UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED June 30, 2020

☐ **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 000-50189

CROWN HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**75-3099507**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

770 Township Line Road	**Yardley**	**PA**	**19067**
(Address of principal executive offices)			**(Zip Code)**

215-698-5100
(registrant’s telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock $5.00 Par Value	CCK	New York Stock Exchange
7 3/8% Debentures Due 2026	CCK26	New York Stock Exchange
7 1/2% Debentures Due 2096	CCK96	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Emerging growth company ☐
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

There were 134,765,587 shares of Common Stock outstanding as of July 24, 2020.

PART I – FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 2,689	$ 3,035	$ 5,446	$ 5,790
Cost of products sold, excluding depreciation and amortization	2,155	2,417	4,375	4,627
Depreciation and amortization	117	123	239	245
Selling and administrative expense	139	157	301	314
Restructuring and other	3	(45)	10	(41)
Income from operations	275	383	521	645
Loss from early extinguishments of debt	—	—	—	6
Other pension and postretirement	13	29	44	11
Interest expense	76	97	156	195
Interest income	(1)	(4)	(5)	(7)
Foreign exchange	(5)	1	(17)	2
Income before income taxes	192	260	343	438
Provision for income taxes	53	88	91	136
Equity earnings in affiliates	2	2	3	3
Net income	141	174	255	305
Net income attributable to noncontrolling interests	(15)	(37)	(41)	(65)
Net income attributable to Crown Holdings	$ 126	$ 137	$ 214	$ 240
Earnings per common share attributable to Crown Holdings:				
Basic	$ 0.95	$ 1.02	$ 1.60	$ 1.79
Diluted	$ 0.94	$ 1.02	$ 1.59	$ 1.78

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net income	$ 141	$ 174	$ 255	$ 305
Other comprehensive income / (loss), net of tax:				
Foreign currency translation adjustments	22	(9)	(297)	50
Pension and other postretirement benefits	(20)	33	237	47
Derivatives qualifying as hedges	22	(9)	(12)	3
Total other comprehensive income / (loss)	24	15	(72)	100
Total comprehensive income	165	189	183	405
Net income attributable to noncontrolling interests	(15)	(37)	(41)	(65)
Translation adjustments attributable to noncontrolling interests	(2)	—	1	—
Derivatives qualifying as hedges attributable to noncontrolling interests	(1)	—	1	—
Comprehensive income attributable to Crown Holdings	$ 147	$ 152	$ 144	$ 340

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS (Condensed)
(In millions)
(Unaudited)

	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 366	$ 607
Receivables, net	1,604	1,528
Inventories	1,747	1,626
Prepaid expenses and other current assets	256	241
Total current assets	3,973	4,002
Goodwill	4,302	4,430
Intangible assets, net	1,872	2,015
Property, plant and equipment, net	3,817	3,887
Operating lease right-of-use assets, net	204	204
Other non-current assets	1,097	967
Total	$ 15,265	$ 15,505
Liabilities and equity		
Current liabilities		
Short-term debt	$ 131	$ 75
Current maturities of long-term debt	72	62
Current portion of operating lease liabilities	54	51
Accounts payable	2,183	2,646
Accrued liabilities	1,007	1,065
Total current liabilities	3,447	3,899
Long-term debt, excluding current maturities	7,999	7,818
Non-current portion of operating lease liabilities	155	156
Postretirement and pension liabilities	646	683
Other non-current liabilities	797	857
Commitments and contingent liabilities *(Note I)*		
Noncontrolling interests	406	379
Crown Holdings shareholders’ equity	1,815	1,713
Total equity	2,221	2,092
Total	$ 15,265	$ 15,505

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Condensed)
(In millions)
(Unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities		
Net income	$ 255	$ 305
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	239	245
Restructuring and other	10	(41)
Pension expense	69	40
Pension contributions	(11)	(9)
Stock-based compensation	15	16
Working capital changes and other	(815)	(783)
Net cash used for operating activities	(238)	(227)
Cash flows from investing activities		
Capital expenditures	(199)	(154)
Proceeds from sale of property, plant and equipment	—	11
Net investment hedge	15	6
Net cash used for investing activities	(184)	(137)
Cash flows from financing activities		
Proceeds from long-term debt	111	—
Payments of long-term debt	(41)	(305)
Net change in revolving credit facility and short-term debt	183	435
Payments of finance leases	(1)	(14)
Common stock issued	1	3
Common stock repurchased	(58)	(2)
Contributions from noncontrolling interests	2	3
Dividends paid to noncontrolling interests	(12)	(11)
Foreign exchange derivatives related to debt	11	(10)
Net cash provided by financing activities	196	99
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(10)	3
Net change in cash, cash equivalents and restricted cash	(236)	(262)
Cash, cash equivalents and restricted cash at January 1	663	659
Cash, cash equivalents and restricted cash at June 30	$ 427	$ 397

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In millions)
(Unaudited)

	Crown Holdings, Inc. Shareholders' Equity							
	Common Stock	Paid-in Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Crown Equity	Noncontrolling Interests	Total
Balance at January 1, 2020	$ 929	$ 207	$ 3,959	$ (3,131)	$ (251)	$ 1,713	$ 379	$ 2,092
Net income			88			88	26	114
Other comprehensive loss				(91)		(91)	(5)	(96)
Dividends paid to noncontrolling interests						—	(11)	(11)
Restricted stock awarded		(1)			1	—		—
Stock-based compensation		10				10		10
Common stock issued		1				1		1
Common stock repurchased		(52)			(5)	(57)		(57)
Balance at March 31, 2020	$ 929	$ 165	$ 4,047	$ (3,222)	$ (255)	$ 1,664	$ 389	$ 2,053
Net income			126			126	15	141
Other comprehensive income				21		21	3	24
Dividends paid to noncontrolling interests						—	(1)	(1)
Restricted stock awarded		(1)			1	—		—
Stock-based compensation		5				5		5
Common stock issued						—		—
Common stock repurchased					(1)	(1)		(1)
Balance at June 30, 2020	$ 929	$ 169	$ 4,173	$ (3,201)	$ (255)	$ 1,815	$ 406	$ 2,221

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
(In millions)
(Unaudited)

	Crown Holdings, Inc. Shareholders' Equity							
	Common Stock	Paid-in Capital	Accumulated Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Crown Equity	Noncontrolling Interests	Total Shareholders' Equity
Balance at January 1, 2019	$ 929	$ 186	$ 3,449	$ (3,374)	$ (253)	$ 937	$ 349	$ 1,286
Net income			103			103	28	131
Other comprehensive income				85		85		85
Dividends paid to noncontrolling interests						—	(9)	(9)
Restricted stock awarded		(1)			1	—		—
Stock-based compensation		8				8		8
Common stock issued		2				2		2
Common stock repurchased		(1)				(1)		(1)
Balance at March 31, 2019	$ 929	$ 194	$ 3,552	$ (3,289)	$ (252)	$ 1,134	$ 368	$ 1,502
Net income			137			137	37	174
Other comprehensive loss				15		15		15
Dividends paid to noncontrolling interests						—	(2)	(2)
Contribution from noncontrolling interests						—	3	3
Stock-based compensation		8				8		8
Common stock issued		1				1		1
Common stock repurchased		(1)				(1)		(1)
Balance at June 30, 2019	$ 929	$ 202	$ 3,689	$ (3,274)	$ (252)	$ 1,294	$ 406	$ 1,700

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In millions, except per share and statistical data)
(Unaudited)

A. Statement of Information Furnished

The consolidated financial statements include the accounts of Crown Holdings, Inc. and its consolidated subsidiaries (the “Company”). The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Form 10-Q instructions. In the opinion of management, these consolidated financial statements contain all adjustments of a normal and recurring nature necessary for a fair statement of the financial position of the Company as of June 30, 2020 and the results of its operations for the three and six months ended June 30, 2020 and 2019 and of its cash flows for the six months ended June 30, 2020 and 2019. The results reported in these consolidated financial statements are not necessarily indicative of the results that may be expected for the entire year including the impact of the coronavirus pandemic which cannot be determined at this time. These results have been determined on the basis of accounting principles generally accepted in the United States of America (“GAAP”), the application of which requires management’s utilization of estimates, and actual results may differ materially from the estimates utilized.

Certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP have been condensed or omitted. The year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

B. Accounting and Reporting Developments

Recently Adopted Accounting Standards

On January 1, 2020, the Company adopted new guidance on the accounting for credit losses on financial instruments. The new guidance introduces an approach, based on expected losses, to estimate credit losses on certain types of financial instruments. The new approach to estimating credit losses applies to most financial assets measured at amortized cost and certain other instruments, including trade and other receivables, loans, held-to-maturity debt securities, net investments in operating leases and off-balance-sheet credit exposures. The guidance did not have a material impact on the Company's consolidated financial statements.

On January 1, 2020, the Company adopted new guidance, on a prospective basis, which aligns the accounting for implementation costs incurred in a cloud computing arrangement that is a service arrangement (i.e. hosting arrangement) with the guidance on capitalizing costs for internal use software. The guidance did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Standards

In December 2019, the FASB issued new guidance to simplify the accounting for income taxes by, among other things, reducing complexity in the interim-period accounting for year-to-date loss limitations and changes in tax laws. The guidance is effective for the Company on January 1, 2021. The Company is currently evaluating the impact of adopting this standard and does not expect the guidance to have a material impact on its consolidated financial statements.

In March 2020, the FASB issued guidance which provides optional expedients and exceptions for applying GAAP to certain contract modifications and hedging relationships that reference London Inter-bank Offered Rate (LIBOR) or another reference rate expected to be discontinued. The guidance is effective upon issuance and can be applied through December 31, 2022. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

C. Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash included in the Company's Consolidated Balance Sheets and Statement of Cash Flows were as follows:

	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 366	$ 607
Restricted cash included in prepaid expenses and other current assets	60	50
Restricted cash included in other non-current assets	1	6
Total restricted cash	61	56
Total cash, cash equivalents and restricted cash	$ 427	$ 663

Amounts included in restricted cash primarily represent amounts required to be segregated by certain of the Company's receivables securitization agreements.

D. Receivables

	June 30, 2020	December 31, 2019
Accounts receivable	$ 1,194	$ 1,162
Less: allowance for credit losses	(64)	(62)
Net trade receivables	1,130	1,100
Unbilled receivables	254	226
Miscellaneous receivables	220	202
Receivables, net	$ 1,604	$ 1,528

E. Inventories

Inventories are stated at the lower of cost or market, with cost principally determined under the first-in first-out ("FIFO") or average cost method.

	June 30, 2020	December 31, 2019
Raw materials and supplies	$ 978	$ 905
Work in process	164	151
Finished goods	605	570
	$ 1,747	$ 1,626

F. Intangible Assets

Gross carrying amounts and accumulated amortization of finite-lived intangible assets by major class were as follows:

	June 30, 2020			December 31, 2019		
	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Customer relationships	$ 1,573	$ (385)	$ 1,188	$ 1,621	$ (331)	$ 1,290
Trade names	541	(51)	490	541	(40)	501
Technology	158	(53)	105	158	(41)	117
Long term supply contracts	123	(40)	83	150	(48)	102
Patents	15	(9)	6	14	(9)	5
	$ 2,410	$ (538)	$ 1,872	$ 2,484	$ (469)	$ 2,015

Total amortization expense of intangible assets for the three and six months ended June 30, 2020 and 2019 was $44 and $89 and $47 and $94.

G. Restructuring and Other

The Company recorded restructuring and other charges / (benefits) as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Asset impairments and sales	$ —	$ (9)	$ 1	$ (5)
Restructuring	3	5	6	14
Other (income) / cost	—	(41)	3	(50)
	$ 3	$ (45)	$ 10	$ (41)

For the three and six months ended June 30, 2020, restructuring included charges related to internal reorganizations within the Transit Packaging division, including headcount reductions. For six months ended June 30, 2019, restructuring included a charge of $8 related to headcount reductions in the Company's European Division.

For the six months ended June 30, 2019, asset impairments and sales included $6 related to a fire at a production facility in Asia and gains on asset sales related to prior restructuring actions.

For the three and six months ended June 30, 2019, other income related to gains arising from favorable court rulings related to the recovery of indirect taxes paid in prior years by certain of the Company's Brazilian subsidiaries.

At June 30, 2020, the Company had restructuring accruals of $15, primarily related to current and prior year actions to reduce manufacturing capacity and headcount in its European businesses. The Company expects to pay these amounts over the next twelve months. The Company continues to review its supply and demand profile and long-term plans in its businesses, and it is possible that the Company may record additional restructuring charges in the future.

H. Asbestos-Related Liabilities

Crown Cork & Seal Company, Inc. (“Crown Cork”) is one of many defendants in a substantial number of lawsuits filed throughout the U.S. by persons alleging bodily injury as a result of exposure to asbestos. These claims arose from the insulation operations of a U.S. company, the majority of whose stock Crown Cork purchased in 1963. Approximately ninety days after the stock purchase, this U.S. company sold its insulation assets and was later merged into Crown Cork.

Prior to 1998, amounts paid to asbestos claimants were covered by a fund made available to Crown Cork under a 1985 settlement with carriers insuring Crown Cork through 1976, when Crown Cork became self-insured. The fund was depleted in 1998 and the Company has no remaining coverage for asbestos-related costs.

In December 2001, the Commonwealth of Pennsylvania enacted legislation that limits the asbestos-related liabilities of Pennsylvania corporations that are successors by corporate merger to companies involved with asbestos. The legislation limits the successor's liability for asbestos to the acquired company's asset value adjusted for inflation. Crown Cork has paid significantly more for asbestos-related claims than the acquired company's adjusted asset value. In November 2004, the legislation was amended to address a Pennsylvania Supreme Court decision (Ieropoli v. AC&S Corporation, et. al., No. 117 EM 2002) which held that the statute violated the Pennsylvania Constitution due to retroactive application. The Company cautions that the limitations of the statute, as amended, are subject to litigation and may not be upheld.

In June 2003, the state of Texas enacted legislation that limits the asbestos-related liabilities in Texas courts of companies such as Crown Cork that allegedly incurred these liabilities because they are successors by corporate merger to companies that had been involved with asbestos. The Texas legislation, which applies to future claims and pending claims, caps asbestos-related liabilities at the total gross value of the predecessor's assets adjusted for inflation. Crown Cork has paid significantly more for asbestos-related claims than the total adjusted value of its predecessor's assets.

In October 2010, the Texas Supreme Court held that the Texas legislation was unconstitutional under the Texas Constitution when applied to asbestos-related claims pending against Crown Cork when the legislation was enacted in June 2003. The Company believes that the decision of the Texas Supreme Court is limited to retroactive application of the Texas legislation to asbestos-related cases that were pending against Crown Cork in Texas on June 11, 2003 and therefore, in its accrual, continues to assign no value to claims filed after June 11, 2003.

In recent years, the states of Alabama, Arizona, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Michigan, Mississippi, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, West Virginia, Wisconsin and Wyoming enacted legislation that limits asbestos-related liabilities under state law of companies such as Crown Cork that allegedly incurred these liabilities because they are successors by corporate merger to companies that had been involved with asbestos. The legislation, which applies to future and, with the exception of Arkansas, Georgia, South Carolina, South Dakota, West Virginia and Wyoming, pending claims, caps asbestos-related liabilities at the fair market value of the predecessor's total gross assets adjusted for inflation. Crown Cork has paid significantly more for asbestos-related claims than the total value of its predecessor's assets adjusted for inflation. Crown Cork has integrated the legislation into its claims defense strategy.

The Company further cautions that an adverse ruling in any litigation relating to the constitutionality or applicability to Crown Cork of one or more statutes that limits the asbestos-related liability of alleged defendants like Crown Cork could have a material impact on the Company.

During the six months ended June 30, 2020, the Company paid $5 to settle outstanding claims and had claims activity as follows:

Beginning claims	56,000
New claims	700
Settlements or dismissals	(700)
Ending claims	56,000

In the fourth quarter of each year, the Company performs an analysis of outstanding claims and categorizes these claims by year of exposure and state filed. As of December 31, 2019, the Company's outstanding claims were:

Claimants alleging first exposure after 1964	16,500
Claimants alleging first exposure before or during 1964 filed in:	
Texas	13,000
Pennsylvania	1,500
Other states that have enacted asbestos legislation	6,000
Other states	19,000
Total claims outstanding	56,000

The outstanding claims in each period exclude approximately 19,000 inactive claims. Due to the passage of time, the Company considers it unlikely that the plaintiffs in these cases will pursue further action against the Company. The exclusion of these inactive claims had no effect on the calculation of the Company’s accrual as the claims were filed in states, as described above, where the Company’s liability is limited by statute.

With respect to claimants alleging first exposure to asbestos before or during 1964, the Company does not include in its accrual any amounts for settlements in states where the Company’s liability is limited by statute except for certain pending claims in Texas as described earlier.

With respect to post-1964 claims, regardless of the existence of asbestos legislation, the Company does not include in its accrual any amounts for settlement of these claims because of increased difficulty of establishing identification of relevant insulation products as the cause of injury. Given the Company's settlement experience with post-1964 claims, it does not believe that an adverse ruling in the Texas or Pennsylvania asbestos litigation cases, or in any other state that has enacted asbestos legislation, would have a material impact on the Company with respect to such claims.

As of December 31, the percentage of outstanding claims related to claimants alleging serious diseases (primarily mesothelioma and other malignancies) were as follows:

	2019	2018
Total claims	22 %	22 %
Pre-1964 claims in states without asbestos legislation	41 %	41 %

Crown Cork has entered into arrangements with plaintiffs’ counsel in certain jurisdictions with respect to claims which are not yet filed, or asserted, against it. However, Crown Cork expects claims under these arrangements to be filed or asserted against Crown Cork in the future. The projected value of these claims is included in the Company’s estimated liability as of June 30, 2020.

As of June 30, 2020, the Company’s accrual for pending and future asbestos-related claims and related legal costs was $264, including $221 for unasserted claims. The Company determines its accrual without limitation to a specific time period.

It is reasonably possible that the actual loss could be in excess of the Company’s accrual. However, the Company is unable to estimate the reasonably possible loss in excess of its accrual due to uncertainty in the following assumptions that underlie the Company’s accrual and the possibility of losses in excess of such accrual: the amount of damages sought by the claimant (which was not specified for approximately 81% of the claims outstanding at the end of 2019), the Company and claimant’s willingness to negotiate a settlement, the terms of settlements of other defendants with asbestos-related liabilities, the bankruptcy filings of other defendants (which may result in additional claims and higher settlements for non-bankrupt defendants), the nature of pending and future claims (including the seriousness of alleged disease, whether claimants allege first exposure to asbestos before or during 1964 and the claimant’s ability to demonstrate the alleged link to Crown Cork), the volatility of the litigation environment, the defense strategies available to the Company, the level of future claims, the rate of receipt of claims, the jurisdiction in which claims are filed, and the effect of state asbestos legislation (including the validity and applicability of the Pennsylvania legislation to non-Pennsylvania jurisdictions, where the substantial majority of the Company’s asbestos cases are filed).

I. **Commitments and Contingent Liabilities**

The Company, along with others in most cases, has been identified by the U.S. Environmental Protection Agency or a comparable state environmental agency as a Potentially Responsible Party (“PRP”) at a number of sites and has recorded aggregate accruals of $8 for its share of estimated future remediation costs at these sites. The Company has been identified as having either directly or indirectly disposed of commercial or industrial waste at the sites subject to the accrual, and where appropriate and supported by available information, generally has agreed to be responsible for a percentage of future remediation costs based on an estimated volume of materials disposed in proportion to the total materials disposed at each site. The Company has not had monetary sanctions imposed nor has the Company been notified of any potential monetary sanctions at any of the sites.

The Company has also recorded aggregate accruals of $7 for remediation activities at various worldwide locations that are owned by the Company and for which the Company is not a member of a PRP group. Although the Company believes its accruals are adequate to cover its portion of future remediation costs, there can be no assurance that the ultimate payments will not exceed the amount of the Company’s accruals and will not have a material effect on its results of operations, financial position and cash flow. Any possible loss or range of potential loss that may be incurred in excess of the recorded accruals cannot be estimated.

In March 2015, the Bundeskartellamt, or German Federal Cartel Office (“FCO”), conducted unannounced inspections of the premises of several metal packaging manufacturers, including a German subsidiary of the Company. The local court order authorizing the inspection cited FCO suspicions of anti-competitive agreements in the German market for the supply of metal packaging products. The Company conducted an internal investigation into the matter and discovered instances of inappropriate conduct by certain employees of German subsidiaries of the Company. The Company cooperated with the FCO and submitted a leniency application with the FCO which disclosed the findings of its internal investigation to date. In April 2018, the FCO discontinued its national investigation and referred the matter to the European Commission (the “Commission”). Following the referral, Commission officials conducted unannounced inspections of the premises of several metal packaging manufacturers, including Company subsidiaries in Germany, France and the United Kingdom.

The Commission's investigation is ongoing and, to date, the Commission has not officially charged the Company or any of its subsidiaries with violations of competition law. The Company is cooperating with the Commission and submitted a leniency application with the Commission with respect to the findings of the investigation in Germany referenced above. This application may lead to the reduction of possible future penalties. At this stage of the investigation the Company believes that a loss is probable but is unable to predict the ultimate outcome of the Commission’s investigation and is unable to estimate the loss or possible range of losses that could be incurred, and has therefore not recorded a charge in connection with the actions by the Commission. If the Commission finds that the Company or any of its subsidiaries violated competition law, fines levied by the Commission could be material to the Company's operating results and cash flows for the periods in which they are resolved or become reasonably estimable.

In March 2017, U.S. Customs and Border Protection (“CBP”) at the Port of Milwaukee issued a penalty notification alleging that certain of the Company’s subsidiaries intentionally misclassified the importation of certain goods into the U.S. during the period 2004-2009. CBP initially assessed a penalty of $18 and subsequently mitigated to $6. The Company has acknowledged to CBP that the goods were misclassified and has paid all related duties. The Company has asserted that the misclassification was unintentional and disputes the penalty assessment. At the present time, based on the information available, the Company does not believe that a loss for the alleged intentional misclassification is probable. There can be no assurance the Company will be successful in contesting the assessed penalty.

The Company and its subsidiaries are also subject to various other lawsuits and claims with respect to governmental, labor, environmental, securities, vendor and other matters arising out of the Company’s normal course of business. While the impact on future financial results is not subject to reasonable estimation because considerable uncertainty exists, management believes that the ultimate liabilities resulting from such lawsuits and claims will not materially affect the Company’s consolidated earnings, financial position or cash flow.

The Company has various commitments to purchase materials, supplies and utilities as part of the ordinary course of business. The Company’s basic raw materials for its products are steel and aluminum, both of which are purchased from multiple sources. The Company is subject to fluctuations in the cost of these raw materials (including in connection with tariffs recently imposed in the U.S., which may increase costs) and has periodically adjusted its selling prices to reflect these movements. There can be no assurance that the Company will be able to fully recover any increases or fluctuations in raw material costs from its customers. The Company also has commitments for standby letters of credit and for purchases of capital assets.

At June 30, 2020, the Company was party to certain indemnification agreements covering environmental remediation, lease payments and other potential costs associated with properties sold or businesses divested. The Company accrues for costs related to these items when it is probable that a liability has been incurred and the amount can be reasonably estimated.

J. Derivative and Other Financial Instruments

Fair Value Measurements

Under GAAP a framework exists for measuring fair value, providing a three-tier hierarchy of pricing inputs used to report assets and liabilities that are adjusted to fair value. Level 1 includes inputs such as quoted prices which are available in active markets for identical assets or liabilities as of the report date. Level 2 includes inputs other than those available in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 3 includes unobservable pricing inputs that are not corroborated by market data or other objective sources. The Company has no recurring items valued using Level 3 inputs other than certain pension plan assets.

The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. 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 measured at fair value and their placement within the fair value hierarchy.

The Company applies a market approach to value its commodity price hedge contracts. Prices from observable markets are used to develop the fair value of these financial instruments and they are reported under Level 2. The Company uses an income approach to value its foreign exchange forward contracts. These contracts are valued using a discounted cash flow model that calculates the present value of future cash flows under the terms of the contracts using market information as of the reporting date, such as foreign exchange spot and forward rates, and are reported under Level 2 of the fair value hierarchy.

Fair value disclosures for financial assets and liabilities that were accounted for at fair value on a recurring basis are provided later in this note. In addition, see Note K for fair value disclosures related to debt.

Derivative Financial Instruments

In the normal course of business the Company is subject to risk from adverse fluctuations in currency exchange rates, interest rates and commodity prices. The Company manages these risks through a program that includes the use of derivative financial instruments, primarily swaps and forwards. Counterparties to these contracts are major financial institutions. The Company is exposed to credit loss in the event of nonperformance by these counterparties. The Company does not use derivative instruments for trading or speculative purposes.

The Company's objective in managing exposure to market and interest rate risk is to limit the impact on earnings and cash flow. The extent to which the Company uses such instruments is dependent upon its access to these contracts in the financial markets and its success using other methods, such as netting exposures in the same currencies to mitigate foreign exchange risk, using sales agreements that permit the pass-through of commodity price and foreign exchange rate risk to customers and borrowing both fixed and floating debt instruments to manage interest rate risk.

For derivative financial instruments accounted for in hedging relationships, the Company formally designates and documents, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the manner in which effectiveness will be assessed. The Company formally assesses, both at inception and at least quarterly thereafter, whether the hedging relationships are effective in offsetting changes in fair value or cash flows of the related underlying exposures. When a hedge no longer qualifies for hedge accounting, the change in fair value from the date of the last effectiveness test is recognized in earnings. Any gain or loss which has accumulated in other comprehensive income at the date of the last effectiveness test is reclassified into earnings at the same time of the underlying exposure.

Cash Flow Hedges

The Company designates certain derivative financial instruments as cash flow hedges. No components of the hedging instruments are excluded from the assessment of hedge effectiveness. Changes in fair value of outstanding derivatives accounted for as cash flow hedges are recorded in accumulated other comprehensive income until earnings are impacted by the hedged transaction. Classification of the gain or loss in the Consolidated Statements of Operations upon reclassification from accumulated comprehensive income is the same as that of the underlying exposure. Contracts outstanding at June 30, 2020 mature between one and twenty-nine months.

When the Company discontinues hedge accounting because it is no longer probable that an anticipated transaction will occur in the originally specified period, changes to the fair value accumulated in other comprehensive income are recognized immediately in earnings.

The Company uses commodity forward contracts to hedge anticipated purchases of various commodities, including aluminum, fuel oil and natural gas, and these exposures are hedged by a central treasury unit.

The Company also designates certain foreign exchange contracts as cash flow hedges of anticipated foreign currency denominated sales or purchases. The Company manages these risks at the operating unit level. Foreign currency risk is generally hedged with the related commodity price risk.

The Company also uses interest rate swaps to convert interest on floating rate debt to a fixed-rate.

The following tables set forth financial information about the impact on other comprehensive income ("OCI"), accumulated other comprehensive income (“AOCI”) and earnings from changes in the fair value of derivative instruments.

	Amount of gain/(loss) recognized in OCI		Amount of gain/(loss) recognized in OCI	
	Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives in cash flow hedges	2020	2019	2020	2019
Foreign exchange	$ 2	$ 2	$ 3	$ (2)
Interest Rate	—	—	(1)	—
Commodities	2	(18)	(37)	(8)
	$ 4	$ (16)	$ (35)	$ (10)

	Amount of gain/(loss) reclassified from AOCI into income		Amount of gain/(loss) reclassified from AOCI into income		
	Three Months Ended June 30,		Six Months Ended June 30,		Affected line items in the
Derivatives in cash flow hedges	2020	2019	2020	2019	Statement of Operations
Foreign exchange	$ (2)	$ —	$ (3)	$ (1)	Net sales
Commodities	7	3	10	6	Net sales
Foreign exchange	1	(1)	—	(1)	Cost of products sold
Commodities	(30)	(11)	(40)	(21)	Cost of products sold
	(24)	(9)	(33)	(17)	Income before taxes
	7	2	9	4	Provision for income taxes
Total reclassified	$ (17)	$ (7)	$ (24)	$ (13)	Net income

For the twelve-month period ending June 30, 2021, a net loss of $22 ($18, net of tax) is expected to be reclassified to earnings for commodity and foreign exchange contracts. No amounts were reclassified during the six months ended June 30, 2020 and 2019 in connection with anticipated transactions that were no longer considered probable.

Fair Value Hedges and Contracts Not Designated as Hedges

The Company designates certain derivative financial instruments as fair value hedges of recognized foreign-denominated assets and liabilities, generally trade accounts receivable and payable and unrecognized firm commitments. The notional values and maturity dates of the derivative instruments coincide with those of the hedged items. Changes in fair value of the derivative financial instruments, excluding time value, are offset by changes in fair value of the related hedged items.

For the three and six months ended June 30, 2020 and 2019, the Company recorded a loss of $2 and a loss of less than $1 from foreign exchange contracts designated as fair value hedges. These adjustments were reported within foreign exchange in the Consolidated Statements of Operations.

Certain derivative financial instruments, including foreign exchange contracts related to intercompany debt, were not designated or did not quality for hedge accounting; however, they are effective economic hedges as the changes in their fair value, except for time value, are offset by changes arising from re-measurement of the related hedged items. The Company’s primary use of these derivative instruments is to offset the earnings impact that fluctuations in foreign exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. Changes in fair value of these derivative instruments are immediately recognized in earnings as foreign exchange adjustments.

The following table sets forth the impact on earnings from derivatives not designated as hedges.

	Pre-tax amount of gain/ (loss) recognized in income on derivative		Pre-tax amount of gain/ (loss) recognized in income on derivative		
	Three Months Ended June 30,		Six Months Ended June 30,		Affected line item in the
Derivatives not designated as hedges	2020	2019	2020	2019	Statement of Operations
Foreign exchange	$ 1	$ —	$ —	$ (1)	Net sales
Foreign exchange	—	—	1	1	Cost of products sold
Foreign exchange	—	4	6	(11)	Foreign exchange
	$ 1	$ 4	$ 7	$ (11)	

Net Investment Hedges

The Company designates certain debt and derivative instruments as net investment hedges to manage foreign currency risk relating to net investments in subsidiaries denominated in foreign currencies and reduce the variability in the functional currency equivalent cash flows.

During the three and six months ended June 30, 2020, the Company recorded a loss of $26 ($26, net of tax) and a loss of less than $1 ($1, net of tax) in other comprehensive income for certain debt instruments that are designated as hedges of its net investment in a euro-based subsidiary. For the three and six months ended June 30, 2019, the Company recorded a loss of $19 ($19, net of tax) and a gain of $9 ($9, net of tax). As of June 30, 2020 and December 31, 2019, cumulative losses of $32 ($9, net of tax) were recognized in accumulated other comprehensive income related to these net investment hedges and the carrying amount of the hedged net investment was €1,161 ($1,303 at June 30, 2020).

The following tables set forth the impact on OCI from changes in the fair value of derivative instruments designated as net investment hedges.

Derivatives designated as net investment hedges	Amount of gain/(loss) recognized in OCI Three months ended June 30, 2020	2019	Amount of gain/(loss) recognized in OCI Six months ended June 30, 2020	2019
Foreign exchange	$ (22)	$ (7)	$ 39	$ 7

Gains and losses representing components excluded from the assessment of effectiveness on derivatives designated as net investment hedges are recognized in accumulated other comprehensive income.

Gains or losses on net investment hedges remain in accumulated other comprehensive income until disposal of the underlying assets.

Fair Values of Derivative Financial Instruments and Valuation Hierarchy

The following table sets forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2020 and December 31, 2019, respectively. The fair values of these financial instruments were reported under Level 2 of the fair value hierarchy.

	Balance Sheet classification	June 30, 2020	December 31, 2019	Balance Sheet classification	June 30, 2020	December 31, 2019
Derivatives designated as hedging instruments						
Foreign exchange contracts cash flow	Other current assets	$ 9	$ 10	Accrued liabilities	$ 8	$ 15
	Other non-current assets	1	1	Other non-current liabilities	—	1
Foreign exchange contracts fair value	Other current assets	4	1	Accrued liabilities	2	3
Commodities contracts cash flow	Other current assets	13	11	Accrued liabilities	37	21
	Other non-current assets	3	—	Other non-current liabilities	2	—
Interest rate contracts cash flow	Other non-current assets	—	—	Other non-current liabilities	3	1
Net investment hedge	Other non-current assets	103	51	Other non-current liabilities	2	2
		$ 133	$ 74		$ 54	$ 43

	Balance Sheet classification	June 30, 2020	December 31, 2019	Balance Sheet classification	June 30, 2020	December 31, 2019
Derivatives not designated as hedging instruments						
Foreign exchange contracts	Other current assets	$ 12	$ 7	Accrued liabilities	$ 8	$ 5
	Other non-current assets	1	2	Other non-current liabilities	1	1
		$ 13	$ 9		$ 9	$ 6
Total derivatives		$ 146	$ 83		$ 63	$ 49

Fair Value Hedge Carrying Amounts

Line item in the Balance Sheet in which the hedged item is included	Carrying amount of the hedged assets/(liabilities) June 30, 2020	December 31, 2019
Receivables, net	12	12
Accounts payable	(75)	(83)

As of June 30, 2020, the cumulative amount of fair value hedging adjustments included in the carrying amount of the hedge assets and liabilities was a gain of $2. As of December 31, 2019, the cumulative amount of fair value hedging adjustments included in the carrying amount of the hedge assets and liabilities was a loss of $2.

Offsetting of Derivative Assets and Liabilities

Certain derivative financial instruments are subject to agreements with counterparties similar to master netting arrangements and are eligible for offset. The Company has made an accounting policy election not to offset the fair values of these instruments within the statement of financial position. In the table below, the aggregate fair values of the Company's derivative assets and liabilities are presented on both a gross and net basis, where appropriate.

	Gross amounts recognized in the Balance Sheet	Gross amounts not offset in the Balance Sheet	Net amount
Balance at June 30, 2020			
Derivative assets	$146	$18	$128
Derivative liabilities	63	18	45
Balance at December 31, 2019			
Derivative assets	83	16	67
Derivative liabilities	49	16	33

Notional Values of Outstanding Derivative Instruments

The aggregate U.S. dollar-equivalent notional values of outstanding derivative instruments in the Consolidated Balance Sheets at June 30, 2020 and December 31, 2019 were:

	June 30, 2020	December 31, 2019
Derivatives designated as cash flow hedges:		
Foreign exchange	$ 615	$ 1,030
Commodities	347	334
Interest rate	200	200
Derivatives designated as fair value hedges:		
Foreign exchange	142	142
Derivatives designated as net investment hedges:		
Foreign exchange	1,075	1,075
Derivatives not designated as hedges:		
Foreign exchange	929	1,017

K. Debt

The Company's outstanding debt was as follows:

	June 30, 2020		December 31, 2019	
	Principal outstanding	Carrying amount	Principal outstanding	Carrying amount
Short-term debt	$ 131	$ 131	$ 75	$ 75
Long-term debt				
Senior secured borrowings:				
Revolving credit facilities	121	121	—	—
Term loan facilities				
U.S. dollar at LIBOR + 1.5% due 2024	1,086	1,079	1,100	1,094
Euro at EURIBOR + 1.5% due 2024[1]	499	499	505	504
Senior notes and debentures:				
€650 at 4.0% due 2022	730	727	729	725
U. S. dollar at 4.50% due 2023	1,000	996	1,000	995
€335 at 2.25% due 2023	376	372	376	372
€500 at 0.75% due 2023	618	613	617	610
€600 at 2.625% due 2024	674	670	673	668
€600 at 3.375% due 2025	674	669	673	667
U.S. dollar at 4.25% due 2026	400	395	400	395
U.S. dollar at 4.75% due 2026	875	864	875	863
U.S. dollar at 7.375% due 2026	350	348	350	348
€500 at 2.875% due 2026	561	554	561	554
U.S. dollar at 7.50% due 2096	40	40	40	40
Other indebtedness in various currencies	124	124	45	45
Total long-term debt	8,128	8,071	7,944	7,880
Less current maturities	(72)	(72)	(62)	(62)
Total long-term debt, less current maturities	$ 8,056	$ 7,999	$ 7,882	$ 7,818

(1) €444 and €450 at June 30, 2020 and December 31, 2019

The estimated fair value of the Company's long-term borrowings, using a market approach incorporating Level 2 inputs such as quoted market prices for the same or similar issues, was $8,390 at June 30, 2020 and $8,410 at December 31, 2019.

L. Pension and Other Postretirement Benefits

The components of net periodic pension and other postretirement benefits costs for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
Pension benefits – U.S. plans	2020	2019	2020	2019
Service cost	$ 5	$ 3	$ 10	$ 8
Interest cost	9	13	19	26
Expected return on plan assets	(19)	(17)	(37)	(35)
Recognized net loss	14	14	28	28
Net periodic cost	$ 9	$ 13	$ 20	$ 27

Pension benefits – Non-U.S. plans	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Service cost	$ 3	$ 4	$ 6	$ 8
Interest cost	13	20	27	39
Expected return on plan assets	(22)	(34)	(53)	(69)
Curtailment gain	—	—	—	(14)
Settlement loss	19	31	56	31
Recognized prior service credit	—	(1)	—	(1)
Recognized net loss	4	9	13	19
Net periodic cost	$ 17	$ 29	$ 49	$ 13

Other postretirement benefits	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Interest cost	1	1	2	2
Recognized prior service credit	(7)	(8)	(13)	(17)
Recognized net loss	1	1	2	2
Net periodic benefit	$ (5)	$ (6)	$ (9)	$ (13)

In the three and six months ended June 30, 2020, the Company recorded settlement charges related to the payment of lump sum buy-outs to settle certain non-U.S. pension obligations using plan assets. The Company may incur additional settlement charges in 2020.

In the three and six months ended June 30, 2019, the Company recorded a curtailment gain to recognize prior service credits that were previously recorded in accumulated other comprehensive income in connection with the closure of a non-U.S. defined benefit pension plan.

The components of net periodic cost / (benefit) other than the service cost component are included in other pension and postretirement in the Consolidated Statement of Operations.

The following table provides information about amounts reclassified from accumulated other comprehensive income.

Details about accumulated other comprehensive income components	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Affected line item in the statement of operations
Actuarial losses	$ 19	$ 24	$ 43	$ 49	Other pension and postretirement
Settlements	19	31	56	31	Other pension and postretirement
Prior service credit	(7)	(9)	(13)	(18)	Other pension and postretirement
Curtailments	—	—	—	(14)	Other pension and postretirement
	31	46	86	48	Income before taxes
	(3)	(7)	(7)	(8)	Provision for income taxes
Total reclassified	$ 28	$ 39	$ 79	$ 40	Net income

M. Accumulated Other Comprehensive Income

The following table provides information about the changes in each component of accumulated other comprehensive income.

	Defined benefit plans	Foreign currency translation	Gains and losses on cash flow hedges	Total
Balance at January 1, 2019	$ (1,533)	$ (1,817)	$ (24)	$ (3,374)
Other comprehensive income before reclassifications	7	50	(10)	47
Amounts reclassified from accumulated other comprehensive income	40	—	13	53
Other comprehensive income	47	50	3	100
Balance at June 30, 2019	$ (1,486)	$ (1,767)	$ (21)	$ (3,274)
Balance at January 1, 2020	$ (1,449)	$ (1,668)	$ (14)	$ (3,131)
Other comprehensive income / (loss) before reclassifications	158	(296)	(35)	(173)
Amounts reclassified from accumulated other comprehensive income	79	—	24	103
Other comprehensive income / (loss)	237	(296)	(11)	(70)
Balance at June 30, 2020	$ (1,212)	$ (1,964)	$ (25)	$ (3,201)

See Note J and Note L for further details of amounts related to cash flow hedges and defined benefit plans.

N. Stock-Based Compensation

A summary of restricted and deferred stock transactions during the six months ended June 30, 2020 is as follows:

	Number of shares
Non-vested stock awards outstanding at January 1, 2020	2,102,654
Awarded:	
Time-vesting shares	275,173
Performance-based shares	166,018
Released:	
Time-vesting shares	(140,987)
Performance-based shares	(181,705)
Forfeitures:	
Time-vesting shares	(56,566)
Performance-based shares	(7,651)
Non-vested stock awards outstanding at June 30, 2020	2,156,936

The performance-based share awards are subject to either a market condition or a performance condition. For awards subject to a market condition, the performance metric is the Company's total shareholder return, which includes share price appreciation and dividends paid during the three-year term of the award, measured against a peer group of companies. These awards cliff vest at the end of three years. The number of performance-based shares that will ultimately vest is based on the level of market performance achieved, ranging between 0% and 200% of the shares originally awarded, and are settled in stock.

For awards subject to a performance condition, the performance metric is the Company's average return on invested capital over the three-year term. These awards cliff vest at the end of three years. The number of performance-based shares that will ultimately vest is based on the level of performance achieved, ranging between 0% and 200% of the shares originally awarded, and are settled in stock.

The time-vesting restricted and deferred stock awards vest ratably over three to five years.

The weighted average grant-date fair values of awards issued during the six months ended June 30, 2020 were $69.71 for the time-vesting stock awards and $72.08 for the performance-based stock awards.

The fair value of the performance-based shares subject to a market condition awarded in 2020 was calculated using a Monte Carlo valuation model, including a weighted average stock price volatility of 22.0%, an expected term of three years, and a weighted average risk-free interest rate of 1.60%.

As of June 30, 2020, unrecognized compensation cost related to outstanding non-vested stock awards was $74. The weighted average period over which the expense is expected to be recognized is 2.9 years. The aggregate market value of the shares released on the vesting dates was $22 for the six months ended June 30, 2020.

O. Revenue

For the three and six months ended June 30, 2020 and 2019, the Company recognized revenue as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue recognized over time	$ 1,439	$ 1,496	$ 2,914	$ 2,861
Revenue recognized at a point in time	1,250	1,539	2,532	2,929
Total revenue	$ 2,689	$ 3,035	$ 5,446	$ 5,790

See Note Q for further disaggregation of the Company's revenue.

The Company has applied the practical expedient to exclude disclosure of remaining performance obligations as its binding orders typically have a term of one year or less.

Contract Assets and Contract Liabilities

Contract assets and liabilities are reported in a net position on a contract-by-contract basis. Net contract assets were as follows:

	June 30, 2020	December 31, 2019
Contract assets included in prepaid and other current assets	$ 52	$ 30
Contract liabilities included in accrued liabilities	(3)	(5)
Net contract asset	$ 49	$ 25

Contract assets at June 30, 2020 primarily relates to revenue recognized for customized work-in-process inventory in the Company's equipment business and European three-piece food can product businesses.

During the six months ended June 30, 2020, the Company recognized revenue of $2 related to contract liabilities at December 31, 2019 for performance obligations satisfied during the period.

P. Earnings Per Share

The following table summarizes the computations of basic and diluted earnings per share attributable to the Company.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income attributable to Crown Holdings	$ 126	$ 137	$ 214	$ 240
Weighted average shares outstanding:				
Basic	133.3	133.9	133.7	133.8
Dilutive restricted stock	0.7	0.9	0.8	0.8
Diluted	134.0	134.8	134.5	134.6
Basic earnings per share	$ 0.95	$ 1.02	$ 1.60	$ 1.79
Diluted earnings per share	$ 0.94	$ 1.02	$ 1.59	$ 1.78

For the three and six months ended June 30, 2020, 0.3 million and 0.7 million contingently issuable common shares were excluded from the computation of diluted earnings per share because the effect would be anti-dilutive.

For the three and six months ended June 30, 2019, 0.2 million and 0.4 million contingently issuable common shares were excluded from the computation of diluted earnings per share because the effect would be anti-dilutive.

Q. Segment Information

The Company evaluates performance and allocates resources based on segment income, which is not a defined term under GAAP. The Company defines segment income as income from operations adjusted to exclude intangibles amortization charges, provisions for asbestos and restructuring and other, and the impact of fair value adjustments to inventory acquired in an acquisition.

Segment income should not be considered in isolation or as a substitute for net income prepared in accordance with GAAP and may not be comparable to calculations of similarly titled measures by other companies.

The tables below present information about the Company's operating segments.

	External Sales Three Months Ended June 30,		External Sales Six Months Ended June 30,	
	2020	2019	2020	2019
Americas Beverage	$ 777	$ 890	$ 1,648	$ 1,678
European Beverage	330	410	676	749
European Food	499	483	901	906
Asia Pacific	270	319	571	640
Transit Packaging	462	592	984	1,161
Total reportable segments	2,338	2,694	4,780	5,134
Non-reportable segments	351	341	666	656
Total	$ 2,689	$ 3,035	$ 5,446	$ 5,790

The primary sources of revenue included in non-reportable segments are the Company's food can and closures business in North America, aerosol can businesses in North America and Europe, its promotional packaging business in Europe, and its tooling and equipment operations in the U.S. and U.K.

	Intersegment Sales Three Months Ended June 30,				Intersegment Sales Six Months Ended June 30,			
	2020		2019		2020		2019	
Americas Beverage	$	61	$	2	$	67	$	6
European Beverage		1		1		2		2
European Food		22		22		43		40
Transit Packaging		3		1		7		4
Total reportable segments		87		26		119		52
Non-reportable segments		38		40		67		66
Total	$	125	$	66	$	186	$	118

Intersegment sales primarily include sales of ends and components used to manufacture cans, such as printed and coated metal, as well as parts and equipment used in the manufacturing process.

	Segment Income Three Months Ended June 30,				Segment Income Six Months Ended June 30,			
	2020		2019		2020		2019	
Americas Beverage	$	129	$	139	$	263	$	252
European Beverage		37		60		76		99
European Food		68		62		101		110
Asia Pacific		39		51		84		96
Transit Packaging		51		80		117		153
Total reportable segments	$	324	$	392	$	641	$	710

A reconciliation of segment income of reportable segments to income before income taxes is as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020		2019		2020		2019	
Segment income of reportable segments	$	324	$	392	$	641	$	710
Segment income of non-reportable segments		31		33		50		69
Corporate and unallocated items		(33)		(39)		(71)		(78)
Restructuring and other		(3)		45		(10)		41
Amortization of intangibles		(44)		(47)		(89)		(94)
Accelerated depreciation		—		(1)		—		(3)
Other pension and postretirement		(13)		(29)		(44)		(11)
Loss from early extinguishments of debt		—		—		—		(6)
Interest expense		(76)		(97)		(156)		(195)
Interest income		1		4		5		7
Foreign exchange		5		(1)		17		(2)
Income before income taxes	$	192	$	260	$	343	$	438

For the three and six months ended June 30, 2020, intercompany profits of $5 were eliminated within segment income of non-reportable segments.

For the three and six months ended June 30, 2019, intercompany profits of $3 and $4 were eliminated within segment income of non-reportable segments.

Corporate and unallocated items includes corporate and division administrative costs, technology costs, and unallocated items such as stock-based compensation.

PART I - FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
(dollars in millions)

Introduction

The following discussion presents management's analysis of the results of operations for the three and six months ended June 30, 2020 compared to 2019 and changes in financial condition and liquidity from December 31, 2019. This discussion should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, along with the consolidated financial statements and related notes included in and referred to within this report.

Business Strategy and Trends

The Company's strategy is to grow its businesses in targeted growth markets, while improving operations and results in more mature markets through disciplined pricing, cost control and careful capital allocation.

The Company's global beverage can business continues to be a major strategic focus for organic growth. Beverage cans are the world's most sustainable and recycled beverage packaging and continue to gain market share in new beverage product launches. The Company continues to drive brand differentiation by increasing its ability to offer multiple product sizes.

For several years, global industry demand for beverage cans has been growing. After many years of relatively flat volumes, beverage can growth in North America has accelerated mainly due to the outsized portion of new beverage products being introduced in cans versus other packaging formats. In addition, markets such as Brazil, Europe and Southeast Asia have also experienced higher volumes and market expansion. While the Company expects beverage can demand to continue to grow in the coming years, the impact of the coronavirus pandemic could weaken demand in the near term in certain areas.

In addition to its beverage can operations, the Company has generated strong returns on invested capital and significant cash flow from its non-beverage can operations including its global food can and transit packaging businesses. Due to the impact of the coronavirus pandemic, the Company expects lower demand in several of the industries served by its transit packaging businesses.

The Company's primary capital allocation focus will be to reduce leverage, as was successfully accomplished following previous acquisitions, and begin to return capital to its shareholders. In November 2019, the Company announced a Board-led review of the Company's portfolio and capital allocation strategy, which is ongoing.

In direct response to the coronavirus pandemic, the Company has taken specific actions to ensure the safety of its employees. Following the implementation of travel and visitor restrictions in February, the Company continues to update its policies as new information becomes available. The Company has increased safety measures in its manufacturing facilities to protect the safety of its employees and the products they produce. In addition, as many employees as possible are working remotely.

The Company's products are a vital part of the support system to its customers and consumers. In addition to manufacturing containers that provide protection for food and beverages, the Company also produces closures for baby food, aerosol containers for cleaning and sanitizing products and numerous other products that provide for the safe and secure transportation of goods in transit.

The Company is working to keep its manufacturing facilities around the world operational and equipped with the resources required to meet continually evolving customer demand by delivering high quality products in a safe and timely manner. The Company is actively monitoring and managing supply chain challenges, including coordinating with its suppliers to identify and mitigate potential areas of risk and manage inventories.

Item 2. Management's Discussion and Analysis (Continued)

Results of Operations

In assessing performance, the key performance measure used by the Company is segment income, a non-GAAP measure generally defined by the Company as income from operations adjusted to exclude intangibles amortization charges, provisions for asbestos and restructuring and other, and the impact of fair value adjustments to inventory acquired in an acquisition.

The foreign currency translation impacts referred to in the discussion below were primarily due to changes in the euro and pound sterling in the Company's European and Transit Packaging segments, the Canadian dollar and Mexican peso in the Company's Americas segments. The Company calculates the impact of foreign currency translation by multiplying or dividing, as appropriate, current year U.S. dollar results by the current year average foreign exchange rates and then multiplying or dividing, as appropriate, those amounts by the applicable prior year average exchange rates.

Net Sales and Segment Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 2,689	$ 3,035	$ 5,446	$ 5,790

Three and six months ended June 30, 2020 compared to 2019

Net sales decreased primarily due to lower sales unit volumes due to the coronavirus pandemic, the pass-through of lower material costs and $73 and $113 from the impact of foreign currency translation.

Americas Beverage

The Americas Beverage segment manufactures aluminum beverage cans and ends, steel crowns, glass bottles and aluminum closures and supplies a variety of customers from its operations in the U.S., Brazil, Canada, Colombia and Mexico. The U.S. and Canadian beverage can markets have experienced recent market growth due to the introduction of new beverage products in cans versus other packaging formats. To meet volume requirements in the U.S. and Canadian beverage can markets, the Company began commercial production on a new beverage can line at its Toronto, Ontario plant in January 2020 and on the third line at its Nichols, NY facility in June 2020. The Company also announced a new beverage can facility in Bowling Green, Kentucky, which is expected to begin production in the second quarter of 2021. The Company will add a second line to that facility with a late third quarter 2021 planned start-up. Additionally, the Company announced it will construct a third line at its Olympia, Washington plant which is scheduled to begin production during the third quarter of 2021.

In Brazil and Mexico, the Company's sales unit volumes have increased in recent years primarily due to market growth driven by increased per capita incomes and consumption, combined with an increased preference for cans over other packaging formats. In November 2019, the Company commenced operations at a new one-line beverage can facility in Rio Verde, Brazil.

Net sales and segment income in the Americas Beverage segment are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 777	$ 890	$ 1,648	$ 1,678
Segment income	129	139	263	252

Item 2. Management's Discussion and Analysis (Continued)

Three months ended June 30, 2020 compared to 2019

Net sales decreased primarily due to lower sales unit volumes due to the impact of the coronavirus pandemic in Brazil and Mexico, the pass-through of lower aluminum costs and $34 from the impact of foreign currency translation, partially offset by 16% higher sales unit volumes in the U.S. and Canada.

Segment income decreased due to lower sales unit volumes and $6 from the impact of foreign currency translation, partially offset by improved pricing and lower freight costs in the U.S. and Canada.

Six months ended June 30, 2020 compared to 2019

Net sales decreased primarily due to the pass-through of lower aluminum costs and $43 from the impact of foreign currency translation, partially offset by 5% higher sales unit volumes.

Segment income increased primarily due to higher sales unit volume, improved pricing and lower freight costs in the U.S. and Canada partially offset by $8 from the impact of foreign currency translation.

European Beverage

The Company's European Beverage segment manufactures steel and aluminum beverage cans and ends and supplies a variety of customers from its operations throughout Europe, the Middle East and North Africa. In recent years, the Western European beverage can markets have been growing.

In February 2019, the second line of the beverage can plant in Valencia, Spain began operations. In the second quarter of 2020, both beverage can lines in the Seville, Spain plant, which have multi-size capability, began commercial production of aluminum cans.

Net sales and segment income in the European Beverage segment are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 330	$ 410	$ 676	$ 749
Segment income	37	60	76	99

Three and six months ended June 30, 2020 compared to 2019

Net sales decreased primarily due to lower sales unit volumes due to the coronavirus pandemic, the pass-through of lower aluminum costs and $6 and $12 from the impact of foreign currency translation.

Segment income decreased primarily due to lower sales unit volumes due to the coronavirus pandemic, partially offset by cost reductions.

European Food

The European Food segment manufactures steel and aluminum food cans and ends and metal vacuum closures, and supplies a variety of customers from its operations throughout Europe and Africa. The European food can market is a mature market where consumer preference continues to favor the can due to product protection and food preservation. Challenging harvest yields, however, have led to volume declines in recent years.

Net sales and segment income in the European Food segment are as follows:

Item 2. Management's Discussion and Analysis (Continued)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 499	$ 483	$ 901	$ 906
Segment income	68	62	101	110

Three months ended June 30, 2020 compared to 2019

Net sales increased primarily due to 10% higher sales unit volumes partially offset by the pass-through of lower raw material costs and $13 from the impact of foreign currency translation.

Segment income increased due to higher sales unit volumes and improved cost performance, partially offset by $2 from the impact of foreign currency translation.

Six months ended June 30, 2020 compared to 2019

Net sales decreased primarily due to the pass-through of lower raw material costs and $25 from the impact of foreign currency translation, partially offset by 7% higher sales unit volumes.

Segment income decreased primarily due to $18 arising from the carryover of tinplate costs from prior year-end inventory, partially offset by improved cost performance.

Asia Pacific

The Company's Asia Pacific segment consists of beverage can operations in Cambodia, China, Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam and non-beverage can operations, primarily food cans and specialty packaging. In recent years, the beverage can market in Southeast Asia has been growing. The Company commenced operations at a new beverage can plant in Nong Khae, Thailand in July 2020. In response to market conditions in China, the Company closed its Huizhou facility in early 2019. Following this closure, the Company has three beverage can plants in China with approximately $75 in annual sales.

Net sales and segment income in the Asia Pacific segment are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 270	$ 319	$ 571	$ 640
Segment income	39	51	84	96

Three and six months ended June 30, 2020 compared to 2019

Net sales decreased primarily due to lower sales unit volumes due to the impact of the coronavirus pandemic, the pass-through of lower aluminum costs and $3 and $4 from the impact of foreign currency translation.

Segment income decreased primarily due to lower sales unit volumes.

Transit Packaging

The Transit Packaging segment includes the Company's global industrial and protective solutions and equipment and tools businesses. Industrial solutions include steel strap, plastic strap and industrial film and other related products that are used in a wide range of industries. Protective solutions include transit protection products that help prevent movement during transport for a wide range of industrial and consumer products. Equipment and tools includes manual, semi-automatic and automatic equipment and tools used in end-of-line operations to apply industrial solutions consumables.

Item 2. Management's Discussion and Analysis (Continued)

Net sales and segment income in the Transit Packaging segment are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 462	$ 592	$ 984	$ 1,161
Segment income	51	80	117	153

Three and six months ended June 30, 2020 compared to 2019

Net sales decreased primarily due to lower sales unit volumes due to the impact of the coronavirus pandemic, the pass-through of lower raw material prices and $11 and $21 from the impact of foreign currency translation.

Segment income decreased primarily due to lower sales unit volumes partially offset by favorable product mix and improved cost performance.

Non-reportable Segments

The Company's non-reportable segments include its food can and closures businesses in North America, its aerosol can businesses in North America and Europe, and its tooling and equipment operations in the U.S. and U.K.

Net sales and segment income in non-reportable segments are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	$ 351	$ 341	$ 666	$ 656
Segment income	31	33	50	69

Three months ended June 30, 2020 compared to 2019

Net sales increased as higher sales in the Company's beverage can equipment operations and 13% higher sales unit volumes in the Company's North America food can business were partially offset by lower sales unit volumes in the Company's global aerosol can businesses and $6 from the impact of foreign currency translation.

Segment income decreased as lower sales unit volumes in the Company's global aerosol can businesses were partially offset by higher sales in the Company's beverage can equipment operations and higher sales unit volumes in the Company's North America food can business.

Six months ended June 30, 2020 compared to 2019

Net sales increased as higher sales in the Company's beverage can equipment operations and 12% higher sales unit volumes in the Company's North America food can business were partially offset by lower sales unit volumes in the Company's global aerosol can businesses, the pass-through of lower tinplate costs and $8 from the impact of foreign currency translation.

Segment income decreased primarily due to $16 arising from the carryover of tinplate costs from the prior year-end inventory and lower sales unit volumes in the Company's global aerosol can businesses, partially offset by higher sales in the Company's beverage can equipment operations and higher sales unit volumes in the Company's North America food can business.

Item 2. Management's Discussion and Analysis (Continued)

Corporate and Unallocated Expense

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Corporate and unallocated expense	$ (33)	$ (39)	$ (71)	$ (78)

For the three and six months ended June 30, 2020 compared to 2019, corporate and unallocated expenses decreased primarily due to lower personnel and other general costs due to the coronavirus pandemic and lower incentive compensation costs.

Interest Expense

For the three and six months ended June 30, 2020 compared to 2019, interest expense decreased from $97 to $76 and $195 to $156 due to lower average outstanding debt and lower interest rates.

Taxes on Income

The Company's effective income tax rate was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Income before income taxes	$ 192	$ 260	$ 343	$ 438
Provision for income taxes	53	88	91	136
Effective income tax rate	28 %	34 %	27 %	31 %

The effective tax rate for the six months ended June 30, 2020, included a benefit of $4 arising from a tax law change in India.

The effective tax rate for the three and six months ended June 30, 2019 included a charge of $15 to settle a tax contingency arising from a transaction that occurred prior to the Company's acquisition of Signode.

Net Income Attributable to Noncontrolling Interests

For the three and six months ended June 30, 2020 compared to 2019, net income attributable to noncontrolling interests decreased from $37 to $15 and from $65 to $41 primarily due to higher income in Brazil in 2019 related to a favorable court ruling for one of the Company's Brazilian subsidiaries related to indirect taxes.

Liquidity and Capital Resources

Cash from Operations

Cash used for operating activities increased from $227 for the six months ended June 30, 2019 to $238 for the six months ended June 30, 2020. The increase was primarily due to changes in working capital.

Days sales outstanding for trade receivables, excluding the impact of unbilled receivables, was 40 days as of June 30, 2019 compared to 38 as of June 30, 2020.

Item 2. Management's Discussion and Analysis (Continued)

Inventory turnover was 67 days at June 30, 2019 compared to 68 days at June 30, 2020. Inventory turnover at June 30, 2020 increased compared to 63 days at December 31, 2019 due to seasonality in the Company's food and beverage can businesses. The food can business is seasonal with the first quarter tending to be the slowest period as the autumn packaging period in the Northern Hemisphere has ended and new crops are not yet planted. The industry enters its busiest period in the third quarter when the majority of fruits and vegetables in the Northern Hemisphere are harvested. Due to this seasonality, inventory levels increase in the first half of the year to meet peak demand in the second and third quarters. The beverage can business is also seasonal with inventory levels generally increasing in the first half of the year to meet peak demand in the summer months in the Northern Hemisphere.

Days outstanding for trade payables was 89 days at June 30, 2019 compared to 87 days at June 30, 2020.

Investing Activities

Cash used for investing activities increased from $137 for the six months ended June, 2019 to $184 for the six months ended June 30, 2020 primarily due to increased capital expenditures.

The Company currently expects capital expenditures in 2020 to be approximately $600.

Financing Activities

Cash provided by financing activities increased from $99 for the six months ended June, 2019 to $196 for the six months ended June 30, 2020 due to higher net borrowings. Additionally, during the six months ended June 30 ,2020, the Company repurchased $57 of capital stock and had an inflow related to foreign exchange derivatives related to debt.

Liquidity

As of June 30, 2020, $313 of the Company's $366 of cash and cash equivalents was located outside the U.S. The Company funds its cash needs in the U.S. through cash flows from operations in the U.S., distributions from certain foreign subsidiaries, borrowings under its revolving credit facility and the acceleration of cash receipts under its receivable securitization facilities. Of the cash and cash equivalents located outside the U.S., $87 was held by subsidiaries for which earnings are considered indefinitely reinvested. While based on current operating plans the Company does not foresee a need to repatriate these funds, if such earnings were repatriated the Company would be required to record any incremental taxes on the repatriated funds.

As of June 30, 2020, the Company had $1,464 of borrowing capacity available under its revolving credit facility, equal to the total facility of $1,650 less borrowings of $121 and outstanding standby letters of credit of $65. The Company could have borrowed this amount at June 30, 2020 and still been in compliance with its leverage ratio covenants. The Company's net total leverage ratio, as defined by the credit agreement, of 4.69 to 1.0 at June 30, 2020 was in compliance with the covenant requiring a ratio of no greater than 5.75 to 1.0. The required net total leverage ratio under the agreement reduces to 5.0 to 1.0 at December 31, 2020 and 4.5 to 1.0 at December 31, 2022.

Capital Resources

As of June 30, 2020, the Company had approximately $95 of capital commitments primarily related to its Americas Beverage segments. The Company expects to fund these commitments primarily through cash flows generated from operations.

Contractual Obligations

During the six months ended June 30, 2020 there were no material changes to the Company's contractual obligations provided within Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations” of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which information is incorporated herein by reference.

Item 2. Management's Discussion and Analysis (Continued)

Supplemental Guarantor Financial Information

As disclosed in Note K, the Company has senior notes and debentures outstanding, which have various guarantees.

The Company’s outstanding $350 principal amount of 7.375% senior notes due 2026 and $40 principal amount 7.5% senior notes due 2096 were issued by Crown Cork & Seal Company, Inc. (Crown Cork Issuer), a 100% owned subsidiary of the Company and are fully and unconditionally guaranteed by Crown Holdings, Inc. (Parent). No other subsidiary guarantees the debt and the guarantees are made on a joint and several basis.

The Company’s $1,000 principal amount 4.5% senior notes due 2023, $400 principal amount of 4.25% senior notes due 2026, and $875 principal amount of 4.75% senior notes due 2026 were issued by Crown Americas LLC and Crown Americas Capital Corp. IV, Crown Americas Capital Corp. V and Crown Americas Capital Corp. VI, respectively (collectively, the Crown Americas Issuer), each a 100% owned subsidiary of the Company, and are fully and unconditionally guaranteed by the Parent and substantially all of its subsidiaries in the United States. Each of the guarantors to these senior notes (collectively, the Crown Americas Guarantors) is a 100% owned subsidiary of the Company and the guarantees are made on a joint and several basis. The other subsidiaries of the Company do not guarantee the debt.

The senior notes described above and issued by the Crown Cork Issuer and the Crown Americas Issuer are collectively referred to as the senior notes, the Crown Cork Issuer and the Crown Americas Issuer are collectively referred to as the issuers, the Parent and the Crown Americas Guarantors are collectively referred to as the guarantors and the subsidiaries of the Company that do not guarantee the senior notes are collectively referred to as the non-guarantors.

Each of the Parent (in the case of the senior notes issued by the Crown Cork Issuer) and the Crown Americas Guarantors (in the case of the senior notes issued by the Crown Americas Issuer) guarantee the payment of the principal and premium, if any, and interest on the senior notes when due, whether at stated maturity of the senior notes, by acceleration, call for redemption or otherwise, together with interest on the overdue principal, if any, and interest on any overdue interest, to the extent lawful, and all other obligations of the Company to the holders of the senior notes and to the trustee under the applicable indenture governing the senior notes.

The senior notes and guarantees are senior unsecured obligations of the issuers and the guarantors, and are

- effectively subordinated to all existing and future secured indebtedness of the issuers and the guarantors to the extent of the value of the assets securing such indebtedness, including any borrowings under the Company’s senior secured credit facilities, to the extent of the value of the assets securing such indebtedness;
- structurally subordinated to all indebtedness of the Company’s non-guarantor subsidiaries, which include all of the Company’s foreign subsidiaries and any U.S. subsidiaries that are neither obligors nor guarantors of the Company’s senior secured credit facilities;
- ranked equal in right of payment to any existing or future senior indebtedness of the issuers and the guarantors; and
- ranked senior in right of payment to all existing and future subordinated indebtedness of the issuers and the guarantors.

Each guarantee of a guarantor is limited to an amount not to exceed the maximum amount that can be guaranteed that will not (after giving effect to all other contingent and fixed liabilities of such guarantor and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of all other guarantors in respect of the obligations of such other guarantors under their respective guarantees of the guaranteed obligations) render the guarantee, as it relates to such guarantor, voidable under applicable law relating to fraudulent conveyances or fraudulent transfers.

A guarantee of a guarantor other than the Parent will be unconditionally released and discharged upon any of the following:

- any transfer (including, without limitation, by way of consolidation or merger) by the Parent or any subsidiary of the Parent to any person or entity that is not the Parent or a subsidiary of the Parent of all of the equity interests of, or all or substantially all of the properties and assets of, such guarantor;

Item 2. Management's Discussion and Analysis (Continued)

- any transfer (including, without limitation, by way of consolidation or merger) by the Parent or any subsidiary of the Parent to any person or entity that is not the Parent or a subsidiary of the Parent of equity interests of such guarantor or any issuance by such guarantor of its equity interests, such that such guarantor ceases to be a subsidiary of the Parent; provided that such guarantor is also released from all of its obligations in respect of indebtedness under the Company’s senior secured credit facilities;
- the release of such guarantor from all obligations of such guarantor in respect of indebtedness under the Company’s senior secured credit facilities, except to the extent such guarantor is otherwise required to provide a guarantee; or
- upon the contemporaneous release or discharge of all guarantees by such guarantor which would have required such guarantor to provide a guarantee under the applicable indenture.

The following tables present summarized financial information related to the senior notes issued by each of Crown Cork and Crown Americas on a combined basis for each issuer and its guarantors after elimination of (i) intercompany transactions and balances among the Parent and the guarantors and (ii) equity in earnings from and investments in any subsidiary that is a non-guarantor.

Crown Cork Issuer and Guarantor

	Six Months Ended June 30, 2020
Net sales	$ —
Gross Profit	—
Income from operations	(1)
Net income[1]	(33)
Net income attributable to Crown Holdings[1]	(33)

(1) Includes $17 of expense related to intercompany interest with non-guarantor subsidiaries

	June 30, 2020	December 31, 2019
Current assets	$ 13	$ 11
Non-current assets	92	129
Current liabilities	42	57
Non-current liabilities[1]	4,289	4,237

(1) Includes payables of $3,594 and $3,538 due to non-guarantor subsidiaries as of June 30, 2020 and December 31, 2019

Crown Americas Issuer and Guarantors

	Six Months Ended June 30, 2020
Net sales[1]	$ 1,928
Gross profit[2]	310
Income from operations[2]	105
Net income[3]	68
Net income attributable to Crown Holdings[3]	68

(1) Includes $204 of sales to non-guarantor subsidiaries
(2) Includes $20 of gross profit related to sales to non-guarantor subsidiaries
(3) Includes $28 of income related to intercompany interest and technology royalties with non-guarantor subsidiaries

Item 2. Management's Discussion and Analysis (Continued)

	June 30, 2020		December 31, 2019	
Current assets[1]	$	719	$	799
Non-current assets[2]		3,282		3,171
Current liabilities[3]		951		956
Non-current liabilities[4]		4,701		4,709

(1) Includes receivables of $55 due from non-guarantor subsidiaries as of June 30, 2020 and December 31, 2019
(2) Includes receivables of $191 and $128 due from non-guarantor subsidiaries as of June 30, 2020 and December 31, 2019
(3) Includes payables of $63 and $21 due to non-guarantor subsidiaries as of June 30, 2020 and December 31, 2019
(4) Includes payables of $266 and $245 due to non-guarantor subsidiaries as of June 30, 2020 and December 31, 2019

The senior notes are structurally subordinated to all indebtedness of the Company's non-guarantor subsidiaries. The non-guarantors are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the senior notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that the Company or the guarantors have to receive any assets of any of the non-guarantors upon the liquidation or reorganization of any non-guarantor, and the consequent rights of holders of senior notes to realize proceeds from the sale of any of a non-guarantor's assets, would be effectively subordinated to the claims of such non-guarantor's creditors, including trade creditors and holders of preferred equity interests, if any, of such non-guarantor. Accordingly, in the event of a bankruptcy, liquidation or reorganization of any of the non-guarantors, the non-guarantors will pay the holders of their debts, holders of preferred equity interests, if any, and their trade creditors before they will be able to distribute any of their assets to the Company or any of the guarantors.

Under U.S. federal bankruptcy laws or comparable provisions of state fraudulent transfer laws, the issuance of the senior note guarantees by the guarantors could be voided, or claims in respect of such obligations could be subordinated to all of their other debts and other liabilities, if, among other things, at the time the guarantors issued the related senior note guarantees, the Company or the applicable guarantor intended to hinder, delay or defraud any present or future creditor, or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness and either:

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the Company's or such guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

Each guarantee provided by a guarantor includes a provision intended to limit the guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer or conveyance. This provision may not be effective to protect those guarantees from being avoided under fraudulent transfer or conveyance law, or it may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless, and we cannot predict whether a court will ultimately find it to be effective.

On the basis of historical financial information, operating history and other factors, we believe that each of the guarantors, after giving effect to the issuance of its guarantee of the senior notes when such guarantee was issued, was not insolvent, did not have unreasonably small capital for the business in which it engaged and did not and has not incurred debts beyond its ability to pay such debts as they mature. The Company cannot assure, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

Commitments and Contingent Liabilities

Information regarding the Company's commitments and contingent liabilities appears in Part I within Item 1 of this report under Note I, entitled "Commitments and Contingent Liabilities," to the consolidated financial statements, and in Part II within Item 1A of this report which information is incorporated herein by reference.

Item 2. Management's Discussion and Analysis (Continued)

Critical Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. which require that management make numerous estimates and assumptions.

Actual results could differ from these estimates and assumptions, impacting the reported results of operations and financial condition of the Company. Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations” and Note A to the consolidated financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 describe the significant accounting estimates and policies used in the preparation of the consolidated financial statements. Updates to the Company's accounting policies related to new accounting pronouncements are included in Note B to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

The discussion below supplements the discussion from the Company's Annual Report on Form 10-K for the year ended December 31, 2019 with respect to goodwill.

Goodwill Impairment

As of October 1, 2019, the estimated fair values of the Equipment & Tools and Industrial Solutions reporting units, which are included in the Transit Packaging segment were 9% and 15% higher than their respective carrying values. The reporting units operate in low-growth environments that are expected to experience lower demand in the near term because of the impact of the coronavirus pandemic. If the reporting units' operating results are significantly impacted for an extended period of time, it is possible that the Company may record an impairment charge in the future. As of June 30, 2020, the Equipment and Tools reporting unit had $780 of goodwill and the Industrial Solutions reporting unit had $723 of goodwill. As previously disclosed in the Company's Annual Report on Form 10-K for the year-ended December 31, 2019, based upon an internal reorganization, the Protective Packaging reporting unit was merged into the Industrial Solutions reporting unit, effective January 1, 2020. The amounts and percentages presented represent the combined Industrial Solutions reporting unit.

As of June 30, 2020, the Company considered recent events and circumstances and determined it was more likely than not that fair value was more than carrying amount for all of its reporting units. To the extent future operating results decline it is possible that material impairment charges may be recorded.

Forward Looking Statements

Statements included herein, including, but not limited to, those in “Management's Discussion and Analysis of Financial Condition and Results of Operations” and in the discussions of asbestos in Note H and commitments and contingencies in Note I to the consolidated financial statements included in this Quarterly Report on Form 10-Q, and also in Part I, Item 1, “Business” and Item 3, “Legal Proceedings” and in Part II, Item 7, “Management's Discussion and Analysis of Financial Condition and Results of Operations,” within the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which are not historical facts (including any statements concerning the direct or indirect impact of COVID-19, plans and objectives of management for capacity additions, share repurchases, dividends, future operations or economic performance, or assumptions related thereto), are “forward-looking statements” within the meaning of the federal securities laws. In addition, the Company and its representatives may, from time to time, make oral or written statements which are also “forward-looking statements.”

These forward-looking statements are made based upon management's expectations and beliefs concerning future events impacting the Company and, therefore, involve a number of risks and uncertainties. Management cautions that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

While the Company periodically reassesses material trends and uncertainties affecting the Company's results of operations and financial condition in connection with the preparation of “Management's Discussion and Analysis of Financial Condition and Results of Operations” and certain other sections contained in the Company's quarterly, annual or other reports filed with the Securities and Exchange Commission (“SEC”), the Company does not intend to review or revise any particular forward-looking statement in light of future events.

Item 2. Management's Discussion and Analysis (Continued)

A discussion of important factors that could cause the actual results of operations or financial condition of the Company to differ from expectations has been set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 within Part II, Item 7: “Management's Discussion and Analysis of Financial Condition and Results of Operations” under the caption “Forward Looking Statements” and is incorporated herein by reference. Some of the factors are also discussed elsewhere in this Form 10-Q (including under Item 1A below) and in prior Company filings with the SEC. In addition, other factors have been or may be discussed from time to time in the Company's SEC filings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business the Company is subject to risk from adverse fluctuations in foreign exchange and interest rates and commodity prices. The Company manages these risks through a program that includes the use of derivative financial instruments, primarily swaps and forwards. Counterparties to these contracts are major financial institutions. The Company is exposed to credit loss in the event of nonperformance by the counterparties. These instruments are not used for trading or speculative purposes. The extent to which the Company uses such instruments is dependent upon its access to these contracts in the financial markets and its success in using other methods, such as netting exposures in the same currencies to mitigate foreign exchange risk and using sales arrangements that permit the pass-through of commodity prices and foreign exchange rate risks to customers. The Company's objective in managing its exposure to market risk is to limit the impact on earnings and cash flow. For further discussion of the Company's use of derivative instruments and their fair values at June 30, 2020, see Note J to the consolidated financial statements included in this Quarterly Report on Form 10-Q.

As of June 30, 2020, the Company had $2.5 billion principal floating interest rate debt. A change of 0.25% in these floating interest rates would change annual interest expense by approximately $6 million before tax.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rate Committee has announced the replacement of U.S. dollar LIBOR rates with a new index calculated by short-term repurchase agreements backed by U.S. Treasury securities called the Secured Overnight Financing Rate (SOFR). The first publication of SOFR was released in April 2018. Whether or not SOFR attains market traction as a LIBOR replacement tool remains in question and the future of LIBOR at this time is uncertain. At June 30, 2020, the Company does have contracts that are indexed to LIBOR, including cross-currency swap contracts and certain of its term loan facilities, and continues to monitor this activity and evaluate the related risks. The discontinuation of LIBOR will require these arrangements to be modified in order to replace LIBOR with an alternative reference interest rate, which could impact the Company's cost of funds. The Company’s credit agreement includes a provision for the determination of a successor LIBOR rate when appropriate by reference to the then-prevailing market convention for determining an interest rate for syndicated loans in the United States, subject to a right of the lenders thereunder to reject the application of the determined rate by written notice.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation and as of the end of the quarter for which this report is made, the Company's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective. Disclosure controls and procedures ensure that information to be disclosed in reports that the Company files and submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and terms of the SEC, and ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

There has been no change in internal controls over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding the Company's potential asbestos-related liabilities and other litigation, see Note H entitled "Asbestos-Related Liabilities" and Note I entitled "Commitments and Contingent Liabilities" to the consolidated financial statements within Part I, Item 1 of this Quarterly Report on Form 10-Q, which information is incorporated herein by reference.

Item 1A. Risk Factors

The information set forth in this report should be read in conjunction with the risk factors discussed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and in Item 1A of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020. Such risks are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also materially adversely effect the Company's business, financial condition and/or operating results.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

There were 15,841 shares surrendered to cover taxes on the vesting of restricted stock during the three months ended June 30, 2020.

Item 3. Defaults Upon Senior Securities

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

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

22	List of Guarantor Subsidiaries
3.2	By-Laws of Crown Holdings, Inc., Amended and Restated as of March 18, 2020 (incorporated by reference to Exhibit 3.ii of the Registrant's Current Report on Form 8-K dated March 23 2020 (File No. 000-50189)).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Timothy J. Donahue, President and Chief Executive Officer of Crown Holdings, Inc. and Thomas A. Kelly, Senior Vice President and Chief Financial Officer of Crown Holdings, Inc.
101	The following financial information from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 formatted in inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the three and six months ended June 30, 2020 and 2019, (ii) Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2020 and 2019, (iii) Consolidated Balance Sheets as of June 30, 2020 and December 31, 2019, (iv) Consolidated Statements of Cash Flows for the six months ended June 30, 2020 and 2019, (v) Consolidated Statements of Changes in Equity for the three and six months ended June 30, 2020 and 2019 and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURE

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

Crown Holdings, Inc.
Registrant

By: /s/ David A. Beaver

David A. Beaver
Vice President and Corporate Controller
(Chief Accounting Officer)

Date: July 27, 2020

Exhibit 22 - List of Guarantor Subsidiaries

The following subsidiaries of Crown Holdings, Inc. (the "Company") were, as of June 30, 2020, guarantors of the Company's $350 principal 7.375% senior notes due 2026 and $40 principal 7.5% senior notes due 2096:

NAME	STATE OR COUNTRY OF INCORPORATION OR ORGANIZATION
Crown Cork & Seal Company, Inc.	Pennsylvania

The following subsidiaries of the Company were, as of June 30, 2020, guarantors of the Company's $1,000 principal 4.5% senior notes due 2023, $400 principal 4.25% senior notes due 2026, and $875 principal 4.75% senior notes due 2026:

NAME	STATE OR COUNTRY OF INCORPORATION OR ORGANIZATION
Crown Cork & Seal Company, Inc.	Pennsylvania
CROWN Americas LLC	Pennsylvania
Crown Consultants, Inc.	Pennsylvania
Crown Americas Capital Corp.	Delaware
Crown Americas Capital Corp. IV	Delaware
Crown Americas Capital Corp. V	Delaware
Crown Americas Capital Corp. VI	Delaware
CROWN Beverage Packaging, LLC	Delaware
CROWN Beverage Packaging Puerto Rico, Inc.	Delaware
Crown Cork & Seal Company (DE), LLC	Delaware
CROWN Cork & Seal USA, Inc.	Delaware
Crown International Holdings, Inc.	Delaware
CROWN Packaging Technology, Inc.	Delaware
Foreign Manufacturers Finance Corporation	Delaware
Signode Industrial Group Holdings US Inc	Delaware
Signode Industrial Group LLC	Delaware
Signode Industrial Group US Inc	Delaware
Signode International IP Holdings LLC	Delaware
Signode Pickling Holding LLC	Delaware
Signode US IP Holdings LLC	Delaware
TopFrame LLC	Delaware
Package Design and Manufacturing, Inc.	Michigan
Kiwiplan Inc.	Ohio

EXHIBIT 31.1

CERTIFICATION

I, Timothy J. Donahue, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crown Holdings, Inc. (“the registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 27, 2020 /s/ Timothy J. Donahue

Timothy J. Donahue

Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Thomas A. Kelly, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crown Holdings, Inc. (“the registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 27, 2020 /s/ Thomas A. Kelly
Thomas A. Kelly
Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Crown Holdings, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2020 (the "Report"), each of the undersigned officers certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial position and results of operations of the Company.

Date: July 27, 2020 /s/ Timothy J. Donahue
Timothy J. Donahue
President and Chief Executive Officer

Date: July 27, 2020 /s/ Thomas A. Kelly
Thomas A. Kelly
Senior Vice President
and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to this Quarterly Report on Form 10-Q and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.