



10 Longs Peak Drive  
Broomfield, Colorado

April 25, 2010

VIA EMAIL  
International Accounting Standards Board  
30 Cannon Street  
London, EC4M 6XH  
United Kingdom

Technical Director  
File Reference No. 2011-175  
Financial Accounting Standards Board of  
The Financial Accounting Foundation  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

Dear Technical Director:

Thank you for the opportunity to respond to the Discussion Paper: *Selected Issues about Hedge Accounting* ("Discussion Paper"). Ball Corporation ("Ball", "the company", "we" or "our") is a U.S.-based Fortune 500, multi-national manufacturer of metal packaging products and of aerospace and other technologies. Ball uses financial instruments to manage the risks associated with commodity price fluctuations (primarily aluminum), foreign currency transactions and translation, interest rates and equity prices. The FASB and IASB Boards' ("the Boards") consideration of our comments with respect to the Discussion Paper is greatly appreciated. As our derivative portfolio only encompasses a small portion of the issues that are outlined in the Discussion Paper we have chosen to bullet point our comments on the two topics that impact our hedging operations.

- The first topic we have chosen to address is the hedging of non-financial risk components. In the current and proposed FASB guidance the separation of non-financial risk components is not permitted as those components are normally not identifiable or measurable in a contract. As a significant consumer of commodities for our production processes, disallowing the separation, and hedging, of non-financial risk components places a significant burden on our hedging effectiveness which we feel is unwarranted as our risk components are clearly identifiable and separately measurable in our contracts. Consequently, we fully support the proposed guidance of the IASB and urge the Boards to incorporate this proposed guidance into the final standard of both Boards. The proposed guidance will allow non-financial companies like Ball to effectively and efficiently hedge the risks that are inherent in the commodities that we use in our production processes. Further, we agree with the criteria set out in the Discussion Paper and the proposed guidance that the risk component must be both separately identifiable and reliably measurable to qualify to be separated into components and hedged.
- The second topic we have chosen to address is the proposed guidance for hedge effectiveness. The proposed guidance from the IASB seems to be separate and distinct from the guidance that was proposed by the FASB in their guidance. This concerns us as it appears that the FASB

guidance is more aligned with principles-based effectiveness testing and we embrace the concept in the FASB guidance of a “reasonably effective” threshold. We concur with the FASB that the proposed guidance on effectiveness testing would allow companies to enter into hedging relationships that would meet the company’s risk management purposes but would not necessarily meet the current hedge accounting guidelines. We request the Boards to work closely on this issue and to provide one set of effectiveness testing requirements in the final standard that is in line with the FASB’s proposed guidance.

Please consider our comments and contact us if you have any further questions regarding our comments on the Proposed Guidance.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", with a long horizontal flourish extending to the right.

Shawn M. Barker  
Vice President and Controller