodwill, long-lived assets, equity method investments, recoverability of deferred tax assets and estimates regarding cash needs and associated indefinite reinvestment assertions;
- Estimates of recoverability for customer receivables;
- Estimates of net realizable value for inventory;
- Estimates regarding the likelihood of forecasted transactions associated with hedge accounting positions at September 30, 2020, which could impact the company's ability to satisfy hedge accounting requirements and result in the recognition of income and/or expenses.

In addition to the above potential impacts on the estimates used in preparing financial statements, COVID-19 has the potential to increase Ball's vulnerabilities to near-term severe impacts related to certain concentrations in its business. In line with other companies in the packaging and aerospace industries, Ball makes the majority of its sales and significant purchases to or from a relatively small number of global, or large regional, customers and suppliers. Furthermore, Ball makes the majority of its sales from a small number of product lines. The potential of COVID-19 to affect a significant customer or supplier, or to affect demand for certain products to a significant degree, heightens the vulnerability of Ball to these concentrations.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

**2. Accounting Pronouncements**

*Recently Adopted Accounting Standards*

**Cloud Computing Arrangements**

In August 2018, amendments to existing accounting guidance were issued to clarify the accounting for implementation costs related to cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to capitalizing implementation costs incurred in a hosting arrangement that is a service contract. The guidance was applied prospectively on January 1, 2020, and did not have a material effect on the company's unaudited condensed consolidated financial statements.

**Financial Assets**

Amendments to existing guidance were issued in June 2016, followed by improvements and transition relief in 2018 and 2019, requiring financial assets or a group of financial assets measured at amortized cost basis to be presented at the net amount expected to be collected when finalized. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. Ball adopted this guidance and all related amendments on January 1, 2020, applying the modified retrospective method, and this adoption did not have a material effect on the company's unaudited condensed consolidated financial statements.

*New Accounting Guidance*

**Income Tax Simplification**

In December 2019, accounting guidance was issued to simplify the accounting for income taxes. The guidance is effective for Ball on January 1, 2021, and the company is currently assessing the impact that the adoption of this new guidance will have on its 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 outlined below. Effective January 1, 2020, the company implemented changes to its management and internal reporting structure for cost reduction and operational efficiency purposes. As a result of these changes, the company's plants in Cairo, Egypt, and Manisa, Turkey, are now included in the beverage packaging, Europe, Middle East and Africa (beverage packaging, EMEA), segment. The company's operations in India and Saudi Arabia are now combined with the former non-reportable beverage packaging, Asia Pacific, operating segment as a new non-reportable beverage packaging, other, operating segment. The company's segment results and disclosures for the three and nine months ended September 30, 2019, have been retrospectively adjusted to conform to the current year presentation.

*Beverage packaging, North and Central America:* Consists of operations in the U.S., Canada and Mexico that manufacture and sell metal beverage containers throughout those countries.

*Beverage packaging, EMEA:* Consists of operations in numerous countries throughout Europe, including Russia, as well as Egypt and Turkey, that manufacture and sell metal beverage containers throughout those regions.

*Beverage packaging, South America:* Consists of operations in Brazil, Argentina, Paraguay and Chile that manufacture and sell metal beverage containers throughout most of South America.

*Aerospace:* Consists of operations that manufacture and sell aerospace and other related products and provide services used in the defense, civil space and commercial space industries.



**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

As presented in the table below, Other consists of a non-reportable operating segment (beverage packaging, other) that manufactures and sells aluminum beverage containers in India, Saudi Arabia and throughout the Asia Pacific region; a non-reportable operating segment that manufactures and sells extruded aluminum aerosol containers and aluminum slugs (aerosol packaging); a non-reportable operating segment that manufactures and sells aluminum cups (aluminum cups); undistributed corporate expenses; intercompany eliminations and other business activities.

The accounting policies of the segments are the same as those used in the company's consolidated financial statements as discussed in Note 1. The company also has investments in operations in Guatemala, Panama, South Korea, the U.S. and Vietnam that are accounted for under the equity method of accounting and, accordingly, those results are not included in segment sales or earnings.

**Summary of Business by Segment**

| (\$ in millions)                                 | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                 |
|--|----------------------------------|-----------------|---------------------------------|-----------------|
|  | 2020                             | 2019            | 2020                            | 2019            |
| <b>Net sales</b>                                 |                                  |                 |                                 |                 |
| Beverage packaging, North and Central America    | \$ 1,327                         | \$ 1,230        | \$ 3,775                        | \$ 3,647        |
| Beverage packaging, EMEA                         | 809                              | 763             | 2,177                           | 2,215           |
| Beverage packaging, South America                | 432                              | 392             | 1,166                           | 1,210           |
| Aerospace  | 451                              | 374             | 1,321                           | 1,081           |
| Reportable segment sales                         | 3,019                            | 2,759           | 8,439                           | 8,153           |
| Other  | 74                               | 194             | 240                             | 602             |
| <b>Net sales</b>                                 | <b>\$ 3,093</b>                  | <b>\$ 2,953</b> | <b>\$ 8,679</b>                 | <b>\$ 8,755</b> |
| <b>Comparable operating earnings</b>             |                                  |                 |                                 |                 |
| Beverage packaging, North and Central America    | \$ 209                           | \$ 157          | \$ 544                          | \$ 416          |
| Beverage packaging, EMEA                         | 117                              | 105             | 248                             | 277             |
| Beverage packaging, South America                | 64                               | 60              | 173                             | 193             |
| Aerospace  | 44                               | 35              | 114                             | 103             |
| Reportable segment comparable operating earnings | 434                              | 357             | 1,079                           | 989             |
| <b>Reconciling items</b>                         |                                  |                 |                                 |                 |
| Other (a)  | (15)                             | 12              | (26)                            | 2               |
| Business consolidation and other activities      | (8)                              | (133)           | (235)                           | (147)           |
| Amortization of acquired Rexam intangibles       | (37)                             | (38)            | (111)                           | (118)           |
| Earnings before interest and taxes               | 374                              | 198             | 707                             | 726             |
| Interest expense                                 | (68)                             | (79)            | (206)                           | (237)           |
| Debt refinancing and other costs                 | (1)                              | —               | (41)                            | (4)             |
| Total interest expense                           | (69)                             | (79)            | (247)                           | (241)           |
| <b>Earnings before taxes</b>                     | <b>\$ 305</b>                    | <b>\$ 119</b>   | <b>\$ 460</b>                   | <b>\$ 485</b>   |

(a) Includes undistributed corporate expenses, net, of \$13 million and \$4 million for the three months ended September 30, 2020 and 2019, respectively, and \$33 million and \$42 million for the nine months ended September 30, 2020 and 2019, respectively.

The company does not disclose total assets by segment as it is not provided to the chief operating decision maker.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

**4. Acquisitions and Dispositions**

**Brazil Aluminum Aerosol Packaging Business**

In August 2020, the company acquired the entire share capital of Tubex Industria E Comercio de Embalagens Ltda, an aluminum aerosol packaging business with a plant in Itupeva, Brazil, for the purchase price of \$80 million, subject to customary closing adjustments, including initial cash consideration of \$69 million plus potential additional consideration not to exceed \$30 million in total over the next three years. The business is part of Ball's aerosol packaging operating segment. The transaction broadens the geographic reach of Ball's aluminum aerosol packaging business, serving the growing Brazilian personal care market.

**Argentina Steel Aerosol Business**

In October 2019, the company sold its Argentine steel aerosol packaging business, which included facilities in Garin and San Luis, Argentina, and recorded a loss on disposal of \$52 million, which included the write-off of cumulative translation adjustments of \$45 million related to the Argentina business that had been previously recorded in accumulated other comprehensive income. The loss on disposal was recorded in the fourth quarter of 2019 within business consolidation and other activities in the unaudited condensed consolidated statement of earnings.

**Beverage Packaging China**

In September 2019, the company completed the sale of its metal beverage packaging business in China for upfront consideration of approximately \$213 million, subject to customary closing adjustments, plus potential additional consideration related to the relocation of an existing facility in China in the coming years, the value of which was fully impaired in the first quarter of 2020, as described in Note 6. The upfront proceeds from this sale were received in the fourth quarter of 2019. The loss on disposal of \$45 million was recorded in the third quarter of 2019 within business consolidation and other activities in the unaudited condensed consolidated statement of earnings.

**5. Revenue from Contracts with Customers**

*Disaggregation of Sales*

The company disaggregates net sales by reportable segments as disclosed in Note 3, and based on the timing of transfer of control for goods and services as explained below. The transfer of control for goods and services may occur at a point in time or over time. As disclosed in Note 3, the company's business consists of four reportable segments, which encompass disaggregated product lines and geographical areas: (1) beverage packaging, North and Central America; (2) beverage packaging, EMEA; (3) beverage packaging, South America; and (4) aerospace.

The following table disaggregates the company's net sales based on the timing of transfer of control:

| (\$ in millions) | Three Months Ended September 30, 2020 |           |          | Nine Months Ended September 30, 2020 |           |          |
|------------------|---------------------------------------|-----------|----------|--------------------------------------|-----------|----------|
|                  | Point in Time                         | Over Time | Total    | Point in Time                        | Over Time | Total    |
| Total net sales  | \$ 604                                | \$ 2,489  | \$ 3,093 | \$ 1,638                             | \$ 7,041  | \$ 8,679 |

  

| (\$ in millions) | Three Months Ended September 30, 2019 |           |          | Nine Months Ended September 30, 2019 |           |          |
|------------------|---------------------------------------|-----------|----------|--------------------------------------|-----------|----------|
|                  | Point in Time                         | Over Time | Total    | Point in Time                        | Over Time | Total    |
| Total net sales  | \$ 555                                | \$ 2,398  | \$ 2,953 | \$ 1,659                             | \$ 7,096  | \$ 8,755 |

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**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

*Contract Balances*

The company enters into contracts to sell beverage packaging, aerosol packaging, and aerospace products and services. The company did not have any contract assets at either September 30, 2020, or December 31, 2019. Unbilled receivables, which are not classified as contract assets, represent arrangements in which sales have been recorded prior to billing and right to payment is unconditional.

The opening and closing balances of the company's current and noncurrent contract liabilities are as follows:

| (\$ in millions)              | Contract<br>Liabilities<br>(Current) | Contract<br>Liabilities<br>(Noncurrent) |
|-------------------------------|--------------------------------------|---|
| Balance at December 31, 2019  | 87                                   | 9                                       |
| Increase (decrease)           | 5                                    | (1)                                     |
| Balance at September 30, 2020 | <u>\$ 92</u>                         | <u>\$ 8</u>                             |

During the nine months ended September 30, 2020, total contract liabilities increased by \$4 million, which is net of cash received of \$407 million and amounts recognized as sales of \$411 million, all of which related to current contract liabilities. The amount of sales recognized in the nine months ended September 30, 2020, which were included in the opening contract liabilities balances, was \$87 million, all of which related to current contract liabilities. Current contract liabilities are classified within other current liabilities on the unaudited condensed consolidated balance sheet and noncurrent contract liabilities are classified within other liabilities.

The company also recognized net sales of \$9 million and \$12 million in the three and nine months ended September 30, 2020, respectively, and net sales of \$4 million and \$10 million in the three and nine months ended September 30, 2019, respectively, from performance obligations satisfied (or partially satisfied) in prior periods. These sales amounts are the result of changes in the transaction price of the company's contracts with customers.

**Transaction Price Allocated to Remaining Performance Obligations**

Ball typically enters into master agreements with customers, which establish the terms and conditions for subsequent orders of goods. These master agreements do not create enforceable rights and obligations on a stand-alone basis. In the context of the revenue recognition standard, enforceable contracts are those that have an enforceable right to payment, which Ball typically has once a binding forecast or purchase order (or similar contract) is in place and Ball produces under the contract. Within Ball's packaging segments, these enforceable contracts all have a duration of less than one year. Contracts that have an original duration of less than one year are excluded from the requirement to disclose remaining performance obligations based on the company's election to use the practical expedient.

The table below discloses: (1) the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period for contracts with an original duration of greater than one year, and (2) when the company expects to record sales on these multi-year contracts.

| (\$ in millions)  | Next Twelve<br>Months | Thereafter | Total    |
|---|-----------------------|------------|----------|
| Sales expected to be recognized on multi-year contracts in place as of September 30, 2020 | \$ 1,354              | \$ 926     | \$ 2,280 |

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements****6. Business Consolidation and Other Activities**

The following is a summary of business consolidation and other activity (charges)/income included in the unaudited condensed consolidated statements of earnings:

| (\$ in millions)                              | Three Months Ended September 30, |                 | Nine Months Ended September 30, |                 |
|---|----------------------------------|-----------------|---------------------------------|-----------------|
|   | 2020                             | 2019            | 2020                            | 2019            |
| Beverage packaging, North and Central America | \$ —                             | \$ (2)          | \$ (4)                          | \$ (8)          |
| Beverage packaging, EMEA                      | (2)                              | (9)             | (8)                             | (24)            |
| Beverage packaging, South America             | 3                                | (14)            | (1)                             | 22              |
| Other   | (9)                              | (108)           | (222)                           | (137)           |
|   | <u>\$ (8)</u>                    | <u>\$ (133)</u> | <u>\$ (235)</u>                 | <u>\$ (147)</u> |

**2020***Beverage Packaging, North and Central America*

During the nine months ended September 30, 2020, the company recorded charges of \$4 million for individually insignificant activities in connection with previously announced closures of certain beverage can and end manufacturing facilities and other activities.

*Beverage Packaging, EMEA*

During the three and nine months ended September 30, 2020, the company recorded charges of \$2 million and \$8 million, respectively, for individually insignificant activities in connection with previously announced plant closures, restructuring and other activities.

*Beverage Packaging, South America*

During the three and nine months ended September 30, 2020, the company recorded credits of \$3 million and charges of \$1 million, respectively, for individually insignificant activities.

*Other*

During the three months ended September 30, 2020, the company recorded the following amounts:

- Settlement charges of \$5 million associated with lump-sum payments made to settle the projected pension benefit obligations for certain of Ball's U.S. defined pension plans.
- Charges of \$4 million for individually insignificant activities.

During the nine months ended September 30, 2020, the company recorded the following amounts:

- A non-cash settlement loss of \$102 million related to the purchase of non-participating group annuity contracts and lump-sum payments to settle the projected pension benefit obligations for certain of Ball's U.S. defined pension plans, which triggered settlement accounting. The settlement loss primarily reflects the second quarter recognition of aggregate unamortized actuarial losses in these U.S. pension plans.
- A non-cash impairment charge of \$62 million related to the goodwill of the new beverage packaging, other, operating segment. See Note 11 for further details.
- A non-cash charge of \$23 million resulting from the recent deterioration of China's real estate market, which led the company to reduce the value of potential future consideration due as part of the sale of its China beverage packaging business. See Note 4 for further details.

**Ball Corporation**

**Notes to the Unaudited Condensed Consolidated Financial Statements**

- Charges of \$15 million resulting from an adjustment to the selling price of the company's steel food and aerosol business.
- A credit of \$11 million related to the reversal of reserves against working capital recorded in the fourth quarter of 2019 in the new beverage packaging, other, segment, as previously at-risk balances were subsequently collected.
- Charges of \$6 million for long-term incentive and other compensation arrangements associated with the Rexam acquisition.
- Charges of \$25 million for individually insignificant activities.

**2019**

*Beverage Packaging, North and Central America*

During the three and nine months ended September 30, 2019, the company recorded charges of \$1 million and \$7 million, respectively, in connection with previously announced closures in 2018 of certain beverage can and end manufacturing facilities.

Other charges in the three and nine months ended September 30, 2019, included \$1 million of expense for individually insignificant activities.

*Beverage Packaging, EMEA*

During the three and nine months ended September 30, 2019, the company recorded charges of \$6 million and \$17 million, respectively, in connection with previously announced closures of certain beverage can and end manufacturing facilities and other activities.

Other charges in the three and nine months ended September 30, 2019, included \$3 million and \$7 million, respectively, of expense for individually insignificant activities.

*Beverage Packaging, South America*

During the nine months ended September 30, 2019, the company recorded a \$56 million gain related to indirect tax gain contingencies in Brazil as these amounts were determined to be estimable and realizable. See Note 21 for further details.

During the three and nine months ended September 30, 2019, the company recorded charges of \$13 million and \$29 million, respectively, composed of facility shutdown costs, asset impairment, accelerated depreciation and other costs related to restructuring activities.

Charges in the three and nine months ended September 30, 2019, included \$1 million and \$5 million of expense, respectively, for individually insignificant activities.

*Other*

During the three months ended September 30, 2019, the company recorded the following amounts:

- A \$45 million loss on the sale of the metal beverage packaging business in China.
- A loss of \$52 million related to the sale of the Argentina steel aerosol packaging business, including \$45 million related to cumulative translation adjustments previously recorded in accumulated other comprehensive earnings.
- A settlement loss of \$8 million primarily related to the purchase of non-participating group annuity contracts to settle the projected pension benefit obligations in Ball's Canadian defined benefit pension plan, which triggered settlement accounting. The settlement loss primarily represented the aggregate unamortized actuarial loss in these pension plans.
- Income of \$2 million for revised estimates related to long-term incentive and other compensation arrangements associated with the 2016 Rexam acquisition and integration.
- Charges of \$5 million for individually insignificant activities.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

During the nine months ended September 30, 2019, the company recorded the following amounts:

- A \$45 million loss on the sale of the metal beverage packaging business in China and charges of \$16 million for estimated employee severance costs and professional services associated with the fourth quarter 2019 sale.
- A loss of \$52 million related to the sale of the Argentina steel aerosol packaging business, including \$45 million related to cumulative translation adjustments previously recorded in accumulated other comprehensive earnings.
- A settlement loss of \$8 million primarily related to the purchase of non-participating group annuity contracts to settle the projected pension benefit obligations in Ball's Canadian defined benefit pension plan which triggered settlement accounting. The settlement loss primarily represented the aggregate unamortized actuarial loss in these pension plans.
- Charges of \$5 million for long-term incentive and other compensation arrangements associated with the 2016 Rexam acquisition and integration.
- Charges of \$11 million for individually insignificant activities.

**7. Supplemental Cash Flow Statement Disclosures**

| (\$ in millions)  | September 30, |        |
|---|---------------|--------|
|   | 2020          | 2019   |
| Beginning of period:  |               |        |
| Cash and cash equivalents                                       | \$ 1,798      | \$ 721 |
| Current restricted cash (included in other current assets)      | 8             | 7      |
| Total cash, cash equivalents and restricted cash                | \$ 1,806      | \$ 728 |
| End of period:  |               |        |
| Cash and cash equivalents                                       | \$ 771        | \$ 483 |
| Current restricted cash (included in other current assets)      | 12            | 9      |
| Cash in assets held for sale (included in other current assets) | —             | 5      |
| Total cash, cash equivalents and restricted cash                | \$ 783        | \$ 497 |

The company's restricted cash is primarily related to receivables factoring programs and represents amounts collected from customers that have not yet been remitted to the banks as of the end of the reporting period.

Noncash investing activities include the acquisition of property, plant and equipment (PP&E) for which payment has not yet been made or obtained through finance leases. These noncash capital expenditures are excluded from the statement of cash flows and totaled approximately \$290 million at September 30, 2020, and \$224 million at December 31, 2019.

**8. Receivables, Net**

| (\$ in millions)                     | September 30, | December 31, |
|--------------------------------------|---------------|--------------|
|                                      | 2020          | 2019         |
| Trade accounts receivable            | \$ 925        | \$ 647       |
| Unbilled receivables                 | 502           | 556          |
| Less allowance for doubtful accounts | (9)           | (17)         |
| Net trade accounts receivable        | 1,418         | 1,186        |
| Other receivables                    | 354           | 445          |
|                                      | \$ 1,772      | \$ 1,631     |

The company has entered into several regional committed and uncommitted accounts receivable factoring programs with various financial institutions for certain of its receivables. The programs are accounted for as true sales of the receivables, without recourse to Ball, and had combined limits of approximately \$1.5 billion at September 30, 2020, and \$1.4 billion at December 31, 2019. A total of \$184 million and \$230 million were available for sale under these programs as of September 30, 2020, and December 31, 2019, respectively.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

Other receivables include income and sales tax receivables, related party receivables and other miscellaneous receivables.

**9. Inventories, Net**

| (\$ in millions)                   | September 30,<br>2020 | December 31,<br>2019 |
|------------------------------------|-----------------------|----------------------|
| Raw materials and supplies         | \$ 852                | \$ 808               |
| Work-in-process and finished goods | 551                   | 548                  |
| Less: Inventory reserves           | (94)                  | (82)                 |
|                                    | <u>\$ 1,309</u>       | <u>\$ 1,274</u>      |

**10. Property, Plant and Equipment, Net**

| (\$ in millions)         | September 30,<br>2020 | December 31,<br>2019 |
|--------------------------|-----------------------|----------------------|
| Land                     | \$ 160                | \$ 153               |
| Buildings                | 1,533                 | 1,433                |
| Machinery and equipment  | 5,869                 | 5,513                |
| Construction-in-progress | 734                   | 434                  |
|                          | <u>8,296</u>          | <u>7,533</u>         |
| Accumulated depreciation | (3,401)               | (3,063)              |
|                          | <u>\$ 4,895</u>       | <u>\$ 4,470</u>      |

Depreciation expense amounted to \$115 million and \$365 million for the three and nine months ended September 30, 2020, respectively, and \$123 million and \$368 million for the three and nine months ended September 30, 2019, respectively.

**11. Goodwill**

| (\$ in millions)              | Beverage<br>Packaging,<br>North & Central<br>America | Beverage<br>Packaging,<br>EMEA | Beverage<br>Packaging,<br>South America | Aerospace    | Other         | Total           |
|-------------------------------|--|--------------------------------|---|--------------|---------------|-----------------|
| Balance at December 31, 2019  | \$ 1,275   | \$ 1,500                       | \$ 1,298                                | \$ 40        | \$ 306        | \$ 4,419        |
| Additions                     | —  | —                              | —                                       | —            | 49            | 49              |
| Goodwill impairment           | —  | —                              | —                                       | —            | (62)          | (62)            |
| Effects of currency exchange  | —  | 3                              | —                                       | —            | (8)           | (5)             |
| Balance at September 30, 2020 | <u>\$ 1,275</u>                                      | <u>\$ 1,503</u>                | <u>\$ 1,298</u>                         | <u>\$ 40</u> | <u>\$ 285</u> | <u>\$ 4,401</u> |

Goodwill in the above table is presented net of accumulated impairment losses of \$62 million as of September 30, 2020.

As discussed in Note 4, Ball acquired the share capital of Tubex Industria E Comercio Embalagens Ltda, an aluminum aerosol packaging business in Brazil, in the third quarter of 2020 and recorded \$49 million to goodwill based on preliminary estimates of the fair values of assets and liabilities acquired with the business.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

As discussed in Note 3, effective January 1, 2020, Ball changed how its former operating segments composed of beverage packaging operations located in Africa, Middle East and Asia (beverage packaging, AMEA) and beverage packaging operations located in Asia Pacific are managed and reported. These former operating segments had goodwill balances of \$102 million and \$27 million, respectively, as of December 31, 2019. As shown in the table above, goodwill by segment has been retrospectively adjusted to conform to the current year presentation. Using a relative fair value allocation approach, goodwill of \$67 million was allocated to the beverage packaging, EMEA, reportable segment and \$62 million of goodwill was allocated to the beverage packaging, other, operating segment.

In the first quarter of 2020, Ball recorded a non-cash impairment charge of \$62 million related to the goodwill associated with the new beverage packaging, other, reporting unit as the carrying amount of this reporting unit exceeded its fair value. The impairment review was triggered by the restructuring of the company's reporting units as part of the aforementioned changes in segment management and internal reporting structure.

**12. Intangible Assets, Net**

| (\$ in millions)   | September 30,<br>2020 | December 31,<br>2019 |
|--|-----------------------|----------------------|
| Acquired Rexam customer relationships and other Rexam intangibles (net of accumulated amortization of \$677 million at September 30, 2020, and \$567 million at December 31, 2019) | \$ 1,789              | \$ 1,909             |
| Capitalized software (net of accumulated amortization of \$189 million at September 30, 2020, and \$170 million at December 31, 2019)  | 82                    | 69                   |
| Other intangibles (net of accumulated amortization of \$122 million at September 30, 2020, and \$116 million at December 31, 2019)   | 26                    | 24                   |
|  | <u>\$ 1,897</u>       | <u>\$ 2,002</u>      |

Total amortization expense of intangible assets amounted to \$45 million and \$134 million for the three and nine months ended September 30, 2020, respectively, and \$46 million and \$142 million for the three and nine months ended September 30, 2019, respectively.

**13. Other Assets**

| (\$ in millions)                    | September 30,<br>2020 | December 31,<br>2019 |
|-------------------------------------|-----------------------|----------------------|
| Long-term pension assets            | \$ 442                | \$ 437               |
| Investments in affiliates           | 304                   | 291                  |
| Right-of-use operating lease assets | 291                   | 239                  |
| Long-term deferred tax assets       | 267                   | 241                  |
| Other                               | 450                   | 377                  |
|                                     | <u>\$ 1,754</u>       | <u>\$ 1,585</u>      |

In the first quarter of 2020, the shareholders of Ball Metalpack provided additional equity contributions and loans to Ball Metalpack, of which Ball's share was \$30 million, which resulted in Ball recognizing previously unrecorded equity method losses associated with prior periods. These losses are presented in equity in results of affiliates, net of tax, in the company's unaudited condensed consolidated statement of earnings. Ball is under no obligation to provide additional equity contributions or loans to Ball Metalpack.



**Ball Corporation**  
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**14. Leases**

The company enters into operating leases for buildings, warehouses, office equipment, production equipment, aircraft, land and other types of equipment. The company also enters into finance leases for certain plant equipment.

Supplemental balance sheet information related to the company's leases follows:

| (\$ in millions)                       | Balance Sheet Location                                | September 30, 2020 | December 31, 2019 |
|--|---|--------------------|-------------------|
| <b>Operating leases:</b>               |   |                    |                   |
| Operating lease ROU asset              | Other assets  | \$ 291             | \$ 239            |
| Current operating lease liabilities    | Other current liabilities                             | 61                 | 58                |
| Noncurrent operating lease liabilities | Other liabilities                                     | 222                | 181               |
| <b>Finance leases:</b>                 |   |                    |                   |
| Finance lease ROU assets, net          | Property, plant and equipment, net                    | \$ 7               | \$ —              |
| Current finance lease liabilities      | Short-term debt and current portion of long-term debt | 1                  | —                 |
| Noncurrent finance lease liabilities   | Long-term debt  | 6                  | —                 |

**15. Debt**

Long-term debt consisted of the following:

| (\$ in millions)                                  | September 30, 2020 | December 31, 2019 |
|---|--------------------|-------------------|
| <b>Senior Notes</b>                               |                    |                   |
| 4.375% due December 2020                          | \$ —               | \$ 1,000          |
| 3.50%, euro denominated, due December 2020        | —                  | 449               |
| 5.00% due March 2022                              | 750                | 750               |
| 4.00% due November 2023                           | 1,000              | 1,000             |
| 4.375%, euro denominated, due December 2023       | 820                | 785               |
| 0.875%, euro denominated, due March 2024          | 879                | 841               |
| 5.25% due July 2025                               | 1,000              | 1,000             |
| 4.875% due March 2026                             | 750                | 750               |
| 1.50%, euro denominated, due March 2027           | 645                | 617               |
| 2.875%, due August 2030                           | 1,300              | —                 |
| <b>Senior Credit Facility (at variable rates)</b> |                    |                   |
| Term A loan, due March 2024                       | 593                | 653               |
| <b>Other (including debt issuance costs)</b>      | (57)               | (54)              |
|   | 7,680              | 7,791             |
| Less: Current portion of long-term debt           | (1)                | (1,454)           |
|   | <u>\$ 7,679</u>    | <u>\$ 6,337</u>   |

The company's senior credit facilities include long-term multi-currency revolving facilities that mature in March 2024. The revolving facilities provide the company with up to the U.S. dollar equivalent of \$1.75 billion. At September 30, 2020, taking into account outstanding letters of credit, \$1.7 billion was available under the company's existing long-term, revolving credit facilities. In addition to these facilities, the company had approximately \$990 million of short-term uncommitted credit facilities available at September 30, 2020, of which \$30 million was outstanding and due on demand. At December 31, 2019, the company had \$26 million outstanding under short-term uncommitted credit facilities.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

In the third quarter of 2020, Ball issued \$1.3 billion of 2.875% senior notes due in 2030. In the first quarter of 2020, Ball redeemed the outstanding euro-denominated 3.50% senior notes due in 2020 in the amount of €400 million and the outstanding 4.375% senior notes due in 2020 in the amount of \$1 billion. The company recorded debt extinguishment costs of \$40 million in the first quarter of 2020.

The fair value of long-term debt was estimated to be \$8.1 billion at September 30, 2020, and \$8.3 billion at December 31, 2019. 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 U.S. note agreements and bank credit agreement contain certain restrictions relating to dividend payments, share repurchases, investments, financial ratios, guarantees and the incurrence of additional indebtedness. In August 2020, Ball amended certain of its credit agreements which, among other things, modified the most restrictive of the company's debt covenants. This covenant requires the company to maintain a leverage ratio (as defined) of no greater than 5.0 times as of September 30, 2020, which changes to 4.5 times as of December 31, 2022. The company was in compliance with all loan agreements and debt covenants at both September 30, 2020, and December 31, 2019, and it has met all debt payment obligations.

**16. Taxes on Income**

The company's effective tax rate was 23.9 percent and 20 percent for the three and nine months ended September 30, 2020, respectively. As compared to the statutory U.S. tax rate, the effective tax rate for the three and nine months ended September 30, 2020, was reduced by 5.8 and 7.0 percentage points, respectively, for federal tax credits, reduced by 2.0 and 7.1 percentage points, respectively, for the benefit of share-based compensation, increased by 5.7 and 3.8 percentage points, respectively, for enacted tax rate changes, increased by 2.1 and 1.5 percentage points, respectively, for foreign rate differences and foreign withholding tax, increased by 1.1 and 3.8 percentage points, respectively, for the impact of revaluing certain deferred tax assets due to fluctuations in foreign currency exchange rates and increased by 3.4 percentage points for the nine months ended September 30, 2020, for the impact of the beverage packaging, other, segment goodwill impairment.

**17. Employee Benefit Obligations**

| (\$ in millions)                                | September 30,<br>2020 | December 31,<br>2019 |
|---|-----------------------|----------------------|
| Underfunded defined benefit pension liabilities | \$ 975                | \$ 918               |
| Less: Current portion                           | (24)                  | (24)                 |
| Long-term defined benefit pension liabilities   | 951                   | 894                  |
| Long-term retiree medical liabilities           | 149                   | 156                  |
| Deferred compensation plans                     | 399                   | 362                  |
| Other   | 74                    | 74                   |
|   | <u>\$ 1,573</u>       | <u>\$ 1,486</u>      |

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

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

| (\$ in millions)                   | Three Months Ended September 30, |         |       |       |         |       |
|------------------------------------|----------------------------------|---------|-------|-------|---------|-------|
|                                    | 2020                             |         |       | 2019  |         |       |
|                                    | U.S.                             | Foreign | Total | U.S.  | Foreign | Total |
| Ball-sponsored plans:              |                                  |         |       |       |         |       |
| Service cost                       | \$ 16                            | \$ 4    | \$ 20 | \$ 13 | \$ 2    | \$ 15 |
| Interest cost                      | 18                               | 14      | 32    | 26    | 17      | 43    |
| Expected return on plan assets     | (29)                             | (22)    | (51)  | (29)  | (26)    | (55)  |
| Amortization of prior service cost | —                                | 1       | 1     | 1     | —       | 1     |
| Recognized net actuarial loss      | 10                               | 1       | 11    | 5     | 1       | 6     |
| Settlement losses                  | 5 (a)                            | —       | 5     | —     | 8 (a)   | 8     |
| Total net periodic benefit cost    | \$ 20                            | \$ (2)  | \$ 18 | \$ 16 | \$ 2    | \$ 18 |

(a) Includes settlement losses related to the purchase of non-participating annuities and lump-sum payments which have been recorded in business consolidation and other activities. See Note 6 for further details.

| (\$ in millions)                   | Nine Months Ended September 30, |         |        |       |         |       |
|------------------------------------|---------------------------------|---------|--------|-------|---------|-------|
|                                    | 2020                            |         |        | 2019  |         |       |
|                                    | U.S.                            | Foreign | Total  | U.S.  | Foreign | Total |
| Ball-sponsored plans:              |                                 |         |        |       |         |       |
| Service cost                       | \$ 48                           | \$ 12   | \$ 60  | \$ 37 | \$ 8    | \$ 45 |
| Interest cost                      | 56                              | 43      | 99     | 76    | 53      | 129   |
| Expected return on plan assets     | (91)                            | (64)    | (155)  | (86)  | (81)    | (167) |
| Amortization of prior service cost | 1                               | 2       | 3      | 1     | 2       | 3     |
| Recognized net actuarial loss      | 30                              | 4       | 34     | 16    | 3       | 19    |
| Settlement losses                  | 102 (a)                         | —       | 102    | —     | 8 (a)   | 8     |
| Total net periodic benefit cost    | \$ 146                          | \$ (3)  | \$ 143 | \$ 44 | \$ (7)  | \$ 37 |

(a) Includes settlement losses related to the purchase of non-participating annuities and lump-sum payments which have been recorded in business consolidation and other activities. See Note 6 for further details.

Non-service pension income of \$7 million and \$19 million for the three and nine months ended September 30, 2020, respectively, and income of \$5 million and \$16 million for the three and nine months ended September 30, 2019, respectively, is included in selling, general, and administrative (SG&A) expenses.

Contributions to the company's defined benefit pension plans were \$92 million for the first nine months of 2020 compared to \$154 million for the first nine months of 2019, and such contributions are expected to be approximately \$100 million for the full year of 2020. This estimate may change based on changes to the U.S. Pension Protection Act, the effects of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and the actual returns achieved on plan assets, among other factors.

Ball completed the purchase of non-participating group annuity contracts and lump-sum payments for a portion of the company's U.S. pension benefit obligations in the second quarter of 2020 and for the company's Canadian pension plans in the third quarter of 2019, totaling approximately \$245 million and \$32 million, respectively. These purchases triggered settlement accounting and resulted in the recognition of settlement losses recorded in business consolidation and other activities of \$102 million in 2020 and \$8 million in 2019. The company's pension obligations were remeasured during the second quarter of 2020 for the impacted plans, and the 2019 annuity purchase settled Ball's Canadian defined benefit pension obligation in full.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

**18. Equity and Accumulated Other Comprehensive Earnings**

The following tables provide additional details of the company's equity activity:

| (\$ in millions; share amounts in thousands)  | Common Stock     |                 | Treasury Stock   |                   | Retained Earnings | Accumulated Other Comprehensive Earnings (Loss) | Noncontrolling Interest | Total Equity    |
|---|------------------|-----------------|------------------|-------------------|-------------------|---|-------------------------|-----------------|
|   | Number of Shares | Amount          | Number of Shares | Amount            |                   |   |                         |                 |
| <b>Balance at June 30, 2020</b>   | 678,484          | \$ 1,153        | (352,102)        | \$ (3,145)        | \$ 5,822          | \$ (1,068)                                      | \$ 68                   | \$ 2,830        |
| Net earnings  | —                | —               | —                | —                 | 241               | —   | (1)                     | 240             |
| Other comprehensive earnings (loss), net of tax   | —                | —               | —                | —                 | —                 | (87)  | —                       | (87)            |
| Common dividends, net of tax benefits   | —                | —               | —                | —                 | (49)              | —   | —                       | (49)            |
| Treasury stock purchases  | —                | —               | —                | —                 | —                 | —   | —                       | —               |
| Treasury shares reissued  | —                | —               | 80               | 7                 | —                 | —   | —                       | 7               |
| Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged | 517              | 11              | —                | —                 | —                 | —   | —                       | 11              |
| Other activity  | —                | —               | —                | —                 | 1                 | —   | —                       | 1               |
| <b>Balance at September 30, 2020</b>  | <u>679,001</u>   | <u>\$ 1,164</u> | <u>(352,022)</u> | <u>\$ (3,137)</u> | <u>\$ 6,014</u>   | <u>\$ (1,155)</u>                               | <u>\$ 67</u>            | <u>\$ 2,953</u> |

| (\$ in millions; share amounts in thousands)  | Common Stock     |                 | Treasury Stock   |                   | Retained Earnings | Accumulated Other Comprehensive Earnings (Loss) | Noncontrolling Interest | Total Equity    |
|---|------------------|-----------------|------------------|-------------------|-------------------|---|-------------------------|-----------------|
|   | Number of Shares | Amount          | Number of Shares | Amount            |                   |   |                         |                 |
| <b>Balance at June 30, 2019</b>   | 675,463          | \$ 1,172        | (343,623)        | \$ (2,566)        | \$ 5,651          | \$ (797)  | \$ 104                  | \$ 3,564        |
| Net earnings  | —                | —               | —                | —                 | 92                | —   | —                       | 92              |
| Other comprehensive earnings (loss), net of tax   | —                | —               | —                | —                 | —                 | 36  | —                       | 36              |
| Currency translation recognized in earnings as a result of the sale of the Argentine steel aerosol business | —                | —               | —                | —                 | —                 | 45  | —                       | 45              |
| Common dividends, net of tax benefits   | —                | —               | —                | —                 | (49)              | —   | —                       | (49)            |
| Treasury stock purchases  | —                | —               | (3,296)          | (232)             | —                 | —   | —                       | (232)           |
| Treasury shares reissued  | —                | —               | 64               | 7                 | —                 | —   | —                       | 7               |
| Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged       | 588              | 7               | —                | —                 | —                 | —   | —                       | 7               |
| Other activity  | —                | (2)             | —                | —                 | 1                 | —   | (4)                     | (5)             |
| <b>Balance at September 30, 2019</b>  | <u>676,051</u>   | <u>\$ 1,177</u> | <u>(346,855)</u> | <u>\$ (2,790)</u> | <u>\$ 5,694</u>   | <u>\$ (716)</u>                                 | <u>\$ 100</u>           | <u>\$ 3,465</u> |

| (\$ in millions; share amounts in thousands)  | Common Stock     |                 | Treasury Stock   |                   | Retained Earnings | Accumulated Other Comprehensive Earnings (Loss) | Noncontrolling Interest | Total Equity    |
|---|------------------|-----------------|------------------|-------------------|-------------------|---|-------------------------|-----------------|
|   | Number of Shares | Amount          | Number of Shares | Amount            |                   |   |                         |                 |
| <b>Balance at December 31, 2019</b>   | 676,302          | \$ 1,178        | (351,667)        | \$ (3,122)        | \$ 5,803          | \$ (910)  | \$ 70                   | \$ 3,019        |
| Net earnings (loss)   | —                | —               | —                | —                 | 358               | —   | (3)                     | 355             |
| Other comprehensive earnings (loss), net of tax   | —                | —               | —                | —                 | —                 | (245)   | —                       | (245)           |
| Common dividends, net of tax benefits   | —                | —               | —                | —                 | (148)             | —   | —                       | (148)           |
| Treasury stock purchases  | —                | —               | (775)            | (54)              | —                 | —   | —                       | (54)            |
| Treasury shares reissued  | —                | —               | 420              | 21                | —                 | —   | —                       | 21              |
| Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged | 2,699            | (14)            | —                | —                 | —                 | —   | —                       | (14)            |
| Other activity  | —                | —               | —                | —                 | 18                | —   | —                       | 19              |
| <b>Balance at September 30, 2020</b>  | <u>679,001</u>   | <u>\$ 1,164</u> | <u>(352,022)</u> | <u>\$ (3,137)</u> | <u>\$ 6,014</u>   | <u>\$ (1,155)</u>                               | <u>\$ 67</u>            | <u>\$ 2,953</u> |

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| (\$ in millions; share amounts in thousands)  | Common Stock     |                 | Treasury Stock   |                   | Retained Earnings | Accumulated Other Comprehensive Earnings (Loss) | Noncontrolling Interest | Total Equity    |
|---|------------------|-----------------|------------------|-------------------|-------------------|---|-------------------------|-----------------|
|   | Number of Shares | Amount          | Number of Shares | Amount            |                   |   |                         |                 |
| <b>Balance at December 31, 2018</b>   | 673,237          | \$ 1,157        | (337,979)        | \$ (2,205)        | \$ 5,341          | \$ (835)  | \$ 104                  | \$ 3,562        |
| Net earnings  | —                | —               | —                | —                 | 406               | —   | —                       | 406             |
| Other comprehensive earnings (loss), net of tax   | —                | —               | —                | —                 | —                 | 153   | —                       | 153             |
| Currency translation recognized in earnings as a result of the sale of the Argentine steel aerosol business | —                | —               | —                | —                 | —                 | 45  | —                       | 45              |
| Reclassification of stranded tax effects  | —                | —               | —                | —                 | 79                | (79)  | —                       | —               |
| Common dividends, net of tax benefits   | —                | —               | —                | —                 | (133)             | —   | —                       | (133)           |
| Treasury stock purchases  | —                | —               | (9,470)          | (612)             | —                 | —   | —                       | (612)           |
| Treasury shares reissued  | —                | —               | 594              | 19                | —                 | —   | —                       | 19              |
| Shares issued and stock compensation for stock options and other stock plans, net of shares exchanged       | 2,814            | 22              | —                | —                 | —                 | —   | —                       | 22              |
| Other activity  | —                | (2)             | —                | 8                 | 1                 | —   | (4)                     | 3               |
| <b>Balance at September 30, 2019</b>  | <u>676,051</u>   | <u>\$ 1,177</u> | <u>(346,855)</u> | <u>\$ (2,790)</u> | <u>\$ 5,694</u>   | <u>\$ (716)</u>                                 | <u>\$ 100</u>           | <u>\$ 3,465</u> |

**Accumulated Other Comprehensive Earnings (Loss)**

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

| (\$ in millions)  | Foreign Currency Translation (Net of Tax) | Pension and Other Postretirement Benefits (Net of Tax) | Derivatives Designated as Hedges (Net of Tax) | Accumulated Other Comprehensive Earnings (Loss) |
|---|---|--|---|---|
| Balance at December 31, 2019  | \$ (340)                                  | \$ (558)   | \$ (12)                                       | \$ (910)  |
| Other comprehensive earnings (loss) before reclassifications                            | (293)                                     | (109)  | 6   | (396)   |
| Amounts reclassified from accumulated other comprehensive earnings (loss) into earnings | —   | 106  | 45  | 151   |
| Balance at September 30, 2020   | <u>\$ (633)</u>                           | <u>\$ (561)</u>  | <u>\$ 39</u>                                  | <u>\$ (1,155)</u>                               |

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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, |                | Nine Months Ended September 30, |                |
|---|----------------------------------|----------------|---------------------------------|----------------|
|   | 2020                             | 2019           | 2020                            | 2019           |
| <b>Gains (losses) on cash flow hedges:</b>                                  |                                  |                |                                 |                |
| Commodity contracts recorded in net sales                                   | \$ (4)                           | \$ 6           | \$ 33                           | \$ 12          |
| Commodity contracts recorded in cost of sales                               | (27)                             | (11)           | (62)                            | (27)           |
| Currency exchange contracts recorded in selling, general and administrative | (30)                             | 6              | (23)                            | 5              |
| Cross-currency swaps recorded in selling, general and administrative        | —                                | 32             | (1)                             | 41             |
| Interest rate contracts recorded in interest expense                        | (2)                              | 2              | (5)                             | 10             |
| <b>Total before tax effect</b>  | <b>(63)</b>                      | <b>35</b>      | <b>(58)</b>                     | <b>41</b>      |
| Tax benefit (expense) on amounts reclassified into earnings                 | 15                               | (7)            | 13                              | (10)           |
| <b>Recognized gain (loss), net of tax</b>                                   | <b>\$ (48)</b>                   | <b>\$ 28</b>   | <b>\$ (45)</b>                  | <b>\$ 31</b>   |
| <b>Amortization of pension and other postretirement benefits: (a)</b>       |                                  |                |                                 |                |
| Prior service income (expense)  | \$ —                             | \$ (1)         | \$ (1)                          | \$ (1)         |
| Actuarial gains (losses)  | (10)                             | (4)            | (30)                            | (14)           |
| Effect of pension settlements   | (5)                              | (8)            | (109)                           | (8)            |
| <b>Total before tax effect</b>  | <b>(15)</b>                      | <b>(13)</b>    | <b>(140)</b>                    | <b>(23)</b>    |
| Tax benefit (expense) on amounts reclassified into earnings                 | 3                                | (4)            | 34                              | (1)            |
| <b>Recognized gain (loss), net of tax</b>                                   | <b>\$ (12)</b>                   | <b>\$ (17)</b> | <b>\$ (106)</b>                 | <b>\$ (24)</b> |

(a) These components include the computation of net periodic benefit cost detailed in Note 17.

In May 2019, in a privately negotiated transaction, Ball entered into an accelerated share repurchase agreement to buy \$250 million of its common shares using cash on hand and available borrowings. The company purchased 3.8 million shares at an average price paid per share of \$65.93.

**19. Earnings and Dividends Per Share**

| (\$ in millions, except per share amounts; shares in thousands)  | Three Months Ended September 30, |         | Nine Months Ended September 30, |         |
|--|----------------------------------|---------|---------------------------------|---------|
|  | 2020                             | 2019    | 2020                            | 2019    |
| Net earnings attributable to Ball Corporation                    | \$ 241                           | \$ 92   | \$ 358                          | \$ 406  |
| Basic weighted average common shares                             | 326,549                          | 331,148 | 325,965                         | 332,726 |
| Effect of dilutive securities                                    | 6,105                            | 9,484   | 6,187                           | 8,976   |
| Weighted average shares applicable to diluted earnings per share | 332,654                          | 340,632 | 332,152                         | 341,702 |
| Per basic share  | \$ 0.74                          | \$ 0.28 | \$ 1.10                         | \$ 1.22 |
| Per diluted share  | \$ 0.72                          | \$ 0.27 | \$ 1.08                         | \$ 1.19 |

Certain outstanding options are excluded from the diluted earnings per share calculation because they are anti-dilutive (i.e., their assumed conversion into common stock would increase rather than decrease earnings per share). The options excluded totaled one million for the three and nine months ended September 30, 2020. There were no anti-dilutive options for the three and nine months ended September 30, 2019.

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The company declared and paid dividends of \$0.15 per share and \$0.45 per share for the three and nine months ended September 30, 2020, respectively, and \$0.15 per share and \$0.40 per share for the three and nine months ended September 30, 2019, respectively.

**20. Financial Instruments and Risk Management**

**Policies and Procedures**

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 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 offset 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 which 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, including option and forward contracts as economic and cash flow hedges of commodity price risk where there are material differences between sales and purchase contracted pricing and volume.

At September 30, 2020, the company had aluminum contracts limiting its aluminum exposure with notional amounts of approximately \$1.4 billion, substantially all of which received hedge accounting treatment. Cash flow hedges relate to forecasted transactions that will occur within the next four years. Included in shareholders' equity at September 30, 2020, within accumulated other comprehensive earnings (loss), is a net after-tax gain of \$3 million associated with these contracts. A net loss of \$2 million is expected to be recognized in earnings during the next 12 months, the majority of which will be offset by pricing changes in sales and purchase contracts, thus resulting in little or no earnings impact to Ball.

**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 its overall borrowing costs. To achieve these objectives, the company may use a variety of interest rate swaps, collars and options to manage its mix of floating and fixed-rate debt. At September 30, 2020, the company had outstanding interest rate swap and option contracts with notional amounts of approximately \$1.3 billion paying fixed rates expiring within the next two years.

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**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. At September 30, 2020, the company had outstanding exchange rate forward and option contracts with notional amounts totaling approximately \$3.4 billion. Approximately \$37 million of net after-tax gain related to these contracts is included in accumulated other comprehensive earnings at September 30, 2020, of which a net gain of \$18 million is expected to be recognized in earnings during the next 12 months. The contracts outstanding at September 30, 2020, expire within the next four years.

Additionally, the company entered into a \$1 billion cross-currency swap contract to partially mitigate the risk associated with foreign currency denominated intercompany debt incurred in 2016. The company fully settled this contract during 2019. Approximately \$1 million of net after-tax loss related to this contract is included in accumulated other comprehensive earnings at September 30, 2020, and is expected to be recognized in earnings during the next 12 months.

**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. The company entered into total return swaps to reduce the company's earnings exposure to these fair value fluctuations that will be outstanding through May 2021 and have a combined notional value of 2.8 million shares. Based on the current number of shares in the program, each \$1 change in the company's stock price has an insignificant impact on pretax earnings, net of the impact of related derivatives.

**Collateral Calls**

The company's agreements with its financial counterparties require the posting of collateral in certain circumstances when the negative mark to 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, if any, are shown within the investing section of the company's unaudited condensed consolidated statements of cash flows. As of September 30, 2020, and December 31, 2019, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was \$54 million and \$35 million, respectively, and no collateral was required to be posted.



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**Fair Value Measurements**

Ball has classified all applicable financial derivative assets and liabilities as Level 2 within the fair value hierarchy as of September 30, 2020, and December 31, 2019, 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.

| (\$ in millions)                      | Balance Sheet Location       | September 30, 2020                            |   |              |
|---------------------------------------|------------------------------|---|---|--------------|
|                                       |                              | Derivatives Designated as Hedging Instruments | Derivatives not Designated as Hedging Instruments | Total        |
| <b>Assets:</b>                        |                              |   |   |              |
| Commodity contracts                   |                              | \$ 29   | \$ —  | \$ 29        |
| Foreign currency contracts            |                              | —   | 11  | 11           |
| Other contracts                       |                              | —   | 6   | 6            |
| Total current derivative contracts    | Other current assets         | <u>\$ 29</u>                                  | <u>\$ 17</u>                                      | <u>\$ 46</u> |
| Commodity contracts                   |                              | \$ 6  | \$ —  | \$ 6         |
| Foreign currency contracts            |                              | 31  | 1   | 32           |
| Total noncurrent derivative contracts | Other noncurrent assets      | <u>\$ 37</u>                                  | <u>\$ 1</u>                                       | <u>\$ 38</u> |
| <b>Liabilities:</b>                   |                              |   |   |              |
| Commodity contracts                   |                              | \$ 29   | \$ 1  | \$ 30        |
| Foreign currency contracts            |                              | 2   | 60  | 62           |
| Other contracts                       |                              | 1   | —   | 1            |
| Total current derivative contracts    | Other current liabilities    | <u>\$ 32</u>                                  | <u>\$ 61</u>                                      | <u>\$ 93</u> |
| Commodity contracts                   |                              | \$ 1  | \$ —  | \$ 1         |
| Foreign currency contracts            |                              | —   | 2   | 2            |
| Total noncurrent derivative contracts | Other noncurrent liabilities | <u>\$ 1</u>                                   | <u>\$ 2</u>                                       | <u>\$ 3</u>  |

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|                                       |                              | December 31, 2019                                      |  |              |
|---------------------------------------|------------------------------|--|--|--------------|
|                                       |                              | Derivatives<br>Designated<br>as Hedging<br>Instruments | Derivatives not<br>Designated as<br>Hedging<br>Instruments | Total        |
| <b>Assets:</b>                        |                              |  |  |              |
| Commodity contracts                   |                              | \$ 7   | \$ 1   | \$ 8         |
| Foreign currency contracts            |                              | 4  | 43   | 47           |
| Other contracts                       |                              | 2  | —  | 2            |
| Total current derivative contracts    | Other current assets         | <u>\$ 13</u>   | <u>\$ 44</u>   | <u>\$ 57</u> |
| Foreign currency contracts            |                              | \$ 15  | \$ —   | \$ 15        |
| Other contracts                       |                              | 1  | —  | 1            |
| Total noncurrent derivative contracts | Other noncurrent assets      | <u>\$ 16</u>   | <u>\$ —</u>  | <u>\$ 16</u> |
| <b>Liabilities:</b>                   |                              |  |  |              |
| Commodity contracts                   |                              | \$ 26  | \$ 1   | \$ 27        |
| Foreign currency contracts            |                              | —  | 18   | 18           |
| Other contracts                       |                              | —  | 19   | 19           |
| Total current derivative contracts    | Other current liabilities    | <u>\$ 26</u>   | <u>\$ 38</u>   | <u>\$ 64</u> |
| Commodity contracts                   |                              | \$ 1   | \$ —   | \$ 1         |
| Total noncurrent derivative contracts | Other noncurrent liabilities | <u>\$ 1</u>  | <u>\$ —</u>  | <u>\$ 1</u>  |

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. The company values each of its financial instruments either internally using a single valuation technique, from a reliable observable market source or from third-party software. 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. The present value discounting factor is based on the comparable time period LIBOR rate or 12-month LIBOR. Ball performs validations of the company's internally derived fair values reported for the company's financial instruments on a quarterly basis utilizing counterparty valuation statements. The company additionally evaluates counterparty creditworthiness and, as of September 30, 2020, has not identified any circumstances requiring the reported values of the company's financial instruments be adjusted.

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The following table provides the effects of derivative instruments in the consolidated statement of earnings and on accumulated other comprehensive earnings (loss):

|   |   | Three Months Ended September 30,  |  |   |  |
|---|---|---|--|---|--|
|   |   | 2020  |  | 2019  |  |
| (\$ in millions)  | Location of Gain (Loss)<br>Recognized in Earnings<br>on Derivatives | Cash Flow<br>Hedge -<br>Reclassified<br>Amount from<br>Accumulated<br>Other<br>Comprehensive<br>Earnings (Loss) | Gain (Loss) on<br>Derivatives not<br>Designated as<br>Hedge<br>Instruments | Cash Flow<br>Hedge -<br>Reclassified<br>Amount from<br>Accumulated<br>Other<br>Comprehensive<br>Earnings (Loss) | Gain (Loss) on<br>Derivatives not<br>Designated as<br>Hedge<br>Instruments |
| Commodity contracts - <i>manage exposure to customer pricing</i>      | Net sales   | \$ (4)  | \$ —   | \$ 6  | \$ —   |
| Commodity contracts - <i>manage exposure to supplier pricing</i>      | Cost of sales   | (27)  | (7)  | (11)  | (1)  |
| Interest rate contracts - <i>manage exposure for outstanding debt</i> | Interest expense  | (2)   | —  | 2   | —  |
| Foreign currency contracts - <i>manage currency exposure</i>          | Selling, general and administrative                                 | (30)  | (51)   | 6   | 90   |
| Cross-currency swaps - <i>manage intercompany currency exposure</i>   | Selling, general and administrative                                 | —   | —  | 32  | —  |
| Equity contracts  | Selling, general and administrative                                 | —   | 37   | —   | 7  |
| <b>Total</b>  |   | <b>\$ (63)</b>  | <b>\$ (21)</b>   | <b>\$ 35</b>  | <b>\$ 96</b>   |

|   |   | Nine Months Ended September 30,   |  |   |  |
|---|---|---|--|---|--|
|   |   | 2020  |  | 2019  |  |
| (\$ in millions)  | Location of Gain (Loss)<br>Recognized in Earnings<br>on Derivatives | Cash Flow<br>Hedge -<br>Reclassified<br>Amount from<br>Accumulated<br>Other<br>Comprehensive<br>Earnings (Loss) | Gain (Loss) on<br>Derivatives not<br>Designated as<br>Hedge<br>Instruments | Cash Flow<br>Hedge -<br>Reclassified<br>Amount from<br>Accumulated<br>Other<br>Comprehensive<br>Earnings (Loss) | Gain (Loss) on<br>Derivatives not<br>Designated as<br>Hedge<br>Instruments |
| Commodity contracts - <i>manage exposure to customer pricing</i>      | Net sales   | \$ 33   | \$ 1   | \$ 12   | \$ —   |
| Commodity contracts - <i>manage exposure to supplier pricing</i>      | Cost of sales   | (62)  | 2  | (27)  | 2  |
| Interest rate contracts - <i>manage exposure for outstanding debt</i> | Interest expense  | (5)   | —  | 10  | —  |
| Foreign currency contracts - <i>manage currency exposure</i>          | Selling, general and administrative                                 | (23)  | (11)   | 5   | 133  |
| Cross-currency swaps - <i>manage intercompany currency exposure</i>   | Selling, general and administrative                                 | (1)   | —  | 41  | —  |
| Equity contracts  | Selling, general and administrative                                 | —   | 47   | —   | 70   |
| <b>Total</b>  |   | <b>\$ (58)</b>  | <b>\$ 39</b>   | <b>\$ 41</b>  | <b>\$ 205</b>  |

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

| (\$ in millions)  | Three Months Ended September 30, |              | Nine Months Ended September 30, |              |
|---|----------------------------------|--------------|---------------------------------|--------------|
|   | 2020                             | 2019         | 2020                            | 2019         |
| Amounts reclassified into earnings:                       |                                  |              |                                 |              |
| Commodity contracts                                       | \$ 31                            | \$ 5         | \$ 29                           | \$ 15        |
| Cross-currency swap contracts                             | —                                | (32)         | 1                               | (41)         |
| Interest rate contracts                                   | 2                                | (2)          | 5                               | (10)         |
| Currency exchange contracts                               | 30                               | (6)          | 23                              | (5)          |
| Change in fair value of cash flow hedges:                 |                                  |              |                                 |              |
| Commodity contracts                                       | 21                               | (5)          | (8)                             | (10)         |
| Interest rate contracts                                   | 1                                | (1)          | (3)                             | (1)          |
| Cross-currency swap contracts                             | (1)                              | 41           | —                               | 81           |
| Currency exchange contracts                               | (39)                             | 14           | 16                              | 18           |
| Foreign currency and tax impacts                          | (9)                              | (2)          | (12)                            | (10)         |
| Stranded tax effects reclassified into retained earnings: |                                  |              |                                 |              |
| Commodity contracts                                       | —                                | —            | —                               | 2            |
| Cross-currency swap contracts                             | —                                | —            | —                               | (5)          |
|   | <u>\$ 36</u>                     | <u>\$ 12</u> | <u>\$ 51</u>                    | <u>\$ 34</u> |

**21. 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. In addition, the company has received claims alleging that employees in certain plants have suffered damages due to exposure to alleged workplace hazards. 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 estimates that potential liabilities for all currently known and estimable environmental matters are approximately \$28 million in the aggregate, and such amounts have been included in other current liabilities and other noncurrent liabilities at September 30, 2020.

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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. A site was selected to begin data review on over 30 industrial companies and government entities and at least two PRP groups have been discussing various allocation proposals. The USEPA issued the site Record of Decision (ROD) in December 2014. Ball submitted its initial responses to the allocator's questionnaire in March 2015, and after reviewing submissions from the PRPs alleging deficiencies in certain of Ball's responses, the allocator denied certain of the allegations and directed the company to answer others, to which Ball responded during the fourth quarter of 2016. A group of de minimis PRPs, including Ball, retained a technical consultant to assist with their positions vis-à-vis larger PRPs, and further presentations were made to the site allocator during the fourth quarter of 2017 and the first quarter of 2018. Total site remediation costs of \$342 million, to cover remediation of approximately 200 acres of river bottom, are expected according to the proposed remediation action plan, which does not include \$100 million that has already been spent, and which will be allocated among the numerous PRPs in due course. Based on the information available at this time, the company does not believe that this matter will have a material adverse effect upon its liquidity, results of operations or financial condition.

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 (the Court) seeking a declaratory judgment that the manufacture, 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 District Court issued a claim construction order at the end of December 2015 and held a scheduling conference on February 10, 2016, to determine the timeline for future steps in the litigation. The case was stayed by mutual agreement of the parties into the third quarter of 2016, during which Crown made preparations for its discovery with respect to certain ends previously produced by Rexam's U.S. subsidiary, Rexam Beverage Can Company (RBCC). Such discovery began during the first half of 2017 and concluded in the fourth quarter of 2018. The parties attempted to mediate the case on August 1, 2017, but no progress was made, and the case continued as scheduled. In December, 2018, BMBCC and RBCC filed a motion for summary judgment that the Crown patents at issue are invalid and that the applicable ends supplied by BMBCC and RBCC did not infringe the patents. Crown did not file a motion for summary judgment. Oral argument on the motion filed by BMBCC and RBCC was completed in January 2019. On June 21, 2019, the District Court issued an order sustaining the BMBCC/RBCC motion as to invalidity, declining to rule on the other grounds as moot, and indicating that an expanded opinion and an appealable order would be forthcoming. The expanded opinion was docketed on July 22, 2019. The final, appealable order was issued by the Court on September 25, 2019, and the expanded opinion was unsealed. On October 22, 2019, Crown filed a Notice of Appeal of the decision of the Court to the Court of Appeals for the Federal Circuit. Crown filed its appeal brief on February 4, 2020, BMBCC's reply brief was filed on May 5, 2020, and Crown's reply brief was filed on June 30, 2020. The appellate court is scheduled to hear oral arguments by the parties in December 2020. Based on the information available at the present time, the company does not believe that this matter will have a material adverse effect upon its liquidity, results of operations or financial condition.

A former Rexam Personal Care site in Annecy, France, was found in 2003 to be contaminated following a leak of chlorinated solvents (TCE) from an underground feedline. The site underwent extensive investigation and an active remediation treatment system was put in place in 2006. The business operating from the site was sold to Albea in 2013 and in turn to a French company CATIDOM (operating as Reboul). Reboul vacated the site in September 2014, and the site reverted back to Rexam during the first quarter of 2015. As part of the site closure regulatory requirements, a new regulatory permit (Prefectoral Order) was issued in June 2016, which includes requirements to undertake a cost-benefit analysis and pilot studies of further treatment for the known residual solvent contamination following the shutdown of the current on-site treatment system. A new management plan was proposed to the French Environmental Authorities (DREAL) during 2018 and is the subject of ongoing discussions ahead of a final plan for the site being addressed. Based on the information available at this time, the company does not believe that this matter will have a material adverse effect upon its liquidity, results of operations or financial condition.

**Ball Corporation**  
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The company's operations in Brazil are involved in various governmental assessments, principally related to claims for taxes on the internal transfer of inventory, gross sales taxes and indirect tax incentives. The company does not believe that the ultimate resolution of these matters will materially impact the company's results of operations, financial position or cash flows. Under customary local regulations, the company's Brazilian subsidiaries 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 those subsidiaries or Ball Corporation.

During the first quarter of 2017, the Brazilian Supreme Court (the Court) ruled against the Brazilian tax authorities in a leading case related to the computation of certain indirect taxes. The Court ruled that the indirect tax base should not include a value-added tax known as "ICMS." By removing the ICMS from the tax base, the Court effectively eliminated a "tax on tax." The Court decision, in principle, affects all applicable judicial proceedings in progress. However, after publication of the decision in October 2017, the Brazilian tax authorities filed an appeal seeking clarification of certain matters, including the amount of ICMS to which taxpayers would be entitled in order to reduce their indirect tax base (i.e., the gross rate or net rate). The appeal also requested a modulation of the decision's effects, which may limit its impact on taxpayers.

The company's Brazilian subsidiaries paid to the Brazilian tax authorities the gross amounts of certain indirect taxes (which included ICMS in their tax base) and filed lawsuits in 2014 and 2015 to challenge the legality of these tax on tax amounts. Pursuant to these lawsuits, the company requested reimbursement of prior excess tax payments and entitlement to retain amounts not remitted. During the third quarter of 2018, the company learned of a further decision of the Court indicating that lawsuits filed prior to the trial resulting in its 2017 decision, such as those filed by the company, would likely be upheld. The company also noted that other Brazilian companies, including customers of its Brazilian subsidiaries, which had timely filed equivalent lawsuits, were recording income based on the applicable ICMS amounts retained. During the third quarter of 2020 and second quarter of 2019, the company received additional favorable court rulings and completed its analysis of certain prior year overpayments related to ICMS. As these gain contingency amounts were determined to be estimable and realizable, the company recorded \$4 million and \$56 million of prior year collections in business consolidation and other activities within the company's respective third quarter 2020 and second quarter 2019 condensed consolidated statements of earnings. The company is currently seeking reimbursement for additional ICMS-related amounts previously paid to the Brazilian government; however, such amounts cannot be estimated at this time. In the event other comparable cases are resolved and the amounts claimed become estimable and realizable, the company will record gains, which may result in material reimbursements to the company in future periods.

**22. Indemnifications and Guarantees**

*General Guarantees*

The company or its appropriate consolidated direct or indirect subsidiaries, including Rexam and its 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, renewable energy purchase 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.

**Ball Corporation**  
**Notes to the Unaudited Condensed Consolidated Financial Statements**

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.

Other than the indemnifications provided in connection with the 2016 Rexam acquisition, the company has not recorded any material liabilities 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 certain claims arising from these indemnifications, commitments and guarantees.

*Debt Guarantees*

The company's and its subsidiaries' obligations under the senior notes and senior credit facilities (or, in the case of U.S. domiciled foreign subsidiaries under the senior credit facilities, the obligations of foreign credit parties only) are guaranteed on a full, unconditional and joint and several basis by certain of the company's domestic subsidiaries and the domestic subsidiary borrowers, and obligations of other guarantors and the subsidiary borrowers under the senior credit facilities are guaranteed by the company, in each case with certain exceptions. These guarantees are required in support of the senior notes and senior credit facilities referred to above, are coterminous with the terms of the respective note indentures, senior notes and credit agreement and could be enforced by the holders of the obligations thereunder during the continuation of an event of default under the note indentures, the senior notes and/or the credit agreement. The maximum potential amounts which could be required to be paid under such guarantees are essentially equal to the then outstanding obligations under the respective senior notes or the credit agreement (or, in the case of U.S. domiciled foreign subsidiaries under the senior credit facilities, the obligations of foreign credit parties only), with certain exceptions. All obligations under the guarantees of the senior credit facilities are secured, with certain exceptions, by a valid first priority perfected lien or pledge on (i) 100 percent of the capital stock of each of the company's material wholly owned domestic subsidiaries directly owned by the company or any of its wholly owned domestic subsidiaries and (ii) 65 percent of the capital stock of each of the company's material wholly owned first-tier foreign subsidiaries directly owned by the company or any of its wholly owned domestic subsidiaries. In addition, the obligations of certain foreign borrowers and foreign pledgors under the loan documents will be secured, with certain exceptions, by a valid first priority perfected lien or pledge on 100 percent of the capital stock of certain of the company's material wholly owned foreign subsidiaries and material wholly owned U.S. domiciled foreign subsidiaries directly owned by the company or any of its wholly owned material subsidiaries. The company is not in default under the above senior notes or senior credit facilities. The required combined summarized financial information of the issuer of the company's senior notes and the subsidiaries that guarantee the notes (the obligor group) is presented within Item 2 of this report.

## **Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*Management’s discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes included in Item 1 of this Quarterly Report on Form 10-Q, which include additional information about our accounting policies, practices and the transactions underlying our financial results. The preparation of our unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires us to make estimates and assumptions that affect the reported amounts in our unaudited condensed consolidated financial statements and the accompanying notes including various claims and contingencies related to lawsuits, taxes, environmental and other matters arising during the normal course of business. We apply our best judgment, our knowledge of existing facts and circumstances and actions that we may undertake in the future in determining the estimates that affect our consolidated financial statements. We evaluate our estimates on an ongoing basis using our historical experience, as well as other factors we believe appropriate under the circumstances, such as current economic conditions, and adjust or revise our estimates as circumstances change. As future events and their effects cannot be determined with precision, actual results may differ from these estimates. Ball Corporation and its subsidiaries are referred to collectively as “Ball Corporation,” “Ball,” “the company,” “we” or “our” in the following discussion and analysis.*

### **OVERVIEW**

#### *Business Overview and Industry Trends*

Ball Corporation is one of the world’s leading aluminum packaging suppliers. Our packaging products are produced for a variety of end uses, are manufactured in facilities around the world and are competitive with other substrates, such as plastics and glass. In the aluminum packaging industry, sales and earnings can be increased by reducing costs, increasing prices, developing new products, expanding volumes and making strategic acquisitions. We also provide aerospace and other technologies and services to governmental and commercial customers, including national defense hardware, antenna and video tactical solutions, civil and operational space hardware and system engineering services.

We sell our aluminum packaging products mainly to large, multinational beverage, personal care and household products companies with which we have developed long-term relationships. This is evidenced by our high customer retention and our large number of long-term supply contracts. While we have a diversified customer base, we sell a significant portion of our packaging products to major companies and brands, as well as to numerous regional customers. The overall global aluminum beverage and aerosol container industries are growing and are expected to continue to grow in the medium to long term. The primary customers for the products and services provided by our aerospace segment are U.S. government agencies or their prime contractors.

We purchase our raw materials from relatively few suppliers. We also have exposure to inflation, in particular the rising costs of raw materials, as well as other direct cost inputs. We mitigate our exposure to the changes in the costs of aluminum through the inclusion of provisions in contracts covering the majority of our volumes to pass through aluminum price changes, as well as through the use of derivative instruments. The pass-through provisions generally result in proportional increases or decreases in sales and costs with a greatly reduced impact, if any, on net earnings. Because of our customer and supplier concentration, our business, financial condition and results of operations could be adversely affected by the loss, insolvency or bankruptcy of a major customer or supplier or a change in a supply agreement with a major customer or supplier, although our contract provisions generally mitigate the risk of customer loss, and our long-term relationships represent a known, stable customer base.

The majority of the aerospace business involves work under contracts, generally from one to five years in duration, as a prime contractor or subcontractor for various U.S. government agencies. Intense competition and long operating cycles are key characteristics of the company’s aerospace and defense industry where it is common for work on major programs to be shared among a number of companies. A company competing to be a prime contractor may, upon ultimate award of the contract to a competitor, become a subcontractor for the ultimate prime contracting company.



*Corporate Strategy*

Our Drive for 10 vision encompasses five strategic levers that are key to growing our business and achieving long-term success. Since launching Drive for 10 in 2011, we have made progress on each of the levers as follows:

- Maximizing value in our existing businesses by improving efficiencies in our beverage container and end facilities in North America, South America and Europe, and expanding specialty container production across our global plant network to meet current demand; leveraging plant floor systems in our beverage facilities to reduce costs and manage contractual provisions across our diverse customer base; successfully acquiring and integrating a large global aluminum beverage business while also divesting underperforming steel food and steel aerosol packaging assets in North and South America and four beverage packaging facilities in China; and in the remaining aluminum aerosol business, installing new extruded aluminum aerosol lines in our European, Mexican and Indian facilities while also implementing cost-out and value-in initiatives across all of our businesses;
- Expanding further into new products and capabilities through commercializing our new lightweight, infinitely recyclable aluminum cup and providing next-generation extruded aluminum aerosol packaging that utilizes proprietary technology to significantly lightweight the can; and successfully introducing new specialty beverage cans and aluminum bottle-shaping technology;
- Aligning ourselves with the right customers and markets by investing capital to meet continued growth for specialty beverage containers throughout our global network, which represent approximately 43 percent of our global beverage packaging mix; aligning with spiked seltzer and craft brewers, sparkling and still water fillers, wine producers and other new beverage producers who continue to use aluminum beverage containers to grow their business;
- Broadening our geographic reach with our acquisition of Rexam and our new investments in beverage manufacturing facilities in the United States, Paraguay, Spain, Mexico, Myanmar and Panama, as well as an extruded aluminum aerosol manufacturing facility in India and construction of a dedicated aluminum cup manufacturing facility in the U.S.; and
- Leveraging our technological expertise in packaging innovation, including the introduction of our new proprietary, brandable lightweight aluminum cup and providing next-generation aluminum bottle-shaping technologies and the increased production of lightweight ReAl® containers, which utilize technology that increases the strength of aluminum used in the manufacturing process while lightweighting the can by up to 20 percent over a standard aluminum aerosol can, as well as our investment in cyber, data analytics methane monitoring, 5G and LIDAR capabilities to further enhance our aerospace technical expertise across a broader customer portfolio.

These ongoing business developments help us stay close to our customers while expanding and/or sustaining our industry positions and global reach with major beverage, personal care, household products and aerospace customers. In order to successfully execute our strategy and reach our goals, we realize the importance of excelling in the following areas: customer focus, operational excellence, innovation and business development, people and culture focus and sustainability.

**RESULTS OF CONSOLIDATED OPERATIONS**

Management's discussion and analysis for our results of operations on a consolidated and segment basis include a quantification of factors that had a material impact. Other factors that did not have a material impact, but that are significant to understand the results, are qualitatively described.

**Novel Coronavirus (COVID-19)**

The novel coronavirus (COVID-19) had a material effect upon the global business environment during the three and nine months ended September 30, 2020. Ball provides key products and services to the consumer beverage and household markets and the U.S. aerospace markets and, consequently, the operations of Ball and of its principal customers and suppliers have been designated as essential across our key markets. This designation has allowed and continues to allow Ball to operate its manufacturing facilities throughout the first nine months of 2020 and thereafter. However, countries around the globe have issued stay-at-home orders and mandated operational closures of non-essential businesses, which has impacted certain of our customers by constraining some supply of products to certain consumers. The risks that COVID-19 continues to present to Ball's business have been outlined in Item 1a. Risk Factors and Note 1 of these unaudited condensed consolidated financial statements.

**Consolidated Sales and Earnings**

| (\$ in millions)  | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2020                             | 2019     | 2020                            | 2019     |
| Net sales   | \$ 3,093                         | \$ 2,953 | \$ 8,679                        | \$ 8,755 |
| Net earnings attributable to Ball Corporation                     | 241                              | 92       | 358                             | 406      |
| Net earnings attributable to Ball Corporation as a % of net sales | 8 %                              | 3 %      | 4 %                             | 5 %      |

Sales in the three months ended September 30, 2020, increased compared to the same period in 2019 primarily due to increased sales volumes in our beverage packaging segments and increased sales in our aerospace segment, partially offset by the pass through of lower aluminum prices, the sale of the China beverage packaging can business in the third quarter of 2019 and the sale of the Argentine steel aerosol business in the fourth quarter of 2019. Sales in the nine months ended September 30, 2020, decreased compared to the same period in 2019 primarily due to the pass through of lower aluminum prices, the sale of the China beverage packaging can business in the third quarter of 2019 and the sale of the Argentine steel aerosol business in the fourth quarter of 2019, partially offset by increased sales in our aerospace segment and higher beverage packaging sales volumes.

Net earnings for the three months ended September 30, 2020, increased compared to the same period in 2019 primarily due to increased sales volumes, lower business consolidation costs, lower interest expense and a lower effective tax rate. Net earnings for the nine months ended September 30, 2020, decreased compared to the same periods in 2019 primarily due to higher business consolidation and debt refinancing costs and a higher effective tax rate, partially offset by lower interest expense and higher comparable operating earnings for reportable segments.

**Cost of Sales (Excluding Depreciation and Amortization)**

Cost of sales, excluding depreciation and amortization, was \$2,430 million and \$6,875 million for the three and nine months ended September 30, 2020, respectively, compared to \$2,363 million and \$7,044 million for the three and nine months ended September 30, 2019, respectively. These amounts represented 79 percent of consolidated net sales for both the three and nine months ended September 30, 2020, and 80 percent of consolidated net sales for both the three and nine months ended September 30, 2019.

**Depreciation and Amortization**

Depreciation and amortization expense was \$160 million and \$499 million for the three and nine months ended September 30, 2020, respectively, compared to \$169 million and \$510 million for the three and nine months ended September 30, 2019, respectively. These amounts represented 5 percent and 6 percent of consolidated net sales for the three and nine months ended September 30, 2020, respectively, and 6 percent of consolidated net sales for the three and nine months ended September 30, 2019.

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*Selling, General and Administrative*

Selling, general and administrative (SG&A) expenses were \$121 million and \$363 million for the three and nine months ended September 30, 2020, respectively, compared to \$90 million and \$328 million for the three and nine months ended September 30, 2019, respectively. These amounts represented 4 percent of consolidated net sales for the three and nine months ended September 30, 2020, and 3 percent and 4 percent of consolidated net sales for the three and nine months ended September 30, 2019, respectively.

*Business Consolidation Costs and Other Activities*

Business consolidation and other activities were \$8 million and \$235 million for the three and nine months ended September 30, 2020, respectively, compared to \$133 million and \$147 million for the three and nine months ended September 30, 2019, respectively. These amounts represented less than one percent and 3 percent of consolidated net sales for the three and nine months ended September 30, 2020, respectively, and 5 percent and 2 percent of consolidated net sales for the three and nine months ended September 30, 2019, respectively. The increase for the nine months ended September 30, 2020, was primarily due to a non-cash pension settlement charge, a non-cash impairment charge related to the goodwill of the beverage packaging, other, reporting unit, an adjustment to the selling price of the company's former steel food and steel aerosol business and a full write off of the potential future consideration related to the 2019 sale of the company's former China beverage packaging business.

*Interest Expense*

Total interest expense was \$69 million and \$247 million for the three and nine months ended September 30, 2020, respectively, compared to \$79 million and \$241 million for the three and nine months ended September 30, 2019, respectively. Interest expense included \$41 million of debt extinguishment costs in the nine months ended September 30, 2020, and \$4 million of refinance costs in the nine months ended September 30, 2019. Interest expense as a percentage of average monthly borrowings was 4 percent for the three and nine months ended September 30, 2020 and 2019.

*Income Taxes*

The effective tax rate for the three and nine months ended September 30, 2020, was 23.9 percent and 20 percent, respectively, compared to 26.9 percent and 15.1 percent for the same periods in 2019. The decrease of 3 percentage points for the three months ended September 30, 2020 was primarily due to expenses in 2019 from business dispositions and pension settlements that did not recur, partially offset by a revaluation of deferred tax liabilities in the U.K. due to a tax rate change and further offset by the revaluation of deferred tax assets in Brazil as a result of fluctuations in foreign currency exchange rates. Similar impacts may occur in future periods, but given their inherent uncertainty, the company is unable to reasonably estimate their potential future impacts.

On March 27, 2020, the CARES Act was signed into law, which, among other things, includes provisions relating to net operating loss carryback periods, alternative minimum tax credit refunds and modifications to the net interest deduction limitations. The company has continued to assess the impact of this new legislation and, at present, does not expect it to have a material impact on our 2020 effective tax rate.

**RESULTS OF BUSINESS SEGMENTS**

*Segment Results*

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. Effective January 1, 2020, the company implemented changes to its management and internal reporting structure for cost reduction and operational efficiency purposes. As a result of these changes, the company's plants in Cairo, Egypt, and Manisa, Turkey, have been combined with the former beverage packaging, Europe, segment to create the beverage packaging, EMEA, operating segment. In addition, the company's operations in India and Saudi Arabia are now combined with the former non-reportable beverage packaging, Asia Pacific, operating segment to create a new non-reportable operating segment (beverage packaging, other). Our segment results and disclosures for the three and nine months ended September 30, 2019, have been retrospectively adjusted to conform to the current year presentation.

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*Beverage Packaging, North and Central America*

| (\$ in millions)  | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2020                             | 2019     | 2020                            | 2019     |
| Net sales   | \$ 1,327                         | \$ 1,230 | \$ 3,775                        | \$ 3,647 |
| Comparable operating earnings                             | \$ 209                           | \$ 157   | \$ 544                          | \$ 416   |
| Business consolidation and other activities (a)           | —                                | (2)      | (4)                             | (8)      |
| Amortization of acquired Rexam intangibles                | (7)                              | (7)      | (20)                            | (22)     |
| Total segment earnings                                    | \$ 202                           | \$ 148   | \$ 520                          | \$ 386   |
| Comparable operating earnings as a % of segment net sales | 16 %                             | 13 %     | 14 %                            | 11 %     |

(a) Further details of these items are included in Note 6 to the unaudited condensed consolidated financial statements within Item 1 of this report.

Segment sales for the three and nine months ended September 30, 2020, were \$97 million higher and \$128 million higher, respectively, compared to the same periods in 2019. The increase for the three and nine months ended September 30, 2020, was primarily due to higher volumes and improved customer contractual terms, partially offset by lower aluminum prices.

Comparable operating earnings for the three and nine months ended September 30, 2020, were \$52 million and \$128 million higher, respectively, compared to the same periods in 2019. The increase for the three months ended September 30, 2020, was primarily due to higher sales volumes, benefits from improved customer contractual terms and improved operating performance. The increase for the nine months ended September 30, 2020, was primarily due to higher sales volumes, benefits from improved customer contractual terms and improved operating performance, partially offset by increased capacity expansion costs in the company's existing Rome, Georgia, and Fort Worth, Texas, facilities along with unfavorable currency exchange rates in the first quarter of 2020 related to the Mexican peso.

*Beverage Packaging, EMEA*

| (\$ in millions)  | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|---|----------------------------------|--------|---------------------------------|----------|
|   | 2020                             | 2019   | 2020                            | 2019     |
| Net sales   | \$ 809                           | \$ 763 | \$ 2,177                        | \$ 2,215 |
| Comparable operating earnings                             | \$ 117                           | \$ 105 | \$ 248                          | \$ 277   |
| Business consolidation and other activities (a)           | (2)                              | (9)    | (8)                             | (24)     |
| Amortization of acquired Rexam intangibles                | (16)                             | (16)   | (47)                            | (51)     |
| Total segment earnings                                    | \$ 99                            | \$ 80  | \$ 193                          | \$ 202   |
| Comparable operating earnings as a % of segment net sales | 14 %                             | 14 %   | 11 %                            | 13 %     |

(a) Further details of these items are included in Note 6 to the unaudited condensed consolidated financial statements within Item 1 of this report.

Segment sales for the three and nine months ended September 30, 2020, were \$46 million higher and \$38 million lower, respectively, compared to the same periods in 2019. The increase in sales for the three months ended September 30, 2020, was primarily related to increased sales volumes and favorable currency exchange rates, partially offset by the pass through of lower aluminum prices. The decrease in sales for the nine months ended September 30, 2020, was primarily related to lower sales volumes and the pass through of lower aluminum prices.

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Comparable operating earnings for the three and nine months ended September 30, 2020, were \$12 million higher and \$29 million lower, respectively, compared to the same periods in 2019. The increase for the three months ended September 30, 2020, was primarily due to higher sales volumes and favorable currency exchange rates. The decrease for the nine months ended September 30, 2020, was primarily due to lower sales volumes, higher warehousing costs and intermittent production line downtime.

*Beverage Packaging, South America*

| (\$ in millions)  | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|---|----------------------------------|--------|---------------------------------|----------|
|   | 2020                             | 2019   | 2020                            | 2019     |
| Net sales   | \$ 432                           | \$ 392 | \$ 1,166                        | \$ 1,210 |
| Comparable operating earnings                             | \$ 64                            | \$ 60  | \$ 173                          | \$ 193   |
| Business consolidation and other activities (a)           | 3                                | (14)   | (1)                             | 22       |
| Amortization of acquired Rexam intangibles                | (14)                             | (14)   | (42)                            | (42)     |
| Total segment earnings                                    | \$ 53                            | \$ 32  | \$ 130                          | \$ 173   |
| Comparable operating earnings as a % of segment net sales | 15 %                             | 15 %   | 15 %                            | 16 %     |

(a) Further details of these items are included in Note 6 to the unaudited condensed consolidated financial statements within Item 1 of this report.

Segment sales for the three and nine months ended September 30, 2020, were \$40 million higher and \$44 million lower, respectively, compared to the same periods in 2019. The increase for the three months ended September 30, 2020, was primarily related to increased sales volumes, partially offset by regional pricing and the pass through of lower aluminum prices. The decrease for the nine months ended September 30, 2020, was primarily due to regional pricing, the pass through of lower aluminum prices and unfavorable currency exchange rates, partially offset by increased volumes.

Comparable operating earnings for the three and nine months ended September 30, 2020, were \$4 million higher and \$20 million lower, respectively, compared to the same periods in 2019. The increase for the three months ended September 30, 2020, was primarily due to increased sales volumes. The decrease for the nine months ended September 30, 2020, was primarily due to adverse cost absorption due to intermittent production line downtime in the second quarter of 2020, startup costs and regional pricing, partially offset by increased sales volumes.

*Aerospace*

| (\$ in millions)  | Three Months Ended September 30, |        | Nine Months Ended September 30, |          |
|---|----------------------------------|--------|---------------------------------|----------|
|   | 2020                             | 2019   | 2020                            | 2019     |
| Net sales   | \$ 451                           | \$ 374 | \$ 1,321                        | \$ 1,081 |
| Comparable operating earnings                             | 44                               | 35     | 114                             | 103      |
| Comparable operating earnings as a % of segment net sales | 10 %                             | 9 %    | 9 %                             | 10 %     |

Segment sales for the three and nine months ended September 30, 2020, were \$77 million and \$240 million higher, respectively, compared to the same periods in 2019, and comparable operating earnings for the three and nine months ended September 30, 2020, were \$9 million and \$11 million higher, respectively, compared to the same periods in 2019. The higher sales and comparable operating earnings for the three and nine months ended September 30, 2020, were primarily the result of an increase in sales from significant U.S. national defense contracts.

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The aerospace sales contract mix for the nine months ended September 30, 2020, consisted of 50 percent cost-type contracts, which are billed at our costs plus an agreed upon and/or earned profit component, and 47 percent fixed-price contracts. The remaining sales were for time and materials contracts. Contracted backlog was \$2.4 billion and \$2.5 billion at September 30, 2020, and December 31, 2019, respectively. The backlog at September 30, 2020, consisted of 46 percent cost-type contracts. Comparisons of backlog are not necessarily indicative of the trend of future operations due to the nature of varying delivery and milestone schedules on contracts, timing variances in program funding and the uncertain timing of future contract awards.

*Management Performance Measures*

Management internally uses various financial measures to evaluate company performance such as comparable operating earnings (earnings before interest, taxes and business consolidation and other non-comparable costs); comparable net earnings (earnings before business consolidation costs and other non-comparable costs after tax); comparable diluted earnings per share (comparable net earnings divided by diluted weighted average shares outstanding); return on average invested capital (net operating earnings after tax over the relevant performance period divided by average invested capital over the same period); economic value added (EVA®) dollars (net operating earnings after tax less a capital charge on average invested capital employed); earnings before interest and taxes (EBIT); earnings before interest, taxes, depreciation and amortization (EBITDA); and diluted earnings per share. Management also uses free cash flow (generally defined by the company as cash flow from operating activities less capital expenditures) as a measure to evaluate the company's liquidity. We believe this information is also useful to investors as it provides insight into the earnings and cash flow criteria management uses to make strategic decisions. These financial measures may be adjusted at times for items that affect comparability between periods, including business consolidation costs and gains or losses on acquisitions and dispositions.

Nonfinancial measures used in the packaging businesses include production efficiency and spoilage rates; quality control figures; environmental, health and safety statistics; production and sales volumes; asset utilization rates and measures of sustainability. Additional measures used to evaluate financial performance in the aerospace segment include contract revenue realization, award and incentive fees realized, proposal win rates and backlog (including awarded, contracted and funded backlog).

The following financial measurements are presented on a non-U.S. GAAP basis and should be considered in connection with the unaudited condensed consolidated financial statements included within Item 1 of this report. Non-U.S. GAAP measures should not be considered in isolation and should not be considered superior to, or a substitute for, financial measures calculated in accordance with U.S. GAAP. A presentation of earnings in accordance with U.S. GAAP is available in Item 1 of this report.

Based on the above definitions, our calculation of comparable operating earnings is summarized below:

| (\$ in millions)                                       | Three Months Ended September 30, |        | Nine Months Ended September 30, |        |
|--|----------------------------------|--------|---------------------------------|--------|
|  | 2020                             | 2019   | 2020                            | 2019   |
| Net earnings attributable to Ball Corporation          | \$ 241                           | \$ 92  | \$ 358                          | \$ 406 |
| Add: Net loss attributable to noncontrolling interests | (1)                              | —      | (3)                             | —      |
| Net earnings   | 240                              | 92     | 355                             | 406    |
| Less: Equity in results of affiliates, net of tax      | (8)                              | (5)    | 13                              | 6      |
| Add: Tax provision (benefit)                           | 73                               | 32     | 92                              | 73     |
| Earnings before taxes, as reported                     | 305                              | 119    | 460                             | 485    |
| Add: Total interest expense                            | 69                               | 79     | 247                             | 241    |
| Earnings before interest and taxes                     | 374                              | 198    | 707                             | 726    |
| Add: Business consolidation and other activities       | 8                                | 133    | 235                             | 147    |
| Add: Amortization of acquired Rexam intangibles        | 37                               | 38     | 111                             | 118    |
| Comparable operating earnings                          | \$ 419                           | \$ 369 | \$ 1,053                        | \$ 991 |

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Our calculation of comparable net earnings is summarized below:

| (\$ in millions, except per share amounts)                   | Three Months Ended September 30, |               | Nine Months Ended September 30, |               |
|--|----------------------------------|---------------|---------------------------------|---------------|
|  | 2020                             | 2019          | 2020                            | 2019          |
| Net earnings attributable to Ball Corporation                | \$ 241                           | \$ 92         | \$ 358                          | \$ 406        |
| Add: Business consolidation and other activities             | 8                                | 133           | 235                             | 147           |
| Add: Amortization of acquired Rexam intangibles              | 37                               | 38            | 111                             | 118           |
| Add: Share of equity method affiliate non-comparable costs   | 1                                | —             | 31                              | 16            |
| Add: Debt refinancing and other costs                        | 1                                | —             | 41                              | 4             |
| Less: Non-controlling interest share of non-comparable costs | —                                | —             | 1                               | —             |
| Less: Noncomparable taxes                                    | 9                                | (26)          | (62)                            | (68)          |
| Comparable net earnings                                      | <u>\$ 297</u>                    | <u>\$ 237</u> | <u>\$ 715</u>                   | <u>\$ 623</u> |
| Diluted earnings per share, as reported                      | \$ 0.72                          | \$ 0.27       | \$ 1.08                         | \$ 1.19       |
| Comparable diluted earnings per share                        | \$ 0.89                          | \$ 0.70       | \$ 2.15                         | \$ 1.82       |

## NEW ACCOUNTING PRONOUNCEMENTS

For information regarding recent accounting pronouncements, see Note 2 to the unaudited condensed consolidated financial statements included within Item 1 of this report on Form 10-Q.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### *Cash Flows and Capital Expenditures*

The following summarizes our cash flows:

| (\$ in millions)                                      | Nine Months Ended September 30, |        |
|---|---------------------------------|--------|
|   | 2020                            | 2019   |
| Cash flows provided by (used in) operating activities | \$ 345                          | \$ 656 |
| Cash flows provided by (used in) investing activities | (751)                           | (449)  |
| Cash flows provided by (used in) financing activities | (521)                           | (418)  |

Our primary sources of liquidity are cash provided by operating activities and external borrowings. We believe that cash flows from operations and cash provided by short-term, long-term and committed revolver borrowings, when necessary, will be sufficient to meet our ongoing operating requirements, scheduled principal and interest payments on debt, dividend payments, anticipated share repurchases and anticipated capital expenditures. We have no debt maturities until 2022, our senior credit facilities are in place until 2024 and we are focused in the near term on maintaining liquidity and flexibility in the current economic environment.

Cash flows provided by operations were \$311 million lower in 2020 compared to 2019, primarily due to higher working capital outflows of \$728 million in 2020 compared to \$423 million in 2019. The higher working capital outflows in 2020 were primarily due to seasonal working capital build which was more sizeable than typical due largely to the timing of metal payments in the first quarter. In comparison to the same period of 2019, our working capital movements reflect an increase in days sales outstanding from 38 days in 2019 to 44 days in 2020, and a decrease in days payable outstanding from 118 days in 2019 to 107 days in 2020.

Cash outflows from investing activities increased by \$302 million from \$449 million in 2019 to \$751 million in 2020. This predominantly reflected a \$258 million increase in capital expenditures for large growth projects and \$69 million for the acquisition of the Brazil aluminum aerosol packaging business, as discussed in Note 4 of the unaudited condensed consolidated financial statements included within Item 1 of this report.

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Cash outflows from financing activities increased by \$103 million from \$418 million in 2019 to \$521 million in 2020. The primary reasons for the increase were the redemption in January 2020 of euro-denominated 3.50% senior notes of €400 million and 4.375% senior notes of \$1 billion combined with revolver repayments, partially offset by the August 2020 issuance of \$1.3 billion in 2.875% senior notes and decreased net share repurchases of \$529 million.

We have entered into several regional committed and uncommitted accounts receivable factoring programs with various financial institutions for certain of our receivables. The programs are accounted for as true sales of the receivables, without recourse to Ball, and had combined limits of approximately \$1.5 billion and \$1.4 billion at September 30, 2020, and December 31, 2019, respectively. A total of \$184 million and \$230 million were available for sale under such programs as of September 30, 2020, and December 31, 2019, respectively.

Contributions to the company's defined benefit pension plans were \$92 million in the first nine months of 2020 compared to \$154 million in the first nine months of 2019, and such contributions are expected to be approximately \$100 million for the full year of 2020. This estimate may change based on changes to the U.S. Pension Protection Act, the effects of the CARES Act and the actual returns achieved on plan assets, among other factors.

We expect that 2020 capital expenditures for property, plant and equipment will likely exceed \$900 million, and approximately \$1 billion was contractually committed as of September 30, 2020.

As of September 30, 2020, approximately \$510 million of our cash was held outside of the U.S. In the event we need to utilize any of the cash held outside the U.S. for purposes within the U.S., there are no material legal or other economic restrictions regarding the repatriation of cash from any of the countries outside the U.S. where we have cash. Management believes its U.S. operating cash flows and cash on hand, together with its availability under long-term, revolving credit facilities, uncommitted short-term credit facilities and committed and uncommitted accounts receivable factoring programs will be sufficient to meet the cash requirements of the U.S. portion of our ongoing operations, scheduled principal and interest payments on U.S. debt, dividend payments, capital expenditures and other U.S. cash requirements. If foreign funds are needed for our U.S. cash requirements and we are unable to provide the funds through intercompany financing arrangements, we would be required to repatriate funds from foreign locations where the company has previously asserted indefinite reinvestment of funds outside the U.S.

Based on its indefinite reinvestment assertion, the company has not provided deferred taxes on earnings in certain non-U.S. subsidiaries because such earnings are intended to be indefinitely reinvested in its international operations. It is not practical to estimate the additional taxes that may become payable if these earnings were remitted to the U.S.

#### *Share Repurchases*

The company's share repurchases, net of issuances, totaled \$69 million during the nine months ended September 30, 2020, compared to \$598 million of repurchases, net of issuances, during the same period of 2019. The share repurchases were completed using cash on hand, cash provided by operating activities and available borrowings.

#### *Debt Facilities and Refinancing*

Given our cash flow projections and unused credit facilities that are available until March 2024, our liquidity is strong and is expected to meet our ongoing cash and debt service requirements. Total interest-bearing debt of \$7.7 billion and \$7.8 billion was outstanding at September 30, 2020, and December 31, 2019, respectively.

In the third quarter of 2020, Ball issued \$1.3 billion of 2.875% senior notes due in 2030. In the first quarter of 2020, Ball redeemed the outstanding euro-denominated 3.50% senior notes due in 2020 in the amount of €400 million and the outstanding 4.375% senior notes due in 2020 in the amount of \$1 billion. We recorded debt extinguishment costs of \$41 million for the nine months ended September 30, 2020.

At September 30, 2020, taking into account our outstanding letters of credit, approximately \$1.7 billion was available under existing long-term, multi-currency committed revolving credit facilities, which are available until March 2024. In addition to these facilities, the company had approximately \$990 million of short-term uncommitted credit facilities available as of September 30, 2020, of which \$30 million was outstanding and due on demand.



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While ongoing financial and economic conditions in certain areas may raise concerns about credit risk with counterparties to derivative transactions, the company mitigates its exposure by allocating the risk among various counterparties and limiting exposure to any one party. We also monitor the credit ratings of our suppliers, customers, lenders and counterparties on a regular basis.

We were in compliance with all loan agreements at September 30, 2020, and for all prior years presented, and we have met all debt payment obligations. The U.S. note agreements and bank credit agreement contain certain restrictions relating to dividends, investments, financial ratios, guarantees and the incurrence of additional indebtedness. In August 2020, we amended certain of our credit agreements, which among other things, modified the most restrictive of our debt covenants. This covenant requires us to maintain a leverage ratio (as defined) of no greater than 5.0 times, which changes to 4.5 times as of December 31, 2022. As of September 30, 2020, the company could borrow up to its limits available under the company's long-term multi-currency committed revolving facilities and short-term uncommitted credit facilities without violating our existing debt covenants. Additional details regarding our debt are available in Note 15 accompanying the unaudited condensed consolidated financial statements within Item 1 of this report.

## CONTINGENCIES, INDEMNIFICATIONS AND GUARANTEES

Details about the company's contingencies, indemnifications and guarantees are available in Notes 21 and 22 accompanying the unaudited condensed consolidated financial statements included within Item 1 of this report. The company is routinely subject to litigation incident to operating its businesses and has been designated by various federal and state environmental agencies as a potentially responsible party, along with numerous other companies, for the clean-up of several hazardous waste sites, including in respect of sites related to alleged activities of certain former Rexam subsidiaries. The company believes the matters identified will not have a material adverse effect upon its liquidity, results of operations or financial condition.

### *Guaranteed Securities*

The company's senior notes are guaranteed on a full and unconditional, joint and several basis by the issuer of the company's senior notes and the subsidiaries that guarantee the notes (the obligor group). The entities that comprise the obligor group are 100 percent owned by the company. As described in the supplemental indentures governing the company's existing senior notes, the senior notes are guaranteed by any of the company's domestic subsidiaries that guarantee any other indebtedness of the company.

The following summarized financial information relates to the obligor group as of September 30, 2020, and December 31, 2019, and for the nine months ended September 30, 2020 and the year ended December 31, 2019. Intercompany transactions, equity investments and other intercompany activity between obligor group subsidiaries have been eliminated from the summarized financial information. Investments in subsidiaries not forming part of the obligor group have also been eliminated.

| <u>(\$ in millions)</u>                  | <u>Nine Months Ended<br/>September 30, 2020</u> | <u>Year Ended<br/>December 31, 2019</u> |
|--|---|---|
| Net sales                                | \$ 5,342  | \$ 6,540                                |
| Gross profit (a)                         | 695   | 789                                     |
| Net earnings (loss)                      | 359   | 211                                     |
| Net earnings (loss) attributable to Ball | 359   | 211                                     |

(a) Gross profit is shown after depreciation and amortization related to cost of sales of \$124 million for the nine months ended September 30, 2020, and \$160 million for the year ended December 31, 2019.

| <u>(\$ in millions)</u> | <u>September 30,<br/>2020</u> | <u>December 31,<br/>2019</u> |
|-------------------------|-------------------------------|------------------------------|
| Current assets          | \$ 1,842                      | \$ 2,310                     |
| Noncurrent assets       | 13,366                        | 13,073                       |
| Current liabilities     | 3,415                         | 5,073                        |
| Noncurrent liabilities  | 10,675                        | 9,953                        |

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Included in the amounts disclosed in the tables above, at September 30, 2020, and December 31, 2019, the obligor group held receivables due from other subsidiary companies of \$340 million and \$299 million, respectively, long-term notes receivable due from other subsidiary companies of \$9.1 billion and \$9.3 billion, respectively, payables due to other subsidiary companies of \$1.7 billion and \$1.9 billion, respectively, and long-term notes payable due to other subsidiary companies of \$1.5 billion and \$2.2 billion, respectively.

For the nine months ended September 30, 2020, and the year ended December 31, 2019, the obligor group recorded the following transactions with other subsidiary companies: sales to them of \$619 million and \$792 million, respectively, net credits from them of \$19 million and net charges to them of \$21 million, respectively, and net interest income from them of \$309 million and \$127 million, respectively. During the nine months ended September 30, 2020, and for the year ended December 31, 2019, the obligor group received dividends from other subsidiary companies of \$56 million and \$775 million, respectively.

A description of the terms and conditions of the company's debt guarantees is located in Note 22 of Item 1 of this report.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the ordinary course of business, the company employs established risk management policies and procedures, which seek to reduce our exposure to fluctuations in commodity prices, interest rates, exchange currencies and prices of the company's common stock in regard to common share repurchases and the company's deferred compensation stock plan, although there can be no assurance that these policies and procedures will be successful. The company mitigates its exposure by spreading the risk among various counterparties, thus limiting exposure with any one party. The company also monitors the credit ratings of its suppliers, customers, lenders and counterparties on a regular basis. Further details are available in Item 7A within Ball's 2019 Annual Report on Form 10-K filed on February 19, 2020, and in Note 20 accompanying the unaudited condensed consolidated financial statements included within Item 1 of this report.

#### **Item 4. CONTROLS AND PROCEDURES**

Our chief executive officer and chief financial officer participated in management's evaluation of our disclosure controls and procedures, as defined by the Securities and Exchange Commission (SEC), as of the end of the period covered by this report and concluded that our controls and procedures were effective. There were no changes to internal controls during the company's third quarter of 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **FORWARD-LOOKING STATEMENTS**

This report contains "forward-looking" statements concerning future events and financial performance. Words such as "expects," "anticipates," "estimates," "believes," "targets," "likely," "positions" and similar expressions typically identify forward-looking statements, which are generally any statements other than statements of historical fact. Such statements are based on current expectations or views of the future and are subject to risks and uncertainties, which could cause actual results or events to differ materially from those expressed or implied. The readers of this report should therefore not place undue reliance upon any forward-looking statements and any such statements should be read in conjunction with, and, qualified in their entirety by, the cautionary statements referenced below. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Key factors, risks and uncertainties that could cause actual outcomes and results to be different are summarized in filings with the Securities and Exchange Commission, including Exhibit 99 in our Form 10-K, which are available on our website and at [www.sec.gov](http://www.sec.gov). Additional factors that might affect: a) our packaging segments include product capacity, supply, and demand constraints and fluctuations, including due to virus and disease outbreaks and responses thereto; availability/cost of raw materials, equipment and logistics; competitive packaging, pricing and substitution; changes in climate and weather; footprint adjustments and other manufacturing changes, including the startup of new facilities and lines; failure to achieve synergies, productivity improvements or cost reductions; mandatory deposit or other restrictive packaging laws; customer and supplier consolidation; power and supply chain interruptions; potential delays and tariffs related to the U.K.'s departure from the EU; changes in major customer or supplier contracts or a loss of a major customer or supplier; political instability and sanctions; currency controls; changes in foreign exchange or tax rates; and tariffs, trade actions, or other governmental actions, including business restrictions and shelter-in-place orders in any country or jurisdiction affecting goods produced by us or in our supply chain, including imported raw materials, such as those related to COVID-19 and those pursuant to Section 232 of the U.S. Trade Expansion Act of 1962 or Section 301 of Trade Act of 1974; b) our aerospace segment include funding, authorization, availability and returns of government and commercial contracts; and delays, extensions and technical uncertainties affecting segment contracts; c) the company as a whole include those listed above plus: the extent to which sustainability-related opportunities arise and can be capitalized upon; changes in senior management, succession, and the ability to attract and retain skilled labor; regulatory action or issues including tax, environmental, health and workplace safety, including U.S. FDA and other actions or public concerns affecting products filled in our containers, or chemicals or substances used in raw materials or in the manufacturing process; technological developments and innovations; the ability to manage cyber threats and the success of information technology initiatives; litigation; strikes; disease; pandemic; labor cost changes; rates of return on assets of the company's defined benefit retirement plans; pension changes; uncertainties surrounding geopolitical events and governmental policies both in the U.S. and in other countries, including policies, orders and actions related to COVID-19, the U.S. government elections, stimulus package(s), budget, sequestration and debt limit; reduced cash flow; interest rates affecting our debt; and successful or unsuccessful joint ventures, acquisitions and divestitures, and their effects on our operating results and business generally.

#### **PART II. OTHER INFORMATION**

##### **Item 1. Legal Proceedings**

There were no events required to be reported under Item 1 for the three months ended September 30, 2020, except as discussed in Note 21 to the unaudited condensed consolidated financial statements included within Part I, Item 1 of this report.

**Item 1A. Risk Factors**

Risk factors affecting the company can be found within Item 1A of the company's 2019 Annual Report on Form 10-K filed on February 19, 2020, for the year ended December 31, 2019. In 2020, we have included a new risk factor described below. There are no other material changes in our risk factors from those previously discussed in our Annual Report on Form 10-K filed on February 19, 2020.

*We face risks related to health epidemics, pandemics and other outbreaks, including the current novel coronavirus (COVID-19), which could adversely affect our business.*

The circumstances of the current COVID-19 outbreak are changing rapidly, and at this time we are unable to reasonably estimate the full impact of the COVID-19 outbreak on our financial results. The products produced and services provided by Ball are essential and, as a result, relevant governments around the world have allowed our operations to continue through this crisis. However, COVID-19 could give rise to circumstances that cause one or more of the following risk factors discussed in the company's 2019 Annual Report on Form 10-K filed on February 19, 2020, to occur:

- We could lose key customers, customers could become insolvent or have a reduction in demand for our products and services;
- We could face increased competition within the beverage packaging and aerospace industries, or from alternate products and services;
- We could be subject to changes in laws and governmental regulations that adversely affect our business and operations;
- We could be subject to adverse fluctuations in currency exchange rates;
- We might lose key management and operating personnel;
- Our ability to develop or apply new technology may be reduced;
- We may be subject to disruptions in the supply or price of our raw materials;
- We may face prolonged work stoppages at our facilities;
- We may be impacted by government budget constraints or government shutdowns;
- Our goodwill and other long-lived assets could become impaired;
- Our pension plan investments may not perform as expected, and we may be required to make additional contributions to our pension plans which would otherwise be available for other general corporate purposes;
- Our access to capital markets may be restricted, which could adversely affect our short-term liquidity and prevent us from fulfilling our obligations under the notes issued pursuant to our bond indentures;
- We may be impacted by deterioration in the global credit, financial and economic environment, which could have a negative impact on our results of operations, financial position or cash flows;
- We may be subject to increased information technology (IT) security threats and reduced network access availability;
- Our operations and of our principal customers and suppliers could be designated as non-essential across our key markets; and
- A material weakness in our internal control over financial reporting or a material misstatement in our financial statements.

Because the nature of a global outbreak of COVID-19 is far-reaching and its impacts cannot be completely anticipated, additional risks may arise that could materially impact the company's financial results and liquidity.

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The company has or may implement actions to minimize the risks and associated negative effects from COVID-19, which do not guarantee the prevention or mitigation of material impacts on our business. Some of these actions may include, and are not limited to:

- Implementing alternative work arrangements including work from home;
- Limiting or eliminating work-related travel;
- Effecting a full or partial shut-down of operations;
- Enhancing the cleaning and disinfecting of our physical locations;
- Implementing health screening for employees and third parties who enter our facilities;
- Adjusting inventory levels to mitigate potential supply disruptions;
- Delaying growth capital spending;
- Modifying payment terms with customers;
- Providing additional health-related services to our employees;
- Reducing or suspending our quarterly dividends;
- Reducing compensation for our employees;
- Reducing our workforce levels;
- Modifying our debt arrangements; and
- Adjusting contributions to defined benefit pension plans or income tax payments.

**Item 2. Changes in Securities**

The following table summarizes the company's repurchases of its common stock during the third quarter of 2020.

| (\$ in millions)                  | Purchases of Securities              |                              |  |  |
|-----------------------------------|--------------------------------------|------------------------------|--|--|
|                                   | Total Number of Shares Purchased (a) | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a) | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (b) |
| July 1 to July 31, 2020           | —                                    | \$ —                         | —  | 36,549,524   |
| August 1 to August 31, 2020       | 1,618                                | 69.49                        | 1,618  | 36,547,906   |
| September 1 to September 30, 2020 | —                                    | —                            | —  | 36,547,906   |
| Total                             | <u>1,618</u>                         | <u>—</u>                     | <u>1,618</u>   |  |

(a) Includes open market purchases (on a trade-date basis), share repurchase agreements and/or shares retained by the company to settle employee withholding tax liabilities.

(b) The company has an ongoing repurchase program for which shares are authorized from time to time by Ball's Board of Directors. On January 23, 2019, the Board authorized the repurchase by the company of up to a total of 50 million shares. This repurchase authorization replaced all previous authorizations.

**Item 3. Defaults Upon Senior Securities**

There were no events required to be reported under Item 3 for the three months ended September 30, 2020.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

There were no events required to be reported under Item 5 for the three months ended September 30, 2020.

**Item 6. Exhibits**

- 12 [Obligor group subsidiaries of Ball Corporation](#)
- 31.1 [Certification pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\) by John A. Hayes, Chairman, President and Chief Executive Officer of Ball Corporation.](#)
- 31.2 [Certification pursuant to Rule 13a-14\(a\) or Rule 15d-14\(a\) by Scott C. Morrison, Senior Vice President and Chief Financial Officer of Ball Corporation.](#)
- 32.1 [Certification pursuant to Rule 13a-14\(b\) or Rule 15d-14\(b\) and Section 1350 of Chapter 63 of Title 18 of the United States Code by John A. Hayes, Chairman, President and Chief Executive Officer of Ball Corporation.](#)
- 32.2 [Certification pursuant to Rule 13a-14\(b\) or Rule 15d-14\(b\) and Section 1350 of Chapter 63 of Title 18 of the United States Code by Scott C. Morrison, Senior Vice President and Chief Financial Officer of Ball Corporation.](#)
  
- 99 [Cautionary statement for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended.](#)
  
- 101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definitions Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
  
- 104 The cover page of the company's quarterly report on Form 10-Q for the quarter ended September 30, 2020, formatted in Inline XBRL (contained in Exhibit 101), the: (i) Unaudited Condensed Consolidated Statement of Earnings, (ii) Unaudited Statement of Comprehensive Earnings, (iii) Unaudited Condensed Consolidated Balance Sheet, (iv) Unaudited Condensed Consolidated Statement of Cash Flows and (v) Notes to the Unaudited Condensed Consolidated Financial Statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Ball Corporation  
(Registrant)

By: /s/ Scott C. Morrison  
Scott C. Morrison  
Senior Vice President and Chief Financial Officer

Date: November 6, 2020

## OBLIGOR GROUP SUBSIDIARIES OF BALL CORPORATION

September 30, 2020

The following is a list of Obligor Group subsidiaries of Ball Corporation (an Indiana Corporation)

| Name   | State or Country of<br>Incorporation or<br>Organization | Percentage <sup>(2)</sup><br>Ownership<br>Direct &<br>Indirect |
|--|---|--|
| Ball Advanced Aluminum Technologies Corp. <i>(f/k/a Neuman USA Ltd.)</i>                     | Delaware  | 100%   |
| Ball Aerospace & Technologies Corp.  | Delaware  | 100%   |
| Ball Asia Services Limited   | Delaware  | 100%   |
| Ball Beverage Can Americas Inc. <i>(f/k/a Rexam Beverage Can Americas Inc.)</i>              | Delaware  | 100%   |
| Ball BP Holding Company <i>(f/k/a Rexam BP Holding Company)</i>                              | Delaware  | 100%   |
| Ball Container LLC   | Delaware  | 100%   |
| Ball Corporation   | Indiana   | 100%   |
| Ball Delaware Holdings, LLC  | Delaware  | 100%   |
| Ball Glass Containers, Inc.  | Delaware  | 100%   |
| Ball Global Business Services Corp.  | Delaware  | 100%   |
| Ball Holdings Corp.  | Delaware  | 100%   |
| Ball Holdings LLC  | Delaware  | 100%   |
| Ball Inc. <i>(f/k/a Rexam Inc.)</i>  | Delaware  | 100%   |
| Ball International, LLC  | Colorado  | 100%   |
| Ball Metal Beverage Container Corp.  | Colorado  | 100%   |
| Ball Metal Container Corporation   | Indiana   | 100%   |
| Ball Packaging, LLC <i>(f/k/a Ball Packaging Corp., f/k/a Ball Packaging Holdings Corp.)</i> | Colorado  | 100%   |
| Ball Pan-European Holdings, LLC <i>(f/k/a Ball Pan-European Holdings, Inc.)</i>              | Delaware  | 100%   |
| Ball Technologies Holdings Corp. <i>(f/k/a Ball Aerospace Systems Group, Inc.)</i>           | Colorado  | 100%   |
| Latas De Aluminio Ball, Inc.   | Delaware  | 100%   |
| Rexam Beverage Can Company   | Delaware  | 100%   |
| USC May Verpackungen Holding Inc.  | Delaware  | 100%   |

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**Certification**

I, John A. Hayes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ball Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ John A. Hayes

John A. Hayes

Chairman, President and Chief Executive Officer

**Certification**

I, Scott C. Morrison, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ball Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2020

/s/ Scott C. Morrison  
Scott C. Morrison  
Senior Vice President and Chief Financial Officer

**Certification of Chief Executive Officer  
Pursuant to 18 U.S.C. Section 1350  
and Rule 13a-14(b) or Rule 15d-14(b)**

My name is John A. Hayes and I am the Chairman, President and Chief Executive Officer of Ball Corporation (the “Company”).

I hereby certify pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes—Oxley Act of 2002 that to the best of my knowledge and belief:

- (1) the Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, filed with the U.S. Securities and Exchange Commission on November 6, 2020 (“Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of Ball Corporation as of, and for, the periods presented in the Report.

/s/ John A. Hayes

John A. Hayes  
Chairman, President and Chief Executive Officer  
Ball Corporation

Date: November 6, 2020

This certification, which accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer  
Pursuant to 18 U.S.C. Section 1350  
and Rule 13a-14(b) or Rule 15d-14(b)**

My name is Scott C. Morrison and I am the Senior Vice President and Chief Financial Officer of Ball Corporation (the “Company”).

I hereby certify pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes—Oxley Act of 2002 that to the best of my knowledge and belief:

- (1) the Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, filed with the U.S. Securities and Exchange Commission on November 6, 2020 (“Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of Ball Corporation as of, and for, the periods presented in the Report.

/s/ Scott C. Morrison

Scott C. Morrison  
Senior Vice President and Chief Financial Officer  
Ball Corporation

Date: November 6, 2020

This certification, which accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES  
LITIGATION REFORM ACT OF 1995**

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the Reform Act), Ball is hereby filing cautionary statements identifying important factors that could cause Ball's actual results to differ materially from those described in forward-looking statements made by or on behalf of Ball. Forward-looking statements may be made in several different contexts; for example, in the company's Form 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission ("SEC"), quarterly and annual earnings news releases, quarterly earnings conference calls hosted by the company, public presentations at investor and credit conferences, the company's Annual Report and in other periodic communications with investors. As time passes, the relevance and accuracy of forward-looking statements may change; however, except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any further disclosures and cautionary statements Ball makes on related subjects in our Form 10-K, 10-Q and 8-K reports and other filings with the SEC. The Reform Act defines forward-looking statements as statements that express or imply an expectation or belief and contain a projection, plan or assumption with regard to, among other things, future revenues, income, earnings per share, cash flow or capital structure. Words such as "expects," "anticipates," "estimates," "believes," "targets," "likely," "foresees," "positions" and similar expressions typically identify forward-looking statements, which are generally any statements other than statements of historical facts. These forward-looking statements are not guarantees of future performance, and you should therefore not place undue reliance upon such statements. Rather, these statements involve estimates, assumptions, uncertainties and known and unknown risks, many of which are outside our control, and such statements are therefore qualified in their entirety by reference to the following important factors, among others (including those described in any "Risk Factors" section of our most current Form 10-K, 10-Q or other filings with the SEC), that could cause Ball's actual results or performance to differ materially from those expressed or implied in forward-looking statements made by or on behalf of Ball:

- Fluctuation in customer and consumer growth, spending, demand or preferences, both on a seasonal basis and those that may be longer-term or structural in nature, including any effect on demand for our products as a result of the enactment of laws and programs aimed at discouraging the consumption or altering the package or portion size of certain of our customers' products.
- Customer, competitor or supplier consolidation and potential correspondent supply chain influence.
- Loss of one or more major customers or suppliers or changes to contracts with one or more customers or suppliers.
- Failure to achieve anticipated productivity improvements or cost reductions including those associated with capital expenditures; failure to achieve an appropriate or optimal level of maintenance and capital expenditures; and failure to achieve expectations with respect to expansion plans, accretion to reported earnings, working capital improvements and investment income or cash flow projections.
- Changes in the environment and in climate, including the increasing frequency of severe weather events; acts of war, terrorism or other significant or catastrophic geopolitical events or natural disasters, or the catastrophic loss of one of our key manufacturing or operating facilities.
- Financial risks, including changes in interest rates affecting our debt or our ability to comply with the terms of our debt instruments; changes in the hedging markets or our inability or failure to economically hedge or insure against certain risks or potential exposures; changes in foreign exchange rates of the currencies in the countries in which the company and its joint ventures carry on business; counterparty risk; liquidity risk; inflation or deflation; and changes in capital availability and our access to financing, including the risk of constraints on financing in the event of a credit rating downgrade.
- Competition in each line of business, including with respect to pricing and the possible decrease in, or loss of, sales or margins resulting therefrom; product development and introductions by our competitors; and technology changes, including the effect on us of technological or product advances made by our competitors.
- The ability or inability to achieve and protect technological and product extensions or new technological and product advances in the company's businesses, including our ability to maintain develop and capitalize on competitive technologies for the design and manufacture of products and to withstand competitive and legal challenges to the proprietary nature of such technology (or protect any unpatented proprietary know-how and trade secrets).

- Ball's ability or inability adapt to fluctuating supply and demand and to have available sufficient production capacity, or have such capacity available in the right locations, in a timely manner, as well as footprint adjustments and other manufacturing changes.
- Overcapacity of Ball or in the metal container industry generally, and its potential impact on costs, pricing and financial results.
- Regulatory action or issues, or changes in federal, state, local or foreign laws, including those related to tax, environmental, health and workplace safety, including in respect of climate change, pollution, greenhouse gas emissions, or chemicals or substances used in raw materials or in the manufacturing process, particularly concerning Bisphenol-A (BPA), a chemical used in the manufacture of epoxy coatings applied to many types of containers (including certain of those products produced by the company), as well as laws relating to recycling, mandatory deposit or restrictive packaging legislation, or to the effects on health of ingredients or substances in, or attributes of, certain of our customers' products.
- The effect of any antitrust, intellectual property, consumer, employee or other litigation, investigations or governmental proceedings.
- The availability and cost of raw materials, commodities, supplies, energy, logistics and natural resources needed for the production of metal containers as well as aerospace products, and our ability or inability to pass on to customers changes in raw material costs, particularly steel and aluminum.
- Changes in senior management; strikes and other labor issues; increases and trends in various employee benefits and labor costs, including pension, medical and health care costs incurred in the countries in which Ball has operations; the ability to attract and retain skilled labor, particularly in our aerospace business; rates of return projected and earned on assets and discount rates used to measure future obligations and expenses of the company's defined benefit retirement plans; and changes in the company's pension plans.
- International business and market risks and economic conditions; political and economic instability in various markets, including periodic sell-offs on global or regional debt or equity markets; restrictive trade practices of national governments; the imposition of duties, trade actions, taxes or other government charges by national governments; exchange controls; trade sanctions; and ongoing uncertainties and other effects surrounding geopolitical events and governmental policies and actions, both in the U.S. and in other countries, including with respect to the U.S. government budget and debt limit, the exit of the United Kingdom from the E.U., and other matters.
- Undertaking successful or unsuccessful acquisitions, divestitures, joint ventures or strategic realignments ; and the effect of acquisitions, divestitures, joint ventures or strategic realignments on our business relationships, operating results and business generally.
- The company's ability to protect its information technology systems from attacks or catastrophic failure, and the strength of the company's cybersecurity.
- Delays, extensions and technical uncertainties, as well as schedules of performance associated with contracts for aerospace products and services, and the success or lack of success of satellite launches and the businesses and governments associated with aerospace products, services and launches.
- The authorization, funding and availability and returns of government contracts and the nature and continuation of those contracts and related services provided thereunder, as well as the delay, cancellation or termination of contracts for the United States government, other customers or other government contractors.
- The timing and extent of regulation or deregulation, or changes to regulations and standards, including changes in generally accepted accounting principles or their interpretation.
- Changes to unaudited results due to statutory audits of our financial statements or management's evaluation of the company's internal controls over financial reporting.
- Loss contingencies related to income and other tax matters, including those arising from audits performed by national and local tax authorities.

- Changes to unaudited results due to statutory audits of our financial statements or management's evaluation of the company's internal controls over financial reporting.