

BALL CORP
Form 10-K
February 16, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2015

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

For the transition period from to

Commission File Number 001-07349

Ball Corporation

State of Indiana
(State of other jurisdiction of
Incorporation or organization)

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

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10 Longs Peak Drive, P.O. Box 5000
Broomfield, Colorado
(Address of registrant's principal executive office)

80021-2510
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, without par value

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

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The aggregate market value of voting stock held by non-affiliates of the registrant was \$9.7 billion based upon the closing market price and common shares outstanding as of June 30, 2015.

Number of shares and rights outstanding as of the latest practicable date.

Class	Outstanding at February 12, 2016
Common Stock, without par value	141,713,478 shares
Preferred Stock Purchase Right	70,856,739 rights

DOCUMENTS INCORPORATED BY REFERENCE

1. Proxy statement to be filed with the Commission within 120 days after December 31, 2015, to the extent indicated in Part III.
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Ball Corporation

ANNUAL REPORT ON FORM 10-K

For the year ended December 31, 2015

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PART I

Item 1. Business

Ball Corporation and its consolidated subsidiaries (collectively, Ball, the company, we or our) is one of the world's leading suppliers of metal packaging to the beverage, food, personal care and household products industries. The company was organized in 1880 and incorporated in the state of Indiana, United States of America (U.S.), in 1922. Our packaging products are produced for a variety of end uses and are manufactured in facilities around the world. We also provide aerospace and other technologies and services to governmental and commercial customers within our aerospace and technologies segment. In 2015, our total consolidated net sales were \$8.0 billion. Our packaging businesses were responsible for 90 percent of our net sales, with the remaining 10 percent contributed by our aerospace business.

Our largest product lines are aluminum and steel beverage containers. We also produce steel food, aerosol, paint, general line and decorative specialty containers, as well as extruded aluminum aerosol and beverage containers and aluminum slugs.

We sell our packaging products mainly to large multinational beverage, food, personal care and household products companies with which we have developed long-term customer 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 majority of our packaging products to relatively few major companies in North America, Europe, Asia and South America, as do our equity joint ventures in the U.S. and Vietnam. Our significant customers include: Anheuser-Busch InBev n.v./s.a., Heineken N.V., MillerCoors LLC, PepsiCo Inc. and its affiliated bottlers, SABMiller plc, The Coca-Cola Company and its affiliated bottlers, and Unilever N.V.

Our aerospace business is a leader in the design, development and manufacture of innovative aerospace systems for civil, commercial and national security aerospace markets. It produces spacecraft, instruments and sensors, radio frequency systems and components, data exploitation solutions and a variety of advanced aerospace technologies and products that enable deep space missions.

We are headquartered in Broomfield, Colorado, and our stock is listed for trading on the New York Stock Exchange under the ticker symbol BLL.

Recent Developments

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 new shares of the company. The transaction valued 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).

On February 19, 2015, the company entered into a £3.3 billion unsecured bridge loan agreement, pursuant to which lending institutions have agreed, subject to limited conditions, to provide financing necessary to pay the cash portion of the consideration payable to Rexam shareholders upon consummation of the proposed acquisition of Rexam and related fees and expenses. In December 2015, the company issued \$1 billion of 4.375 percent senior notes, 400 million of 3.5 percent senior notes, all due in December 2020, and 700 million of 4.375 percent senior notes, due in December 2023. Pursuant to the terms of the unsecured bridge loan agreement, the company deposited the net proceeds from the issuance of such notes into an escrow account (from which proceeds would be released, subject to certain conditions, to pay a portion of the cash consideration payable to Rexam shareholders and related fees and expenses), which reduced the commitments under the unsecured bridge loan agreement availability to £1.9 billion. This reduction in the unsecured bridge loan resulted in the write-off of \$10.7 million of related deferred financing costs. See Note 13 for further details related to these transactions.

On February 19, 2015, the company entered into a new \$3 billion revolving credit facility to replace the existing approximate \$1 billion bank credit facility, redeem the 2020 and 2021 senior notes and provide ongoing liquidity for the company. In June 2015, during a subsequent debt offering, the company issued \$1 billion of 5.25 percent senior notes due in July 2025, thereby reducing the borrowing capacity under the revolving credit facility from \$3 billion to \$2.25 billion. See Note 13 for further details related to these transactions.

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In addition, on February 19, 2015, the company announced the redemption of all of the outstanding 6.75 percent senior notes due in September 2020 and all of the 5.75 percent senior notes due in May 2021, each in the amount of \$500 million. The redemption of these bonds occurred in March 2015, and resulted in a pre-tax charge of \$55.8 million, composed of the redemption premiums and the write-offs of related debt financing costs in debt refinancing and other costs.

Ball owned interests in a joint venture company (Latapack-Ball) organized and operating in Brazil. During October and November 2015, Ball and its joint venture partners reached an agreement to exchange all of their interests in Latapack-Ball for a total of approximately 5.7 million treasury shares of Ball common stock and \$17.4 million of cash. The acquisition of the noncontrolling interests in the joint venture was completed in December 2015, and Latapack-Ball is now a wholly owned subsidiary of Ball.

Ball currently expects to complete the Rexam acquisition during the first half of 2016, subject to final regulatory approval by the European Commission (EC), Brazil's Council for Economic Defence (CADE) and the Federal Trade Commission (FTC), the completion of the Rexam acquisition divestitures required by the regulators and other customary closing conditions; however, there can be no assurances that the Rexam acquisition or the Rexam acquisition divestitures will be completed by such time, or on the terms described herein, or at all. The EC and Brazil's CADE have provided conditional clearance of the proposed acquisition, subject to their approval of the proposed buyer of the divested assets and other customary regulatory processes.

Our Strategy

Our overall business strategy is defined by our Drive for 10 vision, which at its highest level is a mindset around perfection, with a greater sense of urgency around our future success. Launched in 2011, our Drive for 10 vision encompasses five strategic levers that are key to growing our businesses and achieving long-term success. These five levers are:

- Maximizing value in our existing businesses
- Expanding into new products and capabilities
- Aligning ourselves with the right customers and markets
- Broadening our geographic reach and
- Leveraging our know-how and technological expertise to provide a competitive advantage

We also maintain a clear and disciplined financial strategy focused on improving shareholder returns through:

- Delivering earnings per share growth of 10 percent to 15 percent per annum over the long-term

- Focusing on free cash flow generation
- Increasing Economic Value Added (EVA®) dollars

The cash generated by our businesses is used primarily: (1) to finance the company's operations, (2) to fund strategic capital investments, (3) to return to our shareholders via stock buy-back programs and dividend payments and (4) to service the company's debt. We will, when we believe it will benefit the company and our shareholders, make strategic acquisitions, enter into joint ventures or divest parts of our company. The compensation of many of our employees is tied directly to the company's performance through our EVA®-based incentive programs.

Our Reporting Segments

Ball Corporation reports its financial performance in four reportable segments: (1) metal beverage packaging, Americas and Asia; (2) metal beverage packaging, Europe; (3) metal food and household products packaging; and (4) aerospace and technologies. Ball also has investments in the U.S. and Vietnam that are accounted for using the equity method of accounting and, accordingly, those results are not included in segment sales or earnings. Financial information related to each of our segments is included in Note 3 to the consolidated financial statements within Item 8 of this Annual Report on Form 10-K (annual report).

Metal Beverage Packaging, Americas and Asia, Segment

Metal beverage packaging, Americas and Asia, is Ball's largest segment, accounting for 53 percent of consolidated net sales in 2015. Metal beverage containers are primarily sold under multi-year supply contracts to fillers of carbonated soft drinks, beer, energy drinks and other beverages.

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Americas

Metal beverage containers and ends are produced at 15 manufacturing facilities in the U.S., one in Canada, one in Mexico and four in Brazil. Ends are produced within three of the U.S. facilities, including one facility that manufactures only ends, one facility in Mexico, and one facility in Brazil. Additionally, Rocky Mountain Metal Container, LLC, a 50-percent owned joint venture owned by Ball and MillerCoors LLC, operates metal beverage container and end manufacturing facilities in Golden, Colorado.

The North American metal beverage container manufacturing industry is relatively mature, and industry volumes for certain types of containers have declined over the past several years. Where growth or contractions are projected in certain markets or for certain products, Ball undertakes selected capacity increases or decreases in its existing facilities to meet market demand. A meaningful portion of the industry-wide reduction in demand for standard 12-ounce aluminum cans for the carbonated soft drink market is being offset with the growing demand for specialty container volumes from new and existing customers. In February 2015, we announced the introduction of a next-generation aluminum bottle-shaping technology in our Conroe, Texas, facility for a customer under a long-term arrangement that began production in the second quarter of 2015. In April 2015, we announced the construction of a beverage can and end manufacturing facility in Monterrey, Mexico, which began production in January 2016.

According to publicly available information and company estimates, the combined Americas metal beverage container industry represents approximately 126 billion units. Five companies manufacture substantially all of the metal beverage containers in the U.S. and Canada and three companies manufacture substantially all such containers in Brazil. Three of these producers and one other independent producer also manufacture metal beverage containers in Mexico. Ball produced approximately 40 billion recyclable aluminum beverage containers in the Americas in 2015 about 34 percent of the aggregate production in these markets. Sales volumes of metal beverage containers in North America tend to be highest during the period from April through September while in Brazil, sales volumes tend to be highest from September through December. All of the beverage containers produced by Ball in the U.S., Canada, Mexico and Brazil are made of aluminum, as are almost all beverage containers produced by our competitors in those countries. In the Americas, five suppliers provide virtually all our aluminum can and end sheet requirements.

Metal beverage containers are sold based on price, quality, service, innovation and sustainability in a highly competitive market, which is relatively capital intensive and characterized by facilities that run more or less continuously in order to operate profitably. In addition, the metal beverage container competes aggressively with other packaging materials which include meaningful industry positions by the glass bottle in the packaged beer industry and the polyethylene terephthalate (PET) bottle in the carbonated soft drink and water industries.

We believe we have limited our exposure related to changes in the costs of aluminum ingot as a result of the inclusion of provisions in most metal beverage container sales contracts to pass through aluminum ingot price changes, as well as through the use of derivative instruments.

In order to better align our manufacturing footprint to meet the needs of our customers, in July 2015, the company announced the closure of its Bristol, Virginia, metal beverage packaging end-making facility. The facility is expected to cease production in the second quarter of 2016. The Bristol facility produces metal beverage ends in a variety of sizes and its capacity will be transitioned to existing North American Ball end-making facilities.

Asia

The metal beverage container market in the People's Republic of China (PRC) is approximately 36 billion containers, of which Ball's operations represented an estimated 18 percent in 2015. Our percentage of the industry makes us one of the largest manufacturers of metal beverage containers in the PRC with four other manufacturers accounting for an estimated 75 percent of the production. Our operations include the manufacture of aluminum containers and ends in four facilities in the PRC. Our aluminum can and end sheet requirements are provided by several suppliers.

During the first quarter of 2014, the company sold its plastic motor oil container and pail manufacturing business in the PRC. Further details are available in Note 5 to the consolidated financial statements within Item 8 of this annual report. Additionally, in May 2014, we announced the expansion of our Asian operations with the construction of a new one-line beverage can manufacturing facility in Myanmar, which is expected to begin production in the second quarter of 2016.

Additionally Ball operates an equity joint venture in Vietnam with Thai Beverage Can Limited. The joint venture is a leading manufacturer of two-piece aluminum cans and ends for beverages.

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During July 2013, the company signed a compensation agreement with the PRC government to close the company's Shenzhen manufacturing facility and relocate the production capacity by the end of 2013. Further details are available in Note 5 to the consolidated financial statements within Item 8 of this annual report.

We believe we have limited our exposure related to changes in the costs of aluminum ingot as a result of the inclusion of provisions in most metal beverage container sales contracts to pass through aluminum ingot price changes, as well as through the use of derivative instruments.

Metal Beverage Packaging, Europe, Segment

The European metal beverage container market, excluding Russia, is approximately 60 billion containers, and we are the second largest producer with an estimated 30 percent of European shipments. The European market is highly regional in terms of sales growth rates and packaging mix.

The metal beverage packaging, Europe, segment, which accounted for 21 percent of Ball's consolidated net sales in 2015, supplies two-piece metal beverage containers and ends for producers of carbonated soft drinks, beer, energy drinks and other beverages. Our European operations consist of 13 facilities—10 beverage container facilities and three beverage end facilities—of which four are located in Germany, three in the United Kingdom, two in France, two in Poland and one each in the Netherlands and Serbia. In addition, Ball is currently renting space on the premises of a supplier in Haslach, Germany, in order to produce the Ball Resealable End. The European beverage facilities produced approximately 19 billion metal beverage containers in 2015, with approximately 67 percent of those being produced from aluminum and 33 percent from steel. Seven of the beverage container facilities use aluminum and three use steel. During August 2014, we announced the expansion of our beverage can manufacturing facility in Oss, the Netherlands, with the construction of a new line for aluminum beverage containers and a new warehouse. The new line began commercial production in the second quarter of 2015.

Sales volumes of metal beverage containers in Europe tend to be highest during the period from May through August with a smaller increase in demand leading up to the winter holiday season in the United Kingdom. Much like other parts of the world, the metal beverage container competes aggressively with other packaging materials used by the European beer and carbonated soft drink industries. The glass bottle is heavily utilized in the packaged beer industry, while the PET container is utilized in the carbonated soft drink, beer, juice and water industries.

European raw material supply contracts are generally for a period of one year, although Ball has negotiated some longer term agreements. In Europe three aluminum suppliers and two steel suppliers provide 97 percent of our requirements. Aluminum is traded primarily in U.S. dollars, while the functional currencies of the European operations are non-U.S. dollars. The company generally tries to minimize the resulting exchange rate risk using derivative and supply contracts in local currencies. Purchase and sales contracts generally include fixed-price, floating or pass-through aluminum ingot component pricing arrangements.

Metal Food and Household Products Packaging Segment

The metal food and household products packaging segment accounted for 16 percent of consolidated net sales in 2015. Ball produces two-piece and three-piece steel food containers and ends for packaging vegetables, fruit, soups, meat, seafood, nutritional products, pet food and other

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products. The segment also manufactures and sells aerosol, paint and general line and decorative specialty containers, as well as extruded aluminum aerosol and beverage containers and aluminum slugs. There are a total of 13 facilities in the U.S., four in Europe, one in Canada, one in Mexico and one in India that produce these products. In addition, the company manufactures and sells steel aerosol containers in two facilities in Argentina.

During August 2014, we announced the installation of a new extruded aluminum aerosol container line in our DeForest, Wisconsin, facility, which began production in the first quarter of 2015. Additionally, in October 2014, we announced the construction of a new extruded aluminum aerosol container manufacturing facility in India, which began production in October 2015. In February 2015, we announced the introduction of a new steel aerosol container manufacturing technology in Chestnut Hill, Tennessee, which began production in the fourth quarter of 2015. Also in February 2015, we completed the acquisition of Sonoco's metal end and closure facilities in Canton, Ohio.

Sales volumes of metal food containers in North America tend to be highest from May through October as a result of seasonal fruit, vegetable and salmon packs. We estimate our 2015 shipments of approximately 3 billion steel food containers to be approximately 12 percent of total U.S. and Canadian metal food container shipments. We estimate our steel aerosol business accounts for approximately 35 percent of total annual U.S. and Canadian steel aerosol shipments. In the U.S. and Canada, we are the leading supplier of aluminum slugs used in the production of extruded aluminum aerosol

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containers and estimate our percentage of the total industry shipments to be approximately 92 percent. We estimate our extruded aluminum aerosol business accounts for approximately 19 percent of total annual U.S. and Canadian extruded aluminum aerosol shipments. Ball's European aluminum aerosol shipments represented approximately 21 percent of total European industry shipments in 2015.

Competitors in the metal food container product line include two national and a small number of regional suppliers and self-manufacturers. Several producers in Mexico also manufacture steel food containers. Competition in the U.S. steel aerosol container market primarily includes three other national suppliers. Steel containers also compete with other packaging materials in the food and household products industry including glass, aluminum, plastic, paper and pouches. As a result, profitability for this product line is dependent on price, cost reduction, service and quality. In North America, two steel suppliers provide approximately 54 percent of our tinplate steel. We believe we have limited our exposure related to changes in the costs of steel tinplate and aluminum as a result of the inclusion of provisions in many sales contracts to pass through steel and aluminum cost changes and the existence of certain other steel container sales contracts that incorporate annually negotiated metal costs.

Cost containment and maximizing asset utilization are crucial to maintaining profitability in the metal food and aerosol container manufacturing industries and Ball is focused on doing so. Toward that end, in February 2013, Ball announced the closure of its metal food and aerosol container manufacturing facility in Elgin, Illinois. The facility, which produced aerosol and specialty steel cans as well as flat steel sheet used by other Ball food and household products packaging facilities, ceased production in the fourth quarter of 2013, and its production capacity was consolidated into other Ball facilities. Ball later announced in November 2013 the closure of its steel aerosol container manufacturing facility in Danville, Illinois. The facility ceased production in December 2014 and its production assets were deployed to other North American metal food and household products packaging facilities.

Aerospace and Technologies Segment

Ball's aerospace and technologies segment, which accounted for 10 percent of consolidated net sales in 2015, includes national defense hardware, antenna and video tactical solutions, civil and operational space hardware and systems engineering services. The segment develops spacecraft, sensors and instruments, radio frequency systems and other advanced technologies for the civil, commercial and national security aerospace markets. The majority of the aerospace and technologies business involves work under contracts, generally from one to five years in duration, as a prime contractor or subcontractor for the U.S. Department of Defense (DoD), the National Aeronautics and Space Administration (NASA) and other U.S. government agencies. The company competes against both large and small prime contractors and subcontractors for these contracts. Contracts funded by the various agencies of the federal government represented 96 percent of segment sales in 2015.

Intense competition and long operating cycles are key characteristics of both the company's business and the aerospace and defense industry. It is common in the aerospace and defense industry 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 another competitor, become a subcontractor for the ultimate prime contracting company. It is not unusual to compete for a contract award with a peer company and, simultaneously, perform as a supplier to or a customer of that same competitor on other contracts, or vice versa.

Geopolitical events and shifting executive and legislative branch priorities have resulted in an increase in opportunities over the past decade in areas matching our aerospace and technologies segment's core capabilities in space hardware. The businesses include hardware, software and services sold primarily to U.S. customers, with emphasis on space science and exploration, environmental and earth sciences, and defense and intelligence applications. Major activities frequently involve the design, manufacture and testing of satellites, remote sensors and ground station control hardware and software, as well as related services such as launch vehicle integration and satellite operations. Uncertainties in the federal

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government budgeting process could delay the funding, or even result in cancellation of certain programs currently in our reported backlog.

Other hardware activities include target identification, warning and attitude control systems and components; cryogenic systems for reactant storage, and associated sensor cooling devices; star trackers, which are general-purpose stellar attitude sensors; and fast-steering mirrors. Additionally, the aerospace and technologies segment provides diversified technical services and products to government agencies, prime contractors and commercial organizations for a broad range of information warfare, electronic warfare, avionics, intelligence, training and space system needs.

Backlog in the aerospace and technologies segment was \$617 million and \$765 million at December 31, 2015 and 2014, respectively, and consisted of the aggregate contract value of firm orders, excluding amounts previously recognized as

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revenue. The 2015 backlog includes \$442 million expected to be recognized in revenues during 2016, with the remainder expected to be recognized in revenues in the years thereafter. Unfunded amounts included in backlog for certain firm government orders, which are subject to annual funding, were \$274 million and \$410 million at December 31, 2015 and 2014, respectively. Year-over-year 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, funding of programs and the uncertainty of timing of future contract awards.

Patents

In the opinion of the company's management, none of our active patents or groups of patents is material to the successful operation of our business as a whole. We manage our intellectual property portfolio to obtain the durations necessary to achieve our business objectives.

Research and Development

Research and development (R&D) efforts in our packaging segments are primarily directed toward packaging innovation, specifically the development of new features, sizes, shapes and types of containers, as well as new uses for existing containers. Other additional R&D efforts in these segments seek to improve manufacturing efficiencies and the overall sustainability of our products. Our packaging R&D activities are primarily conducted in technical centers located in Westminster, Colorado, and in Bonn, Germany.

In our aerospace business, we continue to focus our R&D activities on the design, development and manufacture of innovative aerospace products and systems. This includes the production of spacecraft, instruments and sensors, radio frequency and system components, data exploitation solutions and a variety of advanced aerospace technologies and products that enable deep space missions. Our aerospace R&D activities are conducted at various locations in the U.S.

Additional information regarding company R&D activity is contained in Note 1 to the consolidated financial statements within Item 8 of this annual report, as well as in Item 2, Properties.

Sustainability and the Environment

Sustainability is a key part of maximizing value at Ball. In our global operations, we focus our sustainability efforts on employee safety, and reducing energy, water, waste and air emissions. In addition to those operational priorities, we identified innovation, packaging recycling, talent management, responsible sourcing and community engagement as priorities for our corporate sustainability efforts. By continuously working toward reducing the environmental impacts of our products throughout their life cycle, we also improve our financial results. Information about our corporate sustainability management, goals and performance data are available at www.ball.com/sustainability.

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Because metal recycling saves resources and uses up to 20 times less energy than primary metal production, the biggest opportunity to further minimize the environmental impacts of metal packaging is to increase recycling rates. Aluminum and steel are infinitely recyclable materials. They also have the highest scrap value of all commonly used packaging substrates, contributing to the fact that metal cans are the most recycled food and beverage containers in the world. In some of Ball's markets such as Brazil, China and several European countries, recycling rates for beverage cans are at or above 90 percent. The most recently available recycling rates in the U.S. are 67 percent for aluminum beverage cans in 2014 and 70 percent for steel containers in 2013. The most recently available recycling rates in Europe are approximately 71 percent for aluminum beverage containers and 75 percent for steel packaging in 2013.

In several of Ball's markets we help establish and financially support recycling initiatives. Educating consumers about the benefits of recycling aluminum and steel containers and collaborating with industry partners to create effective collection and recycling systems contribute to increased recycling rates. For more details about programs we support, please visit www.ball.com/recycling.

Employee Relations

At the end of 2015, the company and its subsidiaries employed approximately 15,200 employees: 7,900 employees in the U.S. and 7,300 in other countries. Details of collective bargaining agreements are included within Item 1A, Risk Factors, of this annual report.

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Where to Find More Information

Ball Corporation is subject to the reporting and other information requirements of the Securities Exchange Act of 1934, as amended (Exchange Act). Reports and other information filed with the Securities and Exchange Commission (SEC) pursuant to the Exchange Act may be inspected and copied at the public reference facility maintained by the SEC in Washington, D.C. The SEC maintains a website at www.sec.gov containing our reports, proxy materials and other items. The company also maintains a website at www.ball.com on which it provides a link to access Ball's SEC reports free of charge.

The company has established written Ball Corporation Corporate Governance Guidelines; a Ball Corporation Executive Officers and Board of Directors Business Ethics Statement; a Business Ethics booklet; and Ball Corporation Audit Committee, Nominating/Corporate Governance Committee, Human Resources Committee and Finance Committee charters. These documents are set forth on the company's website at www.ball.com/investors, under the link Corporate Governance. A copy may also be obtained upon request from the company's corporate secretary. The company's sustainability report and updates on Ball's progress are available at www.ball.com/sustainability.

The company intends to post on its website the nature of any amendments to the company's codes of ethics that apply to executive officers and directors, including the chief executive officer, chief financial officer and controller, and the nature of any waiver or implied waiver from any code of ethics granted by the company to any executive officer or director. These postings will appear on the company's website at www.ball.com/investors, under the link Corporate Governance.

Item 1A. Risk Factors

Any of the following risks could materially and adversely affect our business, financial condition or results of operations.

Risks related to the proposed acquisition of Rexam

The announced, proposed acquisition of Rexam is subject to various closing conditions, including governmental and regulatory approvals, and approval by Rexam's shareholders, as well as other uncertainties, and there can be no assurances as to whether and when it may be completed. Failure to consummate the proposed acquisition could negatively impact our stock price and our future business and financial results.

The consummation of the announced, proposed acquisition of Rexam is subject to certain customary conditions. A number of the remaining conditions are not within the company's or Rexam's control, and it is possible that such conditions may prevent, delay or otherwise materially adversely affect the completion of the acquisition. These conditions include, among other things: (i) the approval of a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act by the holders of at least a majority in number representing at least 75 percent of the issued share capital of Rexam present at a shareholder meeting, approval of related resolutions by at least a 75 percent majority of the issued capital of Rexam present at a further shareholder meeting (excluding shares held by the company, if any) and the sanction of the High Court of England and Wales, (ii) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act

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of 1976, as amended, as well as the expiration or termination of the applicable waiting periods under the antitrust laws of several other jurisdictions, including the European Union and Brazil, and obtaining associated approvals and clearances and (iii) the absence of a material adverse effect on Rexam and certain other actions related to Rexam as described in the UK offer announcement.

Under the U.K. City Code on Takeovers and Mergers, which we refer to as the Takeover Code, we may in certain cases invoke a condition to the acquisition to cause the acquisition not to proceed only if the U.K. Panel on Takeovers and Mergers, which we refer to as the Panel, is satisfied that the circumstances giving rise to that condition not being satisfied are of material significance to the company in the context of the acquisition. Because of this Panel consent requirement, the conditions, including as to the absence of a material adverse change affecting Rexam, may provide us less protection than the customary conditions in an offer for a U.S. domestic company.

The company cannot predict with certainty whether and when any of the remaining required conditions will be satisfied or if another uncertainty may arise. If the proposed acquisition does not receive, or timely receive, the required regulatory approvals and clearances, or if another event occurs that delays or prevents the acquisition, such delay or failure to complete the acquisition and the acquisition process may cause uncertainty or other negative consequences that may materially and adversely affect the company's business, financial condition and results of operations and, to the extent that the current price of the company's common stock reflects an assumption that the acquisition will be completed, the price per share for the company's common stock could be negatively impacted.

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We may not realize all of the anticipated benefits of the proposed acquisition of Rexam, or those benefits may take longer to realize than expected. We may also encounter significant unexpected difficulties in integrating the two businesses.

Our ability to realize the anticipated benefits of the proposed acquisition of Rexam will depend, to a large extent, on our ability to integrate our business with Rexam's business. Combining two independent businesses is a complex, costly and time-consuming process. As a result, we will be required to devote significant management attention and resources to integrating the business practices and operations of the company and Rexam. The integration process may disrupt the combined business and, if implemented ineffectively, could preclude the realization of the full benefits of the acquisition that are currently expected. Our failure to meet the challenges involved in integrating the two businesses and to realize the anticipated benefits of the proposed acquisition could cause an interruption of, or a loss of momentum in, the activities of the company and could adversely affect the company's results of operations. In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, and diversion of management's attention. The possible difficulties of combining the operations of the companies also include, among others:

- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining our business with that of Rexam;
- the loss of key personnel as a result of potentially significant divestitures required in connection with obtaining regulatory clearances;
- difficulties in integrating operations, business practices and systems;
- difficulties in assimilating employees;
- difficulties in managing the expanded operations of a significantly larger and more complex combined company;
- challenges in retaining existing customers and suppliers;
- challenges in obtaining new customers and suppliers;
- potential unknown liabilities and unforeseen increased expenses associated with the proposed acquisition; and
- challenges in retaining and attracting key personnel.

Many of these factors are or will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially impact the business, financial condition and results of operations of the company. In addition, even if the operations of the businesses of the company and Rexam are integrated successfully, we may not realize the full benefits of the proposed acquisition, including the synergies, cost savings or sales or growth opportunities that we expect, or the full benefits may not be achieved within the anticipated time frame, or at all. Additional unanticipated costs may be incurred in the integration of the businesses of the company and Rexam. All of these factors could adversely affect the earnings of the company, decrease or delay the expected accretive effect of the proposed acquisition, or negatively impact the price of the company's common stock. As a result, we cannot assure that the combination of the company and Rexam's businesses will result in the realization of the full benefits anticipated from the proposed acquisition.