UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

Commission file number 1-7349

BALL CORPORATION

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

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

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

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

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

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

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

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

Class	**Outstanding at July 27, 2015**
Common Stock, without par value	138,167,019 shares

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Ball Corporation

QUARTERLY REPORT ON FORM 10-Q

For the period ended June 30, 2015

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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 June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Net sales	$ 2,172.3	$ 2,291.9	$ 4,095.4	$ 4,298.7
Costs and expenses				
Cost of sales (excluding depreciation and amortization)	(1,775.1)	(1,846.4)	(3,336.0)	(3,459.3)
Depreciation and amortization	(71.3)	(69.6)	(139.6)	(138.4)
Selling, general and administrative	(117.7)	(111.4)	(233.7)	(219.1)
Business consolidation and other activities	65.6	(8.6)	13.6	(8.6)
	(1,898.5)	(2,036.0)	(3,695.7)	(3,825.4)
Earnings before interest and taxes	273.8	255.9	399.7	473.3
Interest expense	(31.0)	(40.6)	(69.5)	(80.8)
Debt refinancing and other costs	(5.0)		(64.9)	(33.1)
Total interest expense	(36.0)	(40.6)	(134.4)	(113.9)
Earnings before taxes	237.8	215.3	265.3	359.4
Tax provision	(78.4)	(60.2)	(78.9)	(99.8)
Equity in results of affiliates, net of tax	1.4	1.2	1.9	1.6
Net earnings	160.8	156.3	188.3	261.2
Less net earnings attributable to noncontrolling interests	(0.4)	(3.2)	(7.2)	(14.6)
Net earnings attributable to Ball Corporation	$ 160.4	$ 153.1	$ 181.1	$ 246.6
Earnings per share:				
Basic	$ 1.16	$ 1.10	$ 1.32	$ 1.77
Diluted	$ 1.13	$ 1.07	$ 1.28	$ 1.72
Weighted average shares outstanding *(000s)*:				
Basic	137,801	139,012	137,446	139,704
Diluted	141,540	142,860	141,302	143,472

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

($ in millions)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net earnings	$ 160.8	$ 156.3	$ 188.3	$ 261.2
Other comprehensive earnings (loss):				
Foreign currency translation adjustment	46.6	(7.1)	(92.6)	(30.6)
Pension and other postretirement benefits	7.6	8.9	31.1	17.1
Effective financial derivatives	(14.6)	16.3	(15.7)	20.2
Total other comprehensive earnings (loss)	39.6	18.1	(77.2)	6.7
Income tax (expence) benefit	(1.2)	(5.5)	(5.0)	(9.9)
Total other comprehensive earnings (loss), net of tax	38.4	12.6	(82.2)	(3.2)
Total comprehensive earnings (loss)	199.2	168.9	106.1	258.0
Less comprehensive (earnings) loss attributable to noncontrolling interests	(0.3)	(3.2)	(6.6)	(14.6)
Comprehensive earnings (loss) attributable to Ball Corporation	$ 198.9	$ 165.7	$ 99.5	$ 243.4

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

($ in millions)	June 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 227.3	$ 191.4
Receivables, net	1,192.0	957.1
Inventories, net	929.0	1,016.7
Deferred taxes and other current assets	156.8	148.3
Total current assets	2,505.1	2,313.5
Noncurrent assets		
Property, plant and equipment, net	2,483.4	2,430.7
Goodwill	2,209.2	2,254.5
Intangibles and other assets, net	655.2	572.3
Total assets	**$ 7,852.9**	**$ 7,571.0**
Liabilities and Shareholders Equity		
Current liabilities		
Short-term debt and current portion of long-term debt	$ 278.2	$ 175.1
Accounts payable	1,444.4	1,340.0
Accrued employee costs	192.7	269.9
Other current liabilities	277.0	221.8
Total current liabilities	2,192.3	2,006.8
Noncurrent liabilities		
Long-term debt	2,982.1	2,993.8
Employee benefit obligations	1,166.5	1,178.3
Deferred taxes and other liabilities	169.2	152.5
Total liabilities	6,510.1	6,331.4
Shareholders equity		
Common stock (332,332,395 shares issued - 2015; 331,618,306 shares issued - 2014)	1,160.4	1,131.3
Retained earnings	4,492.7	4,346.9
Accumulated other comprehensive earnings (loss)	(603.7)	(522.1)
Treasury stock, at cost (194,240,427 shares - 2015; 194,652,028 shares - 2014)	(3,910.8)	(3,923.0)
Total Ball Corporation shareholders equity	1,138.6	1,033.1
Noncontrolling interests	204.2	206.5
Total shareholders equity	1,342.8	1,239.6
Total liabilities and shareholders equity	**$ 7,852.9**	**$ 7,571.0**

See accompanying notes to the unaudited condensed consolidated financial statements.

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BALL CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in millions)	Six Months Ended June 30, 2015	2014
Cash Flows from Operating Activities		
Net earnings	$ 188.3	$ 261.2
Adjustments to reconcile net earnings to cash provided by (used in) operating activities:		
Depreciation and amortization	139.6	138.4
Business consolidation and other activities	(13.6)	8.6
Deferred tax provision	(0.8)	6.5
Other, net	53.9	3.4
Changes in working capital components	(155.7)	(208.1)
Cash provided by (used in) operating activities	211.7	210.0
Cash Flows from Investing Activities		
Capital expenditures	(227.7)	(135.3)
Business acquisitions	(29.1)	
Other, net	21.6	11.2
Cash provided by (used in) investing activities	(235.2)	(124.1)
Cash Flows from Financing Activities		
Long-term borrowings	2,315.0	396.9
Repayments of long-term borrowings	(2,308.1)	(761.8)
Net change in short-term borrowings	105.5	292.7
Proceeds from issuances of common stock	18.9	18.6
Acquisitions of treasury stock	(3.3)	(257.1)
Common dividends	(36.1)	(36.8)
Other, net	(41.0)	3.5
Cash provided by (used in) financing activities	50.9	(344.0)
Effect of exchange rate changes on cash	8.5	(2.6)
Change in cash and cash equivalents	35.9	(260.7)
Cash and cash equivalents - beginning of period	191.4	416.0
Cash and cash equivalents - end of period	**$ 227.3**	**$ 155.3**

See accompanying notes to the unaudited condensed consolidated financial statements.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation

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

Results of operations for the periods shown are not necessarily indicative of results for the year, particularly in view of the seasonality in the packaging segments and the irregularity of contract revenues in the aerospace and technologies segment. These unaudited condensed consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and the notes thereto included in the company s Annual Report on Form 10-K filed on February 20, 2015, pursuant to Section 13 of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2014 (annual report).

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

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

2. Accounting Pronouncements

Recently Adopted Accounting Standards

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

New Accounting Guidance

In July 2015, amendments to existing accounting guidance were issued to modify the subsequent measurement of inventory. Under existing guidance, an entity measures inventory at the lower of cost or market, with market defined as replacement cost, net realizable value (NRV), or NRV less a normal profit margin. An entity uses current replacement cost provided that it is not above NRV (ceiling) or below NRV less a normal profit margin (floor). Amendments in the new guidance require an entity to subsequently measure inventory at the lower of cost or net realizable value and eliminates the need to determine replacement cost and evaluate whether it is above the ceiling or below the floor. NRV is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. The guidance will be effective for Ball on January 1, 2017, and early adoption is permitted. The guidance is not expected to have a material effect on the company s consolidated financial statements.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

2. Accounting Pronouncements *(continued)*

In April 2015, amendments to existing accounting guidance were issued to provide explicit guidance related to a customer s accounting for fees paid in a cloud computing arrangement. Under the guidance, cloud computing arrangements that include a software license would be accounted for consistent with the acquisition of other software licenses. Conversely, cloud computing arrangements that do not include a software license would be accounted for as a service contract. The guidance will be effective for Ball on January 1, 2016, and early adoption is permitted. The guidance is not expected to have a material effect on the company s consolidated financial statements.

In April 2015, accounting guidance was issued to change the balance sheet presentation for debt issuance costs. Under the new guidance, debt issuance costs related to a recognized debt liability would be presented as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as a deferred charge. The guidance does not affect the recognition and measurement of debt issuance costs; hence, amortization of debt issuance costs would continue to be reported as interest expense. Early adoption is permitted, and the company is currently assessing whether to early adopt. The guidance will be effective for Ball retrospectively on January 1, 2016, and is not expected to have a material effect on the company s consolidated financial statements.

In February 2015, amendments to existing accounting guidance were issued that modify the analysis companies must perform in order to determine whether a legal entity should be consolidated. The new guidance includes modifications related to: 1) limited partnerships and similar legal entities, 2) evaluating fees paid to a decision maker or service provider as a variable interest, 3) the effect of fee arrangements on the primary beneficiary, 4) the effect of related parties on the primary beneficiary and 5) certain investment funds. The guidance will be effective for Ball on January 1, 2016, and early adoption is permitted. The company is currently assessing the impact that the adoption of this standard will have on its consolidated financial statements.

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

In May 2014, the FASB and International Accounting Standards Board jointly issued new revenue recognition guidance which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new guidance contains a more robust framework for addressing revenue issues and is intended to remove inconsistencies in existing guidance and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The guidance will supersede the majority of current revenue recognition guidance, including industry-specific guidance. In July 2015, the FASB approved the deferral of the effective date of the new revenue recognition guidance by one year. The guidance will be effective for Ball on January 1, 2018, and early adoption is permitted. However, entities are not permitted to adopt the standard earlier than the original effective date of January 1, 2017. Entities have the option of using either a full retrospective or modified retrospective approach for the adoption of the standard. The company is currently assessing the impact that the adoption of this standard will have on its consolidated financial statements.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

3. Business Segment Information

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

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

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

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

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

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

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

3. Business Segment Information *(continued)*

Summary of Business by Segment

($ in millions)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net sales				
Metal beverage packaging, Americas & Asia	$ 1,131.6	$ 1,130.1	$ 2,154.6	$ 2,127.7
Metal beverage packaging, Europe	481.0	558.4	860.2	1,008.6
Metal food & household products packaging	332.0	367.7	640.3	708.8
Aerospace & technologies	230.2	241.1	445.0	461.8
Corporate and intercompany eliminations	(2.5)	(5.4)	(4.7)	(8.2)
Net sales	2,172.3	2,291.9	4,095.4	4,298.7
Net earnings				
Metal beverage packaging, Americas & Asia	$ 126.5	$ 142.0	$ 251.5	$ 267.1
Business consolidation and other activities	(0.3)	(3.0)	(2.6)	1.8
Total metal beverage packaging, Americas & Asia	126.2	139.0	248.9	268.9
Metal beverage packaging, Europe	59.6	73.7	88.5	129.2
Business consolidation and other activities	(5.3)	(1.1)	(7.3)	(2.3)
Total metal beverage packaging, Europe	54.3	72.6	81.2	126.9
Metal food & household products packaging	28.7	39.8	58.9	76.1
Business consolidation and other activities	(0.7)	(4.0)	(0.9)	(7.1)
Total metal food & household products packaging	28.0	35.8	58.0	69.0
Aerospace & technologies	19.5	24.8	39.5	48.9
Business consolidation and other activities			0.7	
Total aerospace & technologies	19.5	24.8	40.2	48.9
Segment earnings before interest and taxes	228.0	272.2	428.3	513.7
Undistributed corporate expenses and intercompany eliminations, net	(26.1)	(15.8)	(52.3)	(39.4)
Business consolidation and other activities	71.9	(0.5)	23.7	(1.0)
Total undistributed corporate expenses and intercompany eliminations, net	45.8	(16.3)	(28.6)	(40.4)
Earnings before interest and taxes	273.8	255.9	399.7	473.3
Interest expense	(31.0)	(40.6)	(69.5)	(80.8)

Debt refinancing and other costs		(5.0)				(64.9)		(33.1)
Total interest expense		(36.0)		(40.6)		(134.4)		(113.9)
Tax provision		(78.4)		(60.2)		(78.9)		(99.8)
Equity in results of affiliates, net of tax		1.4		1.2		1.9		1.6
Net earnings		160.8		156.3		188.3		261.2
Less net earnings attributable to noncontrolling interests		(0.4)		(3.2)		(7.2)		(14.6)
Net earnings attibutable to Ball Corporation	**$**	**160.4**	**$**	**153.1**	**$**	**181.1**	**$**	**246.6**

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Notes to the Unaudited Condensed Consolidated Financial Statements

3. Business Segment Information *(continued)*

($ in millions)		June 30, 2015		December 31, 2014
Total Assets				
Metal beverage packaging, Americas & Asia	$	3,554.2	$	3,422.8
Metal beverage packaging, Europe		2,372.6		2,274.5
Metal food & household products packaging		1,644.1		1,508.1
Aerospace & technologies		400.0		411.6
Segment assets		7,970.9		7,617.0
Corporate assets, net of eliminations		(118.0)		(46.0)
Total assets	**$**	**7,852.9**	**$**	**7,571.0**

4. Acquisitions

Rexam PLC (Rexam)

On February 19, 2015, the company and Rexam PLC (Rexam) announced the terms of a recommended offer by the company to acquire all of the outstanding shares of Rexam in a cash and stock transaction. Under the terms of the offer, for each Rexam share, Rexam shareholders will receive 407 pence in cash and 0.04568 shares of the company. The transaction values Rexam at 610 pence per share based on the company s 90-day volume weighted average stock price as of February 17, 2015, and an exchange rate of US$1.54: £1 on that date representing an equity value of £4.3 billion ($6.6 billion). The actual value of the transaction will be determined based on the exchange rate and the company s stock price at the time of the closing of the transaction. As described below, the company has entered into collar and option contracts to partially mitigate its currency exchange risk with regard to the cash component of the purchase price.

By way of compensation for any loss suffered by Rexam in connection with the preparation and negotiation of the offer, the Co-operation Agreement and any other document relating to the acquisition, Ball has undertaken in the Co-operation Agreement that, on the occurrence of a break payment event Ball will pay or procure the payment to Rexam of an amount in cash in British pounds. As discussed below, Ball s shareholders approved the issuance of Ball common stock to shareholders of Rexam as partial consideration for the proposed acquisition. As a result, the amount of the break payment would be £302 million.

A special meeting of Ball s shareholders was held on July 28, 2015, to approve the issuance of Ball common stock to shareholders of Rexam as partial consideration for the proposed acquisition. Approximately 83 percent of the shares outstanding as of the record date on June 22, 2015 voted, and 99.2 percent of the shares that were voted approved the issuance of Ball s common stock in connection with the proposed acquisition. Both Ball and Rexam s boards of directors unanimously support the transaction, and the consummation of the transaction remains subject to approval from Rexam s shareholders, certain regulatory approvals and other customary closing conditions. Subject to the satisfaction of all such conditions, Ball currently expects to complete the acquisition during the first half of 2016.

A subsidiary of Ball owns an interest in a joint venture company (Latapack-Ball) organized and operating in Brazil. Ball and its joint venture partner have entered into a non-binding letter of intent pursuant to which each party has agreed to use good faith efforts to seek to cause Latapack-Ball to acquire certain operations of Rexam located in Brazil contemporaneously with the completion of the announced, proposed acquisition, with the structure of any such acquisition to be determined by the parties at a later time. Ball and its partner are in discussions with respect to the structure and financing of such acquisition, and any changes to Latapack-Ball that may result.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

4. Acquisitions *(continued)*

Long-term Debt

In February 2015, the company entered into a new $3 billion revolving credit facility to replace its existing $1 billion revolving credit facility, repay its $92.9 million Term C loan, repay the outstanding balance on the existing revolving credit facility, redeem the 2020 and 2021 senior notes and repay the existing private placement debt of Rexam upon closing of the announced, proposed acquisition of Rexam. Also in February 2015, the company entered into a £3.3 billion unsecured, committed bridge loan agreement, pursuant to which lending institutions have agreed, subject to limited conditions, to provide the financing necessary to pay the cash portion of the consideration payable to Rexam s shareholders upon consummation of the announced, proposed acquisition of Rexam along with related fees and expenses. As a result of the issuance of $1 billion of 5.25 percent senior notes in June 2015, the company reduced the borrowing capacity under the revolving credit facility from $3 billion to $2.25 billion. See Note 11 for further details related to these transactions.

Currency Exchange Rate and Interest Rate Risks

During the first six months of 2015, the company entered into collar and option contracts to partially mitigate its currency exchange rate risk from February 19, 2015, through the expected closing date of the announced, proposed acquisition of Rexam, with an aggregate notional amount of approximately £2.2 billion ($3.4 billion). These contracts were not designated as hedges, and therefore, changes in the fair value of these contracts are recorded in the unaudited condensed consolidated statements of earnings in business consolidation and other activities.

Also during the first six months of 2015, the company entered into interest rate swaps to hedge against rising U.S. and European interest rates to minimize its interest rate exposure associated with anticipated debt issuances in connection with the announced, proposed acquisition of Rexam. At June 30, 2015, the company had outstanding interest rate swaps with notional amounts totaling approximately $150 million and 1,450 million. In addition, the company entered into interest rate option contracts to hedge negative Euribor rates with an aggregate notional amount of 750 million. These contracts were not designated as hedges; therefore, changes in the fair value of these interest swap and option contracts are recorded in the unaudited condensed consolidated statements of earnings in debt refinancing and other costs, a component of total interest expense.

Subsequent to the second quarter of 2015, the company entered into additional interest rate swap contracts to hedge against rising U.S. and European interest rates with aggregate notional amounts of approximately $50 million and 300 million, respectively.

For further details related to the aforementioned currency exchange rate and interest rate risks, and the valuation of these derivatives, see Notes 5 and 16.

Sonoco Products Company (Sonoco)

In February 2015, the company acquired Sonoco s metal end and closure manufacturing facilities in Canton, Ohio, and entered into a long-term supply agreement with Sonoco in exchange for total cash of $29.1 million paid at closing, $10.5 million of contingent cash consideration and $24.4 million of contingent noncash consideration. The facilities manufacture multiple-sized closures for the metal food container market, including high quality steel and aluminum easy-open ends. The financial results of Sonoco have been included in our metal food and household products packaging segment from the date of acquisition. The acquisition is not material to the company.

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

5. Business Consolidation and Other Activities

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

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in millions)	**2015**	**2014**	**2015**	**2014**
Metal beverage packaging, Americas & Asia	$ (0.3)	$ (3.0)	$ (2.6)	$ 1.8
Metal beverage packaging, Europe	(5.3)	(1.1)	(7.3)	(2.3)
Metal food & household products packaging	(0.7)	(4.0)	(0.9)	(7.1)
Aerospace & technologies			0.7	
Corporate and other	71.9	(0.5)	23.7	(1.0)
	$ 65.6	$ (8.6)	$ 13.6	$ (8.6)

2015

Metal Beverage Packaging, Americas and Asia

During the first six months of 2015, the company recorded charges of $2.6 million related to business reorganization activities in the company s metal beverage packaging, Asia, operations and for ongoing costs related to previously closed facilities.

Metal Beverage Packaging, Europe

During the second quarter of 2015, the company recorded a charge of $4.7 million for the write down of property held for sale.

During the first and second quarters of 2015, the company recorded charges of $1.3 million and $0.6 million, respectively, related to headcount reductions, cost-out initiatives and the relocation of the company s European headquarters from Germany to Switzerland, as well as an additional tax expense of $1.7 million and $1.6 million, respectively, related to this relocation. In addition, the first six months of 2015 included charges of $0.7 million for business reorganization activities.

Corporate

During the first and second quarters of 2015, the company recorded charges of $20.2 million and $23.9 million, respectively, for professional services and other costs associated with the proposed acquisition of Rexam announced in February 2015. Also during the first and second quarters of 2015, the company recognized losses of $27.7 million and gains of $96.0 million, respectively, associated with its collar and option contracts entered into to reduce its exposure to currency exchange rate changes in connection with the British pound denominated cash portion of the announced, proposed acquisition of Rexam, further discussed in Note 16. Other charges in the first six months of 2015 included $0.5 million for insignificant activities.

2014

Metal Beverage Packaging, Americas and Asia

The second quarter included charges of $2.2 million related to a fire at a metal beverage packaging, Americas, facility.

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

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

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

The first six months of 2014 also included net charges of $1.8 million primarily related to previously closed facilities and for other insignificant activities.

Metal Food and Household Products Packaging

During the fourth quarter of 2013, the company announced plans to close its Danville, Illinois, steel aerosol packaging facility in the second half of 2014. Charges of $2.0 million and $1.7 million were recorded during the first and second quarters of 2014, respectively, in connection with the announced closure. The first and second quarters also included charges of $1.1 million and $2.3 million, respectively, related to previously closed facilities and other insignificant activities.

Metal Beverage Packaging, Europe, and Corporate

The first and second quarters included charges of $1.2 million and $1.1 million, respectively, for headcount reductions, cost-out initiatives and the relocation of the company s European headquarters from Germany to Switzerland, as well as additional tax expense of $2.1 million and $2.0 million, respectively, related to this relocation. The first six months of 2014 also included charges of $1.0 million for other insignificant activities.

The carrying value of assets held for sale in connection with facility closures was $5.5 million at June 30, 2015, and $11.7 million at December 31, 2014.

6. Receivables

($ in millions)	**June 30, 2015**	**December 31, 2014**
Trade accounts receivable	$ 1,074.9	$ 800.0
Less allowance for doubtful accounts	(6.2)	(7.0)
Net trade accounts receivable	1,068.7	793.0

Other receivables	123.3	164.1
	$ 1,192.0	$ 957.1

The company has entered into several regional committed and uncommitted accounts receivable factoring programs with multiple financial institutions for certain receivables of the company. The programs are accounted for as true sales of the receivables, without recourse to Ball, and had combined limits of approximately $481 million at June 30, 2015. A total of $350.9 million and $197.6 million were sold under these programs as of June 30, 2015, and December 31, 2014, respectively.

7. Inventories

($ in millions)	June 30, 2015	December 31, 2014
Raw materials and supplies	$ 443.4	$ 479.2
Work-in-process and finished goods	526.7	579.2
Less inventory reserves	(41.1)	(41.7)
	$ 929.0	$ 1,016.7

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8. Property, Plant and Equipment

($ in millions)	June 30, 2015	December 31, 2014
Land	$ 63.8	$ 64.6
Buildings	986.7	973.4
Machinery and equipment	3,744.3	3,612.5
Construction-in-progress	363.6	382.7
	5,158.4	5,033.2
Less accumulated depreciation	(2,675.0)	(2,602.5)
	$ 2,483.4	$ 2,430.7

Property, plant and equipment are stated at historical or acquired cost. Depreciation expense amounted to $62.1 million and $121.0 million for the three and six months ended June 30, 2015, respectively, and $59.1 million and $118.2 million for the comparable periods in 2014, respectively.

9. Goodwill

($ in millions)	Metal Beverage Packaging, Americas & Asia	Metal Beverage Packaging, Europe	Metal Food & Household Products Packaging	Aerospace & Technologies	Total
Balance at December 31, 2014	$ 739.5	$ 913.9	$ 592.5	$ 8.6	$ 2,254.5
Business acquisition			35.5		35.5
Effects of currency exchange rates		(69.2)	(11.6)		(80.8)
Balance at June 30, 2015	$ 739.5	$ 844.7	$ 616.4	$ 8.6	$ 2,209.2

10. Intangibles and Other Assets

($ in millions)	June 30, 2015	December 31, 2014
Investments in affiliates	$ 33.9	$ 33.2
Intangible assets (net of accumulated amortization of $124.4 million at June 30, 2015 and $115.2 million at December 31, 2014)	129.5	137.1

Capitalized software (net of accumulated amortization of $110.1 million at June 30, 2015, and $103.8 million at December 31, 2014)	72.6	62.6
Company and trust-owned life insurance	151.8	168.1
Long-term derivative assets	85.6	3.1
Deferred financing costs	62.4	36.3
Long-term deferred tax assets	50.2	66.5
Other	69.2	65.4
	$ 655.2	$ 572.3

Total amortization expense of intangible assets amounted to $9.2 million and $18.6 million for the three and six months ended June 30, 2015, respectively, and $10.5 million and $20.2 million for the comparable periods in 2014, respectively.

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11. Debt

Long-term debt consisted of the following:

($ in millions)		June 30, 2015		December 31, 2014
Notes Payable				
6.75% Senior Notes, due September 2020	$		$	500.0
5.75% Senior Notes, due May 2021				500.0
5.00% Senior Notes, due March 2022		750.0		750.0
4.00% Senior Notes, due November 2023		1,000.0		1,000.0
5.25% Senior Notes, due June 2025		1,000.0		
Multi-currency revolver, due February 2018 (at variable rates)		100.0		
Bridge Facility				
Senior Credit Facilities, due June 2018 (at variable rates)				
Term C loan, euro denominated				92.9
Latapack-Ball Notes Payable (at various rates and terms),				
denominated in various currencies		193.4		204.2
Other (including discounts),				
denominated in various currencies		(5.7)		1.7
		3,037.7		3,048.8
Less current portion of long-term debt		(55.6)		(55.0)
	$	2,982.1	$	2,993.8

In June 2015, Ball issued $1 billion of 5.25 percent senior notes due in June 2025. Ball used the net proceeds of the offering and other available cash to repay borrowings under its revolving credit facility and reduced the borrowing capacity under the revolving credit facility from $3 billion to $2.25 billion. In connection with this partial extinguishment, the company recorded a charge of $5.0 million, which is included in debt refinancing and other costs, a component of total interest expense, in the unaudited condensed consolidated statements of earnings.

In February 2015, Ball entered into a new $3 billion revolving credit facility to replace the existing approximate $1 billion revolving credit facility, repay its $92.9 million Term C loan, repay the outstanding balance on the existing revolving credit facility, redeem the 2020 and 2021 senior notes and repay the existing private placement debt of Rexam upon closing of the announced, proposed acquisition of Rexam. In March 2015, Ball redeemed its outstanding 6.75 percent senior notes and 5.75 percent senior notes due in September 2020 and May 2021, respectively at a price per note of 103.375 percent and 106.096 percent, respectively, of the outstanding principal amounts plus accrued interest. The new revolving credit facility expires in February 2018 and accrues interest at LIBOR plus an applicable margin based on the net leverage ratio of the company, which varies from 1.25 percent to 1.75 percent.

During the first quarter of 2015, the company recorded charges of $1.7 million for the write-off of unamortized deferred financing costs associated with the refinancing of the revolving credit facility and repayment of the Term C loan. The company also recorded charges of $55.8 million for the call premiums and write-offs of unamortized deferred financing costs associated with the redemption of the 2020 and 2021 senior notes. These charges are included in debt refinancing and other costs, a component of total interest expense, in the unaudited condensed consolidated statements of earnings.

Additionally, in February 2015, the company entered into a £3.3 billion unsecured, committed bridge loan agreement, pursuant to which lending institutions have agreed, subject to limited conditions, to provide the financing necessary to pay the cash portion of the consideration payable to Rexam s shareholders upon consummation of the announced, proposed acquisition of Rexam along with related fees and expenses. Under this bridge loan agreement, the company is required to pay fees while the facility is outstanding, which vary depending on the amount borrowed and the duration that the facility is outstanding.

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Notes to the Unaudited Condensed Consolidated Financial Statements

11. Debt *(continued)*

Fees paid to lenders in connection with obtaining financing, which totaled $27.8 million during the six months ended June 30, 2015, are classified as other, net in cash flows from financing activities in the unaudited condensed consolidated statements of cash flows.

At June 30, 2015, taking into account outstanding letters of credit and excluding availability under the accounts receivable securitization program, approximately $2.1 billion was available under the company s long-term, revolving credit facility, which is available until February 2018. In addition to this facility, the company had approximately $749 million of short-term uncommitted credit facilities available at June 30, 2015, of which $157.6 million was outstanding and due on demand. Of the amounts available under the credit facilities described above, approximately $1.6 billion has been committed in the proposed acquisition of Rexam to repay certain of Rexam s debt obligations and to settle Rexam s outstanding derivatives. At December 31, 2014, the company had $10.1 million outstanding under short-term uncommitted credit facilities.

Short-term debt and current portion of long-term debt on the balance sheet includes the company s borrowings under its existing accounts receivable securitization program, totaling $65 million and $110 million at June 30, 2015, and December 31, 2014, respectively. This program, which has been amended and extended from time to time, is scheduled to mature in May 2017 and allows the company to borrow against a maximum amount of accounts receivable that varies between $90 million and $140 million depending on the seasonal accounts receivable balances in the company s North American packaging businesses.

The fair value of the long-term debt at June 30, 2015, and at December 31, 2014, approximated its carrying value. The fair value reflects the market rates at each period end for debt with credit ratings similar to the company s ratings and is classified as Level 2 within the fair value hierarchy. Rates currently available to the company for loans with similar terms and maturities are used to estimate the fair value of long-term debt based on discounted cash flows.

The senior notes and senior credit facilities are guaranteed on a full, unconditional and joint and several basis by certain of the company s wholly owned domestic subsidiaries. Certain foreign denominated tranches of the senior credit facilities are similarly guaranteed by certain of the company s wholly owned foreign subsidiaries. Notes 18 and 19 contain further details, as well as required unaudited condensed consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries as defined in the senior notes agreements.

The U.S. note agreements, bank credit agreement, bridge loan agreement and accounts receivable securitization agreement contain certain restrictions relating to dividend payments, share repurchases, investments, financial ratios, guarantees and the incurrence of additional indebtedness. The most restrictive of the company s debt covenants require the company to maintain an interest coverage ratio (as defined) of no greater than 4.00, prior to considering the impacts of the announced, proposed acquisition of Rexam. The company was in compliance with all loan agreements and debt covenants at June 30, 2015, and December 31, 2014, and has met all debt payment obligations.

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

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12. Employee Benefit Obligations

($ in millions)	June 30, 2015	December 31, 2014
Underfunded defined benefit pension liabilities, net	$ 706.3	$ 724.1
Less current portion and prepaid pension assets	(17.4)	(19.4)
Long-term defined benefit pension liabilities	688.9	704.7
Retiree medical and other postemployment benefits	170.3	169.0
Deferred compensation plans	277.6	272.2
Other	29.7	32.4
	$ 1,166.5	$ 1,178.3

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

	Three Months Ended June 30,					
	2015			2014		
($ in millions)	U.S.	Foreign	Total	U.S.	Foreign	Total
Ball-sponsored plans:						
Service cost	$ 13.0	$ 3.8	$ 16.8	$ 11.4	$ 3.6	$ 15.0
Interest cost	14.2	4.5	18.7	15.6	6.6	22.2
Expected return on plan assets	(19.8)	(4.9)	(24.7)	(20.5)	(3.7)	(24.2)
Amortization of prior service cost	(0.2)	(0.1)	(0.3)		(0.1)	(0.1)
Recognized net actuarial loss	9.8	2.2	12.0	7.2	1.4	8.6
Net periodic benefit cost for Ball-sponsored plans	17.0	5.5	22.5	13.7	7.8	21.5
Net periodic benefit cost for multiemployer plans	0.5		0.5	0.6		0.6
Total net periodic benefit cost	$ 17.5	$ 5.5	$ 23.0	$ 14.3	$ 7.8	$ 22.1

	Six Months Ended June 30,					
	2015			2014		
($ in millions)	U.S.	Foreign	Total	U.S.	Foreign	Total
Ball-sponsored plans:						
Service cost	$ 26.0	$ 7.5	$ 33.5	$ 22.8	$ 7.1	$ 29.9
Interest cost	28.5	9.2	37.7	31.2	13.1	44.3
Expected return on plan assets	(39.6)	(9.9)	(49.5)	(41.0)	(7.2)	(48.2)
Amortization of prior service cost	(0.5)	(0.2)	(0.7)		(0.2)	(0.2)
Recognized net actuarial loss	19.6	4.7	24.3	14.4	2.7	17.1
	34.0	11.3	45.3	27.4	15.5	42.9

Net periodic benefit cost for Ball-sponsored plans						
Net periodic benefit cost for multiemployer plans	1.0		1.0	1.3		1.3
Total net periodic benefit cost	$ 35.0	$ 11.3	$ 46.3	$ 28.7	$ 15.5	$ 44.2

Contributions to the company's defined global benefit pension plans, not including the unfunded German plans, were insignificant in the first six months of 2015 ($36.8 million in 2014) and are also expected to be insignificant for the full year. This estimate may change based on changes in the U.S. Pension Protection Act and actual plan asset performance, among other factors. Payments to participants in the unfunded German plans were $9.1 million in the first six months of 2015 and are expected to be approximately $19 million for the full year.

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13. Shareholders Equity and Comprehensive Earnings

Accumulated Other Comprehensive Earnings (Loss)

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

($ in millions)	Foreign Currency Translation	Pension and Other Postretirement Benefits (Net of Tax)	Effective Derivatives (Net of Tax)	Accumulated Other Comprehensive Earnings (Loss)
Balance at December 31, 2014	$ (18.4)	$ (499.9)	$ (3.8)	$ (522.1)
Other comprehensive earnings (loss) before reclassifications	(92.4)	8.4	(12.9)	(96.9)
Amounts reclassified from accumulated other comprehensive earnings (loss)		14.4	0.9	15.3
Balance at June 30, 2015	$ (110.8)	$ (477.1)	$ (15.8)	$ (603.7)

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

($ in millions)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Gains (losses) on cash flow hedges:				
Commodity contracts recorded in net sales	$ 2.2	$ (1.3)	$ 0.8	$ (0.5)
Commodity contracts and currency exchange contracts recorded in cost of sales	(2.7)	(6.4)	(2.7)	(13.9)
Interest rate contracts recorded in interest expense	0.1		(0.1)	(0.3)
Total before tax effect	(0.4)	(7.7)	(2.0)	(14.7)
Tax benefit (expense) on amounts reclassified into earnings	0.4	1.2	1.1	2.1
Recognized gain (loss)	$	$ (6.5)	$ (0.9)	$ (12.6)
Amortization of pension and other postretirement benefits *(a)*:				
Prior service income (cost)	$ 0.6	$ 0.1	$ 1.0	$ 0.2
Actuarial gains (losses)	(11.4)	(8.6)	(23.7)	(17.1)
Total before tax effect	(10.8)	(8.5)	(22.7)	(16.9)

Tax benefit (expense) on amounts reclassified into earnings		3.9		3.1		8.3		6.2
Recognized gain (loss)	$	(6.9)	$	(5.4)	$	(14.4)	$	(10.7)

(a) *These components are included in the computation of net periodic benefit cost included in Note 12.*

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14. Stock-Based Compensation Programs

The company has shareholder-approved stock plans under which options and stock-settled appreciation rights (SSARs) have been granted to employees at the market value of the company s stock at the date of grant. In general, options and SSARs are exercisable in four equal installments commencing one year from the date of grant and terminating 10 years from the date of grant. A total of 1,231,865 stock options and SSARs were granted in February 2015.

These options and SSARs cannot be traded in any equity market. However, based on the Black-Scholes option pricing model, options and SSARs granted in 2015 and 2014 have estimated weighted average fair values at the date of grant of $14.20 per share and $9.81 per share, respectively. The actual value an employee may realize will depend on the excess of the stock price over the exercise price on the date the option or SSAR is exercised. Consequently, there is no assurance that the value realized by an employee will be at or near the value estimated. The fair values were estimated using the following weighted average assumptions:

	February 2015	January 2014
Expected dividend yield	0.79%	1.06%
Expected stock price volatility	22.11%	21.41%
Risk-free interest rate	1.39%	1.65%
Expected life of options (in years)	5.85 years	5.50 years

In February 2015 and January 2014, the company s board of directors granted 116,559 and 143,305 performance-contingent restricted stock units (PCEQs), respectively, to key employees. These PCEQs vest three years from the date of grant, and the number of shares available at the vesting date are based on the company s growth in economic valued added (EVA®) dollars in excess of the EVA® dollars generated in the calendar year prior to grant as the minimum threshold, ranging from zero to 200 percent of each participant s assigned award opportunity. If the minimum performance goals are not met, the shares will be forfeited. Grants under the plan are being accounted for as equity awards and compensation expense is recorded based upon the most probable outcome using the closing market price of the shares at the grant date. On a quarterly and annual basis, the company reassesses the probability of the goals being met and adjusts compensation expense as appropriate.

15. Earnings and Dividends Per Share

($ in millions, except per share amounts; shares in thousands)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net earnings attributable to Ball Corporation	$ 160.4	$ 153.1	$ 181.1	$ 246.6
Basic weighted average common shares	137,801	139,012	137,446	139,704

Effect of dilutive securities	3,739	3,848	3,856	3,768
Weighted average shares applicable to diluted earnings per share	141,540	142,860	141,302	143,472
Per basic share	$ 1.16	$ 1.10	$ 1.32	$ 1.77
Per diluted share	$ 1.13	$ 1.07	$ 1.28	$ 1.72

Certain outstanding options were excluded from the diluted earnings per share calculation because they were antidilutive (i.e., their assumed conversion into common stock would increase rather than decrease earnings per share). The options excluded totaled 1.2 million in both the three and six months ended June 30, 2015, and 1.3 million in the six months ended June 30, 2014. There were no options excluded in the three months ended June 30, 2014.

The company declared and paid dividends of $0.13 per share in each of the first two quarters of 2015 and 2014.

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16. Financial Instruments and Risk Management

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

Commodity Price Risk

Aluminum

The company manages commodity price risk in connection with market price fluctuations of aluminum ingot through two different methods. First, the company enters into container sales contracts that include aluminum ingot-based pricing terms that generally reflect the same price fluctuations under commercial purchase contracts for aluminum sheet. The terms include fixed, floating or pass-through aluminum ingot component pricing. Second, the company uses certain derivative instruments such as option and forward contracts as economic and cash flow hedges of commodity price risk where there are material differences between sales and purchase contracted pricing and volume.

At June 30, 2015, the company had aluminum contracts limiting its aluminum exposure with notional amounts of approximately $295 million, of which approximately $230 million received hedge accounting treatment. The aluminum contracts, which are recorded at fair value, include economic derivative instruments that are undesignated, as well as cash flow hedges that offset sales and purchase contracts of various terms and lengths. Cash flow hedges relate to forecasted transactions that expire within the next three years. Included in shareholders equity at June 30, 2015, within accumulated other comprehensive earnings (loss) is a net after-tax loss of $10.2 million associated with these contracts. A net loss of $8.8 million is expected to be recognized in the consolidated statement of earnings during the next 12 months, the majority of which will be offset by pricing changes in sales and purchase contracts, thus resulting in little or no earnings impact to Ball.

Steel

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

Interest Rate Risk

The company s objective in managing exposure to interest rate changes is to minimize the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, the company may use a variety of interest rate swaps, collars and options to manage our mix of floating and fixed-rate debt. Interest rate instruments held by the company at June 30, 2015, included pay-fixed interest rate swaps, which effectively convert variable rate obligations to fixed-rate instruments.

At June 30, 2015, the company had outstanding interest rate swap contracts with notional amounts of approximately $146 million paying fixed rates expiring within the next four years. The after-tax loss included in shareholders equity at June 30, 2015, within accumulated other comprehensive earnings (loss) is insignificant.

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

Interest Rate Risk Rexam Acquisition

The company entered into interest rate swaps to hedge against rising U.S. and European interest rates to minimize its interest rate exposure associated with anticipated debt issuances in connection with the announced, proposed acquisition of Rexam. At June 30, 2015, the company had outstanding interest rate swaps with notional amounts totaling approximately $150 million and 1,450 million. In addition, the company entered into interest rate option contracts to hedge negative Euribor rates with an aggregate notional amount of 750 million. These contracts were not designated as hedges, and therefore, changes in the fair value of these interest swap and option contracts are recognized in the unaudited condensed consolidated statements of earnings in debt refinancing and other costs, a component of total interest expense. The gain included in debt refinancing and other costs during the first six months of 2015 associated with these contracts was $5.0 million. The contracts outstanding at June 30, 2015, expire within the next five years.

Subsequent to the second quarter of 2015, the company entered into additional interest rate swap contracts to hedge against rising U.S. and European interest rates with aggregate notional amounts of approximately $50 million and 300 million, respectively.

Currency Exchange Rate Risk

The company s objective in managing exposure to currency fluctuations is to limit the exposure of cash flows and earnings to changes associated with currency exchange rate changes through the use of various derivative contracts. In addition, at times the company manages earnings translation volatility through the use of currency option strategies, and the change in the fair value of those options is recorded in the company s net earnings. The company s currency translation risk results from the currencies in which we transact business. The company faces currency exposures in our global operations as a result of various factors including intercompany currency denominated loans, selling our products in various currencies, purchasing raw materials and equipment in various currencies and tax exposures not denominated in the functional currency. Sales contracts are negotiated with customers to reflect cost changes and, where there is not an exchange pass-through arrangement, the company uses forward and option contracts to manage currency exposures.

Additionally, at June 30, 2015, the company had outstanding exchange forward contracts and option contracts with notional amounts totaling approximately $686 million. Included in shareholders equity at June 30, 2015, within accumulated other comprehensive earnings (loss) is a net after-tax loss of $5.5 million associated with these contracts. A net loss of $6.2 million is expected to be recognized in the consolidated statement of earnings during the next 12 months. The contracts outstanding at June 30, 2015, expire within the next year.

Currency Exchange Rate Risk Rexam Acquisition

In connection with the announced, proposed acquisition of Rexam, the company entered into collar and option contracts to partially mitigate its currency exchange rate risk from February 19, 2015, through the expected closing date of the acquisition. At June 30, 2015, the company had outstanding collar and option contracts with notional amounts totaling approximately £2.2 billion ($3.4 billion). These contracts were not designated as hedges, and therefore, changes in the fair value of these contracts are recognized in the unaudited condensed consolidated statements of earnings in business consolidation and other activities (see Note 5). During the first and second quarters of 2015, the company recognized losses of $27.7 million and gains of $96.0 million, respectively, associated with these contracts. The contracts outstanding at June 30, 2015, expire within the next two years.

Common Stock Price Risk

The company s deferred compensation stock program is subject to variable plan accounting and, accordingly, is marked to fair value using the company s closing stock price at the end of the related reporting period. The company entered into a total return swap to reduce the company s earnings exposure to these fair value fluctuations that will be outstanding until March 2016 and has a notional amount of 1 million shares. As of June 30, 2015, the fair value of the swap was a $2.3 million loss. All gains and losses on the total return swap are recorded in the unaudited condensed consolidated statement of earnings in selling, general and administrative expenses.

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

Collateral Calls

The company s agreements with its financial counterparties require the company to post 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 are shown within the investing section of the company s consolidated statements of cash flows. As of June 30, 2015, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was $29.8 million and no collateral was required to be posted. As of December 31, 2014, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position was $12.4 million and no collateral was required to be posted.

Fair Value Measurements

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

	June 30, 2015			December 31, 2014		
($ in millions)	**Derivatives Designated as Hedging Instruments**	**Derivatives not Designated as Hedging Instruments**	**Total**	**Derivatives Designated as Hedging Instruments**	**Derivatives not Designated as Hedging Instruments**	**Total**
Assets:						
Commodity contracts	$ 6.5	$ 2.6	$ 9.1	$ 3.8	$ 1.3	$ 5.1
Foreign currency contracts	0.4	10.5	10.9	0.8	3.5	4.3
Total current derivative contracts	$ 6.9	$ 13.1	$ 20.0	$ 4.6	$ 4.8	$ 9.4
Commodity contracts	$ 1.5	$ 1.1	$ 2.6	$ 2.2	$ 0.5	$ 2.7
Foreign currency contracts		75.1	75.1			
Interest rate and other contracts	0.1	7.8	7.9	0.4		0.4
Total noncurrent derivative contracts	$ 1.6	$ 84.0	$ 85.6	$ 2.6	$ 0.5	$ 3.1

Liabilities:						
Commodity contracts	$ 16.2	$ 4.2	$ 20.4	$ 6.9	$ 1.6	$ 8.5
Foreign currency contracts	6.8	3.0	9.8	1.6	1.3	2.9
Interest rate and other contracts	0.5	2.2	2.7	0.5	0.4	0.9
Total current derivative contracts	$ 23.5	$ 9.4	$ 32.9	$ 9.0	$ 3.3	$ 12.3
Commodity contracts	$ 5.8	$ 1.4	$ 7.2	$ 6.8	$ 0.5	$ 7.3
Interest rate and other contracts	0.3	0.5	0.8	0.3		0.3
Total noncurrent derivative contracts	$ 6.1	$ 1.9	$ 8.0	$ 7.1	$ 0.5	$ 7.6

The company uses closing spot and forward market prices as published by the London Metal Exchange, the Chicago Mercantile Exchange, Reuters and Bloomberg to determine the fair value of any outstanding aluminum, currency, energy, inflation and interest rate spot and forward contracts. Option contracts are valued using a Black-Scholes model with observable market inputs for aluminum, currency and interest rates. We value each of our financial instruments either internally using a single valuation technique or from a reliable observable market source. The company does not adjust the value of its financial instruments except in determining the fair value of a trade that settles in the future by discounting the value to its present value using 12-month LIBOR as the discount factor. Ball performs validations of our internally derived fair values reported for our financial instruments on a quarterly basis utilizing counterparty valuation statements. The company additionally evaluates counterparty creditworthiness and, as of June 30, 2015, has not identified any circumstances requiring that the reported values of our financial instruments be adjusted.

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

Impact on Earnings from Derivative Instruments

		Three Months Ended June 30,			
		2015		2014	
($ in millions)	Location of Gain (Loss) Recognized in Earnings on Derivatives	Cash Flow Hedge - Reclassified Amount from Accumulated Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives not Designated as Hedge Instruments	Cash Flow Hedge - Reclassified Amount from Accumulated Other Comprehensive Earnings (Loss)	Gain (Loss) on Derivatives not Designated as Hedge Instruments
Commodity contracts - *manage exposure to customer pricing*	Net sales	$ 2.2	$ 0.4	$ (1.3)	$ 0.3
Commodity contracts - *manage exposure to supplier pricing*	Cost of sales	(2.7)	(2.9)	(6.7)	0.3
Interest rate contracts - *manage exposure for outstanding debt*	Interest expense	0.1			
Interest rate contracts - *manage exposure for forecasted Rexam financing*	Debt refinancing and other costs		5.1		
Foreign currency contracts - *manage exposure to sales of products*	Cost of sales		0.6	0.3	
Foreign currency contracts - *manage exposure for transactions between segments*	Selling, general and administrative		(8.3)		(0.5)
Foreign currency contracts - *manage exposure for proposed acquisition of Rexam*	Business consolidation and other activities		96.0		
Equity contracts	Selling, general and administrative		(0.6)		0.9
Total		$ (0.4)	$ 90.3	$ (7.7)	$ 1.0

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Ball Corporation

Notes to the Unaudited Condensed Consolidated Financial Statements

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

		Six Months Ended June 30,			
		2015		2014	
($ in millions)	**Location of Gain (Loss) Recognized in Earnings on Derivatives**	**Cash Flow Hedge - Reclassified Amount From Other Comprehensive Earnings (Loss)**	**Gain (Loss) on Derivatives Not Designated As Hedge Instruments**	**Cash Flow Hedge - Reclassified Amount From Other Comprehensive Earnings (Loss)**	**Gain (Loss) on Derivatives Not Designated As Hedge Instruments**
Commodity contracts - *manage exposure to customer pricing*	Net sales	$ 0.8	$ 0.7	$ (0.5)	$ 0.2
Commodity contracts - *manage exposure to supplier pricing*	Cost of sales	(2.2)	(2.7)	(14.2)	0.6
Interest rate contracts - *manage exposure for outstanding debt*	Interest expense	(0.1)		(0.3)	
Interest rate contracts - *manage exposure for forecasted Rexam financing*	Debt refinancing and other costs				