SECURITIES AND EXCHANGE COMMISSION

# FORM 10-K

Annual report pursuant to section 13 and 15(d)

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## FILER

**BALL CORP**
CIK:**9389**| IRS No.: **350160610** | State of Incorp.:**IN** | Fiscal Year End: **1231**
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SIC: **3411** Metal cans

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

# FORM 10-K

( X ) ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2003

( ) 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 1-7349

**Ball Corporation**

State of Indiana 35-0160610

10 Longs Peak Drive, P.O. Box 5000
Broomfield, Colorado 80021-2510

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

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

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, without par value | New York Stock Exchange, Inc.<br>Chicago Stock Exchange, Inc.<br>Pacific Exchange, Inc. |

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). YES [X] NO [ ]

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The aggregate market value of voting stock held by non-affiliates of the registrant was $2,601 million based upon the closing market price and common shares outstanding as of June 29, 2003.

Number of shares outstanding as of the latest practicable date.

| Class | Outstanding at February 8, 2004 |
| --- | --- |
| Common Stock, without par value | 56,414,003 |

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the Annual Report to Shareholders for the year ended December 31, 2003, to the extent indicated in Parts I, II and IV. Except as to information specifically incorporated, the 2003 Annual Report to Shareholders is not to be deemed filed as part of this Form 10-K Annual Report.

2. Proxy statement to be filed with the Commission within 120 days after December 31, 2003, to the extent indicated in Part III.

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# PART I

## Item 1. Business

Ball Corporation was organized in 1880 and incorporated in Indiana in 1922. Its principal executive offices are located at 10 Longs Peak Drive, Broomfield, Colorado 80021-2510. The terms “Ball,” “the company,” “we” and “our” as used herein refer to Ball Corporation and its consolidated subsidiaries.

Ball is a manufacturer of metal and plastic packaging, primarily for beverages and foods, and a supplier of aerospace and other technologies and services to government and commercial customers.

The following sections of the 2003 Annual Report to Shareholders contain financial and other information concerning company business developments and operations, and are incorporated herein by reference: the notes to the consolidated financial statements including “Significant and Critical Accounting Policies” (Note 1), “Business Segment Information” (Note 2), “Acquisitions” (Note 3), “Business Consolidation Costs” (Note 4) and “Management’ s Discussion and Analysis of Financial Condition and Results of Operations.”

### Information Pertaining to the Business of the Company

The company’ s businesses are comprised of three segments: (1) North American packaging, (2) international packaging and (3) aerospace and technologies.

### North American Packaging

Our principal business in North America is the manufacture and sale of aluminum, steel and PET (polyethylene terephthalate) containers, primarily for beverages and foods. This segment decreased from 84 percent of Ball’ s consolidated net sales in 2002 to 67 percent in 2003 due to the acquisition of Ball Packaging Europe on December 19, 2002, which is included in our international packaging segment.

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A substantial part of our North American packaging sales are made directly to companies in packaged beverage and food businesses, including SABMiller and bottlers of Pepsi-Cola and Coca-Cola branded beverages and their licensees that utilize consolidated purchasing groups. Sales to SABMiller plc and PepsiCo, Inc., represented approximately 12 percent and 10 percent of Ball' s consolidated net sales, respectively, for the year ended December 31, 2003. Additional details about sales to major customers are included in Note 2 to the consolidated financial statements, which can be found in Exhibit 13.1 to this Form 10-K.

Packaging products are sold in highly competitive markets, primarily based on quality, service and price. The packaging business is capital intensive, requiring significant investments in machinery and equipment. Profitability is sensitive to selling prices, production volumes, labor, freight and warehousing costs, as well as the availability and price of certain raw materials, such as aluminum, steel and plastic resin. These raw materials are generally available from several sources and we have secured what we consider to be adequate supplies and are not experiencing any shortages. We believe we have minimal exposure related to changes in the costs of aluminum, steel and plastic resin as a result of (1) the inclusion of provisions in aluminum can sales contracts to pass through aluminum cost changes, as well as the use of derivative instruments, (2) steel can sales contracts that incorporate annually negotiated metal costs and (3) the inclusion of provisions in plastic container sales contracts to pass through resin cost changes.

Our manufacturing facilities are dependent, in varying degrees, upon the availability of process energy, such as natural gas and electricity. While certain of these energy sources may become increasingly in short supply or halted due to external factors, we cannot predict the effects, if any, of such occurrences on future operations.

Research and development efforts are directed toward the development of new sizes and types of metal and plastic beverage and food containers, as well as new uses for the current containers. Other research and development efforts in this segment generally seek to improve manufacturing efficiencies.

North American Metal Beverage Containers

Metal beverage containers and ends represent Ball' s largest product line, accounting for 69 percent of segment net sales and 46 percent of consolidated net sales in 2003. Decorated two-piece aluminum beverage cans are produced at 16 manufacturing facilities in the U.S., one facility in Canada and one in Puerto Rico; can ends are produced within four of the U.S. facilities, as well as in a fifth facility that manufactures ends only. The annual production capacity of these plants is approximately 33 billion cans. Metal beverage containers are sold under long-term or annual supply contracts primarily to fillers of carbonated soft drinks, beer and other beverages. Sales volumes of metal beverage cans and ends in North America tend to be highest during the period from April through September.

Through Rocky Mountain Metal Container, LLC, a 50/50 joint venture, which is accounted for as an equity investment, Ball and Coors Brewing Company (Coors) participate in beverage can and end manufacturing facilities in Golden, Colorado. The joint venture supplies Coors with beverage cans and ends for its Golden, Colorado, and Memphis, Tennessee, breweries and supplies ends to its Shenandoah, Virginia, filling location. Ball receives management fees and technology licensing fees under this agreement. In addition to beverage cans supplied to Coors from the joint venture, substantially all of Coors' can requirements for its Shenandoah, Virginia, filling location are manufactured at Ball facilities and sold to Coors.

Based on publicly available industry information, we estimate that our North American metal beverage container shipments were approximately 31 percent of total U.S. and Canadian shipments for metal beverage containers. Four producers manufacture substantially all of the remaining metal beverage containers. Available industry information indicates the growth in industry-wide shipments was relatively flat over the past several years.

Beverage container industry production capacity in the U.S. and Canada exceeds demand. In order to balance more closely capacity and demand within our business, from time to time we consolidate our can and end manufacturing capacity into fewer, more efficient facilities. From January1, 1999, through December 31, 2001, we closed five plants. In the second quarter of 2003, we closed a beverage can end plant which we acquired from Metal Packaging International, Inc., in March 2003.

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The aluminum beverage can continues to compete aggressively with other packaging materials in the beer and soft drink industries. The glass bottle has shown resilience in the packaged beer industry, while soft drink industry use of the PET bottle has grown. In Canada, metal beverage containers have captured significantly lower percentages of the packaged beverage industry than in the U.S., particularly in the packaged beer industry. The market share of metal containers has been hindered by non-tariff trade barriers and restrictive taxes within Canada.

North American Metal Food Containers

In addition to metal beverage cans, Ball produces two-piece and three-piece steel food cans for packaging vegetables, fruit, soups, meat, seafood, nutritional products, pet food and other products. These steel food containers are manufactured in 11 plants in the U.S. and Canada and sold primarily to food processors in North America. In 2003 metal food container sales comprised approximately 20 percent of segment net sales and 13 percent of consolidated net sales. Sales volumes of metal food containers in North America tend to be highest from June through October as a result of seasonal vegetable and salmon packs. Approximately 34 billion steel food cans were shipped in the U.S. and Canada in 2003, of which we estimate approximately 17 percent were shipped by Ball.

The company is in purchase negotiations with ConAgra Grocery Products Company (ConAgra) related to the acquisition of Ball Western Can Company, LLC, its 50/50 joint venture with ConAgra. Ball Western Can operates a food can manufacturing plant in Oakdale, California. The joint venture had been scheduled to terminate on December 31, 2003, but has been extended while negotiations continue. The current negotiations contemplate Ball purchasing ConAgra' s interest in Ball Western Can and providing containers to ConAgra' s packaging locations in California under a long-term supply agreement. These negotiations are expected to be completed in the first quarter of 2004.

Competition in the metal food containers business includes two national and several regional suppliers and self manufacturers. The steel food can also competes with other packaging materials in the food industry including glass, aluminum, plastic, paper and the stand-up pouch. As a result, this product line must increasingly focus on product innovation. Service, quality and price are key competitive factors.

North American Plastic Containers

Ball entered the PET container business in 1995. PET packaging represented approximately 11 percent of segment net sales and 8 percent of consolidated net sales in 2003. Demand for containers made of PET has increased in the beverage packaging industry and is expected to increase in the food packaging industry with improved technology and adequate supplies of resin. While PET beverage containers compete against metal, glass and paper, the historical increase in the sales of PET containers has come primarily at the expense of glass containers and through new market introductions. We estimate our 2003 shipments of 5.5 billion plastic containers to be approximately 8 percent of total U.S. and Canadian plastic container shipments.

The company operates five PET facilities in California, Iowa, New Jersey, New York and Wisconsin. Competition in the PET container industry includes several national and regional suppliers and self-manufacturers. Service, quality and price are important competitive factors. Increasingly, the ability to produce customized, differentiated plastic containers is also a competitive factor.

Most of Ball' s PET containers are sold under long-term contracts to suppliers of bottled water and carbonated soft drinks, including Pepsi-Cola. Plastic beer containers are being tested by several of our customers and we are developing plastic containers for the single serve juice market.

**International Packaging**

Europe

Ball Packaging Europe' s operations, which accounted for 20 percent of Ball' s consolidated net sales in 2003, consist of nine beverage can plants and two aluminum beverage can end plants, a technical center in Bonn, Germany, and the European headquarters in Ratingen, Germany. Of the 11 plants, four are located in Germany, three in the United Kingdom, two in France and one each in the

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Netherlands and Poland. In total the plants produced approximately 11 billion cans in 2003, with approximately half of those being produced from steel and half from aluminum. Four of the can plants use steel only, four use aluminum and one plant uses both metals.

Ball Packaging Europe is the second largest metal beverage container producer in Europe, with an estimated one-third industry share in 2003, and produces two-piece beverage cans and can ends for beer, carbonated soft drinks, mineral water, fruit juices, isotonics, milk-based beverages, coffee drinks and alcoholic mixed drinks. In Western Europe, Ball Packaging Europe is the top beverage container manufacturer in Germany, France and the Benelux countries and the second largest beverage container manufacturer in the United Kingdom. In addition, it has contributed to the development of the eastern European beverage business and has an estimated 50 percent share in Poland. Ball plans to begin construction on a new aluminum beverage can manufacturing plant in Belgrade, Serbia, to serve the growing demand for beverage cans in southern and eastern Europe.

As in North America, the metal beverage can continues to compete aggressively with other packaging materials used by the European beer and soft drink industries. The glass bottle is utilized in the packaged beer industry, while soft drink industry use of the PET bottle has grown.

The European beverage can business has a balanced and stable customer base with 10 customers accounting for approximately 60 percent of its gross trade sales and 20 customers accounting for approximately 75 percent of such sales. Ball Packaging Europe' s major customers include Coca-Cola, Britvic (Pepsi-Cola), Coors, Heineken, Interbrew, Guinness, Bavaria and SABMiller.

Our operations in Germany are subject to packaging legislation that exempts one-way containers from a mandatory deposit fee as long as returnable containers maintain at least a 72 percent market share. After the market share dropped below this mandated level, regulators imposed a mandatory deposit fee on cans and other non-refillable containers effective January 1, 2003. Due to political and legal uncertainties in Germany, no nationwide system for returning the containers was in place at the time the mandatory deposit was imposed and many retailers stopped carrying beverages in non-refillable containers. The situation is not expected to improve until the deposit is eliminated by once again meeting the mandatory refill quotas or until it is resolved by various courts, intervention by the European Union or by the implementation of a nationwide return system. We have responded by reducing beverage can production at our German plants, implementing aggressive cost reduction measures, entering into price increase negotiations and increasing exports from Germany to other European nations. We also closed a plant in the Untied Kingdom, delayed capital investment projects in France and Poland and are converting one of our steel can production lines in Germany to aluminum in order to facilitate additional can exports from Germany.

The European beverage can business is capital intensive, requiring significant investments in machinery and equipment. Profitability is sensitive to selling prices, foreign exchange rates, production volumes, labor and the costs and availability of certain raw materials, such as aluminum and steel. The European steel and aluminum industry is highly consolidated with three steel suppliers and three aluminum suppliers providing 95 percent of European requirements. Material supply contracts are generally for a period of one year, although Ball Packaging Europe has negotiated some longer term agreements. Aluminum is purchased primarily in U.S. dollars while the functional currencies of Ball Packaging Europe and its subsidiaries are non-U.S. dollars. This inherently results in a foreign exchange rate risk, which the company minimizes through the use of derivative contracts.

Other International

Through Ball Asia Pacific Holdings Limited, we are one of the largest beverage can manufacturers in the People' s Republic of China (PRC) and believe that our facilities are the most modern in that country. Capacity has grown rapidly in the PRC, resulting in a supply/demand imbalance to which we have responded by closing several facilities in recent years. Our current operations include the manufacture of aluminum cans and ends in three plants and of plastic containers in two plants. We also participate in joint ventures that manufacture aluminum cans and ends in Brazil and in the PRC.

For more information on Ball' s international operations, see Item 2, Properties, and Exhibit 21.1, Subsidiary List.

**Aerospace and Technologies**

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The aerospace and technologies segment includes defense operations, civil space systems and commercial space operations. The defense operations business unit includes defense systems, systems engineering services, advanced antenna and video systems and electro-optics and cryogenic systems and components. Sales in the aerospace and technologies segment accounted for approximately 11 percent of consolidated net sales in 2003.

The majority of the aerospace and technologies segment business involves work under contracts, generally from one to five years in duration, as a prime contractor or subcontractor for the National Aeronautics and Space Administration (NASA), the U.S. Department of Defense (DoD) and other U.S. government agencies and for foreign governments. Contracts funded by the various agencies of the federal government represented approximately 96 percent of segment sales in 2003. Geopolitical events and executive and legislative branch priorities have created considerable growth opportunities in our core competencies. However, consolidation in the aerospace and defense industries continues, and there is strong competition for business.

Civil space systems, defense systems and commercial space operations include hardware, software and services to both U.S. and international customers, with emphasis on space science, environmental and Earth sciences, defense and intelligence, manned missions and space exploration. Major contractual activities frequently involve the design, manufacture and testing of satellites, ground systems and payloads (including launch vehicle integration), as well as satellite ground station control hardware and software.

Other hardware activities include: target identification, warning and attitude control systems and components; cryogenic systems for reactant storage, and sensor cooling devices using either closed-cycle mechanical refrigerators or open-cycle solid and liquid cryogens; star trackers, which are general-purpose stellar attitude sensors; and fast-steering mirrors.

Additionally, the aerospace and technologies segment provides diversified technical services and products to government agencies, prime contractors and commercial organizations for a broad range of information warfare, electronic warfare, avionics, intelligence, training and space systems needs.

Backlog of the aerospace and technologies segment was approximately $644 million and $497 million at December 31, 2003 and 2002, respectively, and consists of the aggregate contract value of firm orders, excluding amounts previously recognized as revenue. The 2003 backlog includes approximately $341 million expected to be billed during 2004, with the remainder expected to be billed thereafter. Unfunded amounts included in backlog for certain firm government orders which are subject to annual funding were approximately $443 million at December 31, 2003. Year-to-year comparisons of backlog are not necessarily indicative of the trend of future operations.

The company’ s aerospace and technologies segment has contracts with the U.S. government or its contractors which have standard termination provisions. The government retains the right to terminate contracts at its convenience. However, if contracts are terminated in this manner, Ball is entitled to reimbursement for allowable costs and profits to the date of termination relating to authorized work performed to such date. U.S. government contracts are also subject to reduction or modification in the event of changes in government requirements or budgetary constraints.

**Patents**

In the opinion of the company, none of its active patents is essential to the successful operation of its business as a whole.

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## Research and Development

Note 18, "Research and Development," in the 2003 Annual Report to Shareholders contains information on company research and development activity and is incorporated herein by reference.

## Environment

Aluminum, steel and PET containers are recyclable, and significant amounts of used containers are being diverted from the solid waste stream and recycled. Using the most recent data available, in 2002 approximately 53 percent of aluminum containers, 59 percent of steel cans and 20 percent of the PET containers sold in the U.S. were recycled.

Recycling rates vary throughout Europe, but generally average 60 percent for aluminum and steel. Some of the highest rates are in Germany where both aluminum and steel cans were recycled at rates estimated to be at least 80 percent prior to the imposition of mandatory deposits on one-way packaging effective January 1, 2003.

Compliance with federal, state and local laws relating to protection of the environment has not had a material, adverse effect upon capital expenditures, earnings or competitive position of the company. As more fully described under Item 3, Legal Proceedings, the U. S. Environmental Protection Agency and various state environmental agencies have designated the company as a potentially responsible party, along with numerous other companies, for the cleanup of several hazardous waste sites. However, the company' s information at this time does not indicate that these matters will have a material, adverse effect upon the liquidity, results of operations or financial condition of the company.

Legislation which would prohibit, tax or restrict the sale or use of certain types of containers, and would require diversion of solid wastes such as packaging materials from disposal in landfills, has been or may be introduced anywhere we operate. While container legislation has been adopted in a few jurisdictions, similar legislation has been defeated in public referenda and legislative bodies in numerous others. The company anticipates that continuing efforts will be made to consider and adopt such legislation in many jurisdictions in the future. If such legislation was widely adopted, it potentially could have a material adverse effect on the business of the company, as well as on the container manufacturing industry generally, in view of the company' s substantial global sales and investment in metal and PET container manufacturing. However, the packages we produce are widely used and perform well in various deposit states in the U.S.

## Employees

At the end of February 2004 the company employed approximately 12,700 people worldwide, including approximately 8,600 employees in the United States and 4,100 in other countries.

## Where to Find More Information

Ball Corporation is subject to the reporting and other information requirements of the Exchange Act. Reports and other information filed with the Securities and Exchange Commission (SEC) pursuant to the Exchange Act may be inspected and copied at the public

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reference facility maintained by the SEC in Washington, D.C. The SEC maintains a website at www.sec.gov containing our reports, proxy materials, information statements and other items.

The company also maintains a website at www.ball.com on which it provides a link to access Ball' s SEC reports free of charge.

## Item 2. Properties

The company' s properties described below are well maintained, are considered adequate and are being utilized for their intended purposes.

The corporate headquarters and the Ball Aerospace & Technologies Corp. offices are located in Broomfield, Colorado. The Colorado-based operations of the aerospace and technologies business occupy a variety of company-owned and leased facilities in Broomfield, Boulder and Westminster, which together aggregate approximately 1,200,000 square feet of office, laboratory, research and development, engineering and test and manufacturing space. Other aerospace and technologies operations include facilities in California, Florida, Georgia, New Mexico, Ohio, Texas, Virginia and Australia.

The offices for the North American packaging operations are based in Westminster, Colorado, and the offices for the European packaging operations are located in Ratingen, Germany. Also located in Westminster is the Edmund F. Ball Technical Center, which serves as a research and development facility, primarily for the metal packaging operations. The pilot line and research and development center for the plastic container business, currently located in Smyrna, Georgia, will be relocated to Colorado by the end of 2004. The European Technical Centre, which serves as a research and development facility for the European beverage can manufacturing operations, is located in Bonn, Germany.

Information regarding the approximate size of the manufacturing locations for significant packaging operations, which are owned or leased by the company, follows. Facilities in the process of being shut down have been excluded from the list. Where certain locations include multiple facilities, the total approximate size for the location is noted. In addition to the facilities listed, the company leases other warehousing space.

| Plant Location | Approximate Floor Space in Square Feet |
|---|---|
| ***Metal packaging manufacturing facilities:*** | |
| North America | |
| Springdale, Arkansas | 286,000 |
| Richmond, British Columbia | 194,000 |
| Fairfield, California | 340,000 |
| Torrance, California | 478,000 |
| Golden, Colorado | 500,000 |
| Tampa, Florida | 275,000 |
| Kapolei, Hawaii | 132,000 |
| Monticello, Indiana | 356,000 |
| Kansas City, Missouri | 400,000 |
| Saratoga Springs, New York | 358,000 |
| Wallkill, New York | 314,000 |
| Reidsville, North Carolina | 287,000 |
| Columbus, Ohio | 305,000 |
| Findlay, Ohio* | 733,000 |
| Burlington, Ontario | 308,000 |

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| | |
|---|---|
| Whitby, Ontario* | 200,000 |
| Guayama, Puerto Rico | 225,000 |
| Baie d'Urfe, Quebec | 211,000 |
| Chestnut Hill, Tennessee | 315,000 |
| Conroe, Texas | 180,000 |
| Fort Worth, Texas | 328,000 |
| Bristol, Virginia | 241,000 |
| Williamsburg, Virginia | 400,000 |
| Seattle, Washington | 166,000 |
| Weirton, West Virginia (leased) | 85,000 |
| DeForest, Wisconsin | 360,000 |
| Milwaukee, Wisconsin* | 397,000 |
| Europe | |
| Bierne, France | 263,000 |
| La Ciotat, France | 354,000 |
| Braunschweig, Germany | 180,000 |
| Hassloch, Germany | 283,000 |
| Hermsdorf, Germany | 248,000 |
| Weissenthurm, Germany | 257,000 |
| Oss, The Netherlands | 231,000 |
| Radomsko, Poland | 309,000 |
| Deeside, U.K | 109,000 |
| Rugby, U.K | 175,000 |
| Wrexham, U.K | 222,000 |
| Asia | |
| Beijing, PRC | 291,000 |
| Hubei (Wuhan), PRC | 237,000 |
| Shenzhen, PRC | 323,000 |
| ***Plastic packaging manufacturing facilities:*** | |
| North America | |
| Chino, California (leased) | 578,000 |
| Ames, Iowa | 840,000 |
| Delran, New Jersey | 450,000 |
| Baldwinsville, New York (leased) | 508,000 |
| Watertown, Wisconsin | 111,000 |
| Asia | |
| Zhongfu, PRC (leased) | 52,000 |
| Hemei, PRC | 47,000 |

* Includes both metal beverage container and metal food container manufacturing operations.

In addition to the consolidated manufacturing facilities, the company has ownership interests of 50 percent or less in packaging affiliates located primarily in the U.S., PRC, Brazil and Thailand.

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## Item 3. Legal Proceedings

North America

As previously reported, the U.S. Environmental Protection Agency (USEPA) considers the company a Potentially Responsible Party (PRP) with respect to the Lowry Landfill site located east of Denver, Colorado. On June 12, 1992, the company was served with a lawsuit filed by the City and County of Denver (Denver) and Waste Management of Colorado, Inc., seeking contributions from the company and approximately 38 other companies. The company filed its answer denying the allegations of the Complaint. On July 8, 1992, the company was served with a third-party complaint filed by S.W. Shattuck Chemical Company, Inc., seeking contribution from the company and other companies for the costs associated with cleaning up the Lowry Landfill. The company denied the allegations of the complaints.

In July 1992 the company entered into a settlement and indemnification agreement with Denver, Chemical Waste Management, Inc., and Waste Management of Colorado, Inc. (collectively Waste) pursuant to which Denver and Waste dismissed their lawsuit against the company and Waste agreed to defend, indemnify and hold harmless the company from claims and lawsuits brought by governmental agencies and other parties relating to actions seeking contributions or remedial costs from the company for the cleanup of the site. Several other companies, which are defendants in the above-referenced lawsuits, had already entered into the settlement and indemnification agreement with Denver and Waste. Waste Management, Inc., has agreed to guarantee the obligations for Chemical Waste Management, Inc., and Waste Management of Colorado, Inc. Denver and Waste may seek additional payments from the company if the response costs related to the site exceed $319 million. In 2003 Waste Management indicated that the cost of the site might exceed $319 million in 2030, approximately three years before the projected completion of the project. The company might also be responsible for payments (calculated in 1992 dollars) for any additional wastes which may have been disposed of by the company at the site but which are identified after the execution of the settlement agreement.

At this time, there are no Lowry Landfill actions in which the company is actively involved. Based on the information available to the company at this time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

The company previously reported that on August 1, 1997, the USEPA sent notice of potential liability to 19 PRPs concerning past activities at one or more of the four Rocky Flats parcels (including land owned by Precision Chemicals now owned by Great Western Inorganics) at the Rocky Flats Industrial Park site (RFIP) located in Jefferson County, Colorado. The RFIP site also includes the American Ecological Recycling and Research Company (AERRCO) site and a site owned by Thoro Products Company. Based upon sampling at the site in 1996, the USEPA determined that additional site work would be required to determine the extent of contamination and the possible cleanup of the site. The USEPA requested the PRPs to perform certain site work in 1996. These discussions have been ongoing. On December 19, 1997, the USEPA issued an Administrative Order on Consent (AOC) to conduct the engineering estimates and cost analyses. The AOC has been finalized. The company has funded approximately $70,000 toward these costs. The PRPs have negotiated an agreement and the company contributed $5,000 as an initial group contribution. The company has agreed to pay 12 percent of the costs of cleanup at the AERRCO site and a percentage of the cleanup costs on the Thoro site. On January 8, 2003, and October 9, 2003, the company made additional payments of $97,200 (total $194,400) toward the cost of cleanup. Based on the information available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

As previously reported, in October 2001 representatives of Vauxmont Intermountain Communities (Vauxmont) notified six of the PRPs at the AERRCO site, including the company, (AERRCO PRPs) that hazardous materials might have contaminated property owned by Vauxmont. The AERRCO site is contained within the Rocky Flats Industrial Park site. Vauxmont also alleges that it lost $7 million on a contract with a home developer for the purchase of a portion of the land. Vauxmont representatives requested that the AERRCO PRPs study any contamination to the Vauxmont real estate. The AERRCO PRPs agreed to undertake such a study and sought the USEPA' s final approval. The sampling results were made available to all parties. No further claims have been made against the company by Vauxmont to date. Based on the information, or lack thereof available to the company at the present time, the company

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does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

As previously reported, the company was notified on June 19, 1989, that the USEPA has designated the company and numerous other companies as PRPs responsible for the cleanup of certain hazardous wastes that were released at the Spectron, Inc., site located in Elkton, Maryland. In December 1989, the company, along with other companies whose alleged hazardous waste contributions to the Spectron, Inc., site were considered to be *de minimis*, entered into a settlement agreement with the USEPA for cleanup costs incurred in connection with the removal action of aboveground site areas. By a letter dated September 29, 1995, the company, along with other above-described PRPs, were notified by the USEPA that it was negotiating with the large-volume PRPs another consent order for performance of a site environmental study as a prerequisite to long-term remediation. The USEPA and the large-volume PRPs offered a second *de minimis* program buyout for settlement of liability for remediation of the site, and the offer was made to certain PRPs, including the company. On August 10, 2001, the USEPA issued a General Notice and Opportunity to Participate in *De Minimis* Settlement letter to the company and over 1,000 other PRPs. The company signed the Global Consent Decree for *De Minimis* Parties on September 6, 2001, and returned it to the USEPA. Within 30 days of entry of the Consent Decree, the company made payments of $66,737 to the USEPA and an additional payment of $53,668 to the large volume PRPs. Jarden Corporation (formerly Alltrista Corporation) agreed to reimburse the company for $116,311 of the $120,404 total payment. The Consent Decree was finalized in U.S. District Court on November 26, 2002. The company made a payment of $66,737 to the USEPA and an additional payment of $53,668 to the Spectron Site Group on April 22, 2003. Jarden reimbursed the company for $116,311 of the $120,404. This matter is now resolved with no material adverse effect upon the liquidity, results of operations or financial condition of the company.

As previously reported, during July 1992, the company received information that it had been named a PRP with respect to the Solvents Recovery of New England Site (SRSNE) located in Southington, Connecticut. According to the information received, it is alleged that the company contributed approximately 0.08816 percent of the waste contributed to the site on a volumetric basis. The PRP group has been involved in negotiations with the USEPA regarding the remediation of the site. The company paid approximately $17,500 toward site investigation and remediation efforts. The PRP group spent $15 million through the end of 2001. Approximately $1.5 million more was spent to complete a Remedial Investigation and Feasibility Study (RI/FS) and pay for remediation work through 2003. As of December 2001, projected remediation cost estimates for a bioremediation and enhanced oxidation system ranged from $20 million to $30 million. A *de minimis* offer was expected to be prepared in 2001, but there will be no proposals made in the foreseeable future. The PRP group offered a $5.5 million settlement to resolve the USEPA claim of $16 million for past costs at the SRSNE site. PRP/USEPA negotiations to resolve the past cost claims from the USEPA have not been resolved and are not being actively pursued by the PRP group. A natural resources damage claim of approximately $3 million is anticipated. Based on the information, or lack thereof available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

The company previously reported that on or about June 14, 1990, the El Monte plant of Ball-InCon Glass Packaging Corp. (renamed Ball Glass Container Corporation [Ball Glass] in 1994), a then wholly-owned subsidiary of the company, the assets of which were contributed in September 1995 into a joint venture with Compagnie de Saint-Gobain (Saint-Gobain), now known as Saint-Gobain Industries, Inc., and currently wholly owned by Saint-Gobain, received a general notification letter and information request from the USEPA, Region IX, notifying Ball Glass that it may have a potential liability as defined in Section 107(a) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) with respect to the San Gabriel Valley areas 1-4 Superfund Sites located in Los Angeles County, California. The USEPA requested certain information from Ball Glass, and Ball Glass responded. A PRP group organized and drafted a PRP group agreement, which Ball Glass executed. The PRP group completed negotiations with the USEPA over the terms of the administrative order on consent (RI/FS AOC), including the statement of work for the remedial investigation phase of the cleanup. An interim allocation arrangement was negotiated by the PRP group members to fund the remedial investigation. The interim allocation approach requires that any payment will be based upon contribution to pollution. The RI/FS AOC was executed by the PRP group and the USEPA. The USEPA thereby accepted the statement of work for the remedial investigation phase of the cleanup. The PRP group retained an environmental engineering consulting firm to perform the remedial investigation. The USEPA then approved the work plan, project management plan, and the data management plan portions of the PRP group’ s proposed RI/FS. The PRP group funded the RI/FS. The PRP group’ s environmental consulting firm then submitted its Feasibility Study Technical Memorandum 1 to the USEPA concerning the site. Five potential remedial action plans were identified in the study. USEPA finalized the Record of Decision (ROD) and selected the most extensive and expensive remedy. The selected remedy is extraction and

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treatment of the solvent contaminated groundwater in both the east El Monte and west El Monte plumes, both deep and shallow aquifers. The PRP group then commenced the final allocation process. The Allocation Committee was assigned such task and undertook the development of the method for final allocation of costs among PRP group members. The company has been involved with other *de minimis* members of the PRP group to settle this matter. In August 2001, the *de minimis* members, including the company, finalized their *de minimis* offer to the PRP group in the amount $3.75 million. In October 2003 the *de minimis* members, the three site work parties in the U.S. and the USEPA reached a final settlement for the remediation of the El Monte operable unit including USEPA' s approval of the *de minimis* settlement. As a result, a second administrative order on consent (Remedy AOC) governing the implementation and performance of the site remedial activity was negotiated and finalized on October 28, 2003. The company is recognized as a "contributing settling defendant" (i.e., a cash-out party) and a member of the *De Minimis* Group (DMG). DMG is obligated to pay $3.75 million into a settlement fund established by Gould Electronics Inc. Each DMG members receives a covenant not to sue from the USEPA and the State of California and contribution protection from matters addressed in the remedy AOC, including past response actions, past and future response costs for the El Monte Operable Unite, future basin-wide response costs, east side plume, west side plume remediation and all other work required by the ROD. Settling parties do not anticipate any additional work being required by a final record of decision although any such work would not be covered in the remedy AOC. The company' s allocated share of the DMG' s $3.75 million is $391,055. The Remedy AOC has been filed with the U.S. District Court and entry of the Remedy AOC as a final order is expected during 2004 following the expiration of a public comment period. Based on the information, or lack thereof available to the company at the present time, the company is unable to express an opinion as to the actual exposure of the company, however, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

The company previously reported that in 1998 various consumers filed toxic tort litigation in the Superior Court for Los Angeles County (Trial Court) against various water companies operating in the San Gabriel Valley Basin. Plaintiffs have also joined numerous companies, which are alleged to be PRPs in the various operable units in the San Gabriel Valley Superfund Site. The Trial Court consolidated the six separate lawsuits in the Northeast district (Pasadena) and designated the case of *Adler, et al. v. Southern California Water Company, et al.*, as the lead case. The water companies petitioned the Trial Court to remove this action to the California Public Utilities Commission. The Trial Court agreed. The plaintiffs appealed this decision to the California Court of Appeals. The Court of Appeals held that the claims against the defendants that are not public utilities should be litigated in the Trial Court. One non-regulated utility appealed this decision to the California Supreme Court. Although the plaintiffs were permitted to add additional defendants, the litigation, including the filing of answers by such joined parties, was otherwise stayed pending the decision of the California Supreme Court as to whether the California Public Utilities Commission had sole jurisdiction over these cases since some of the defendants are regulated utilities. In late March 1999, Ball-Foster Glass Container Co., L.L.C. (now named Saint Gobain Containers, Inc.), the present owner of the El Monte glass plant and an entity in which the company has no current ownership interest, received a summons and amended complaint based on its ownership of the El Monte glass plant. Ball-Foster Glass tendered the lawsuit to the company for defense and indemnity. The company in turn tendered this lawsuit to its general liability carrier for defense and indemnity. On February 4, 2002, the California Supreme Court issued its written opinion upholding the decision of the Court of Appeals ruling that the plaintiffs may proceed with their toxic tort claims in the Trial Court against all defendants, including the company, who are non-regulated utilities. A complex case management order was then entered. Under the order, the cases were divided into three groups with the company being named in only the *Adler* case. The plaintiffs were ordered to re-file their complaints. Plaintiffs served the consolidated *Adler* group complaint on the company, and the company filed its answer to the group complaint. At a hearing on October 21, 2002, the judge dismissed the punitive damage claims in the complaint. The case management order also allows limited discovery by written interrogatories and separate requests for production of documents. Similarly situated *de minimis* industry defendants have formed a joint defense group and the company has joined the group. During January and February 2003, the company responded to discovery requests by the plaintiffs. In a pretrial ruling on August 12, 2003, the presiding trial judge ruled that liability can only be established by showing a violation of regulatory drinking water standards; thus, isolated incidents of elevated contaminate level will not constitute violations for liability purposes. The plaintiffs have pursued interlocutory appeals of this ruling. As a result, the presiding trial judge has yet to rule whether the water purveyors actually violated the applicable standards. Lastly, the presiding trial judge has ruled that selected representatives, the so-called "bellwether plaintiffs," may proceed to trial if violations of the applicable standards are found by the presiding trial judge. The company' s general liability insurer is defending this action and is paying the cost of defense, including attorneys' fees under a reservation of rights. Based on the information, or lack thereof, available to the company at the present time, the company is unable to express an opinion as to the actual exposure for this matter; however, based on the

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information available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

On December 30, 2002, the company received a 104(e) letter from the USEPA pursuant to CERCLA requesting answers to certain questions regarding the waste disposal practices of the Heekin Can Company and the relationship between the company and the Heekin Can Company. Region 5 of the USEPA is involved in the cleanup of the Jackson Brothers Paint Company site which consists of four, and possibly five, sites in and around Laurel, Indiana. The Jackson Brothers Paint Company apparently disposed of drums of waste in the 1960s and 1970s. The USEPA has alleged that some of the waste that has been uncovered was sent to the sites from the Cincinnati plant operated by the Heekin Can Company. The Indiana Department of Environmental Management (IDEM) referred this matter to the USEPA for removal of the drums and cleanup. At the present time there are an undetermined number of drums at one or more of the sites that have been initially identified by the USEPA as originating from the Heekin Can Company. The USEPA has sent 104(e) letters to seven other potentially responsible parties including the Heekin Can Company. On January 30, 2003, the company responded to the request for information pursuant to Section 104(e) of CERCLA. The USEPA has initially estimated cleanup costs to be between $4 million and $5 million. Based on the information, or lack thereof, available to the company at the present time, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of the operations or financial condition of the company.

Europe

Ball Packaging Europe, together with other plaintiffs, is contesting the enactment of a mandatory deposit for non-returnable containers based on the German Packaging Regulation (Verpackungsverordnung) in federal and state administrative courts. The proceedings in the administrative court in Hessen (Verwaltungsgericht Wiesbaden) and Brandenburg (Verwaltungsgericht Potsdam) were discontinued on September 24 and October 30, 2002, respectively. The Administrative Court in Northrhine Westfalia (Verwaltungsgericht Dûsseldorf) has rendered a positive judgment and confirmed that a duty to implement a mandatory deposit fee as of January 1, 2003, does not exist. According to that court, a mandatory deposit fee to protect returnable containers is without legal basis in the current legislation. Other administrative courts have not yet scheduled hearings. The German administration has filed an appeal against the suspensive effect of the judgment of the administrative court in Northrhine Westfalia to the Oberverwaltungsgericht Münster (Higher Administrative Court) and has filed an appeal on the merits of the case to the Bundesverwaltungsgericht in Leipzig (Federal Administrative Court). On November 27, 2002, the Higher Administrative Court in Münster decided to lift the temporary legal protection. On January 16, 2003, the Federal Administrative Court in Leipzig decided that the plaintiffs did not have procedural standing in the administrative court in Dusseldorf; therefore, it did not reach the issue of whether the imposition of the mandatory deposit is a proper implementation of the current legislation. A proceeding in the Bundesverfassungsgericht in Karlsruhe (Federal Constitutional Court) is still pending; the date of the hearing has not yet been set. Based on the information, or lack thereof available to the company at the present time, the company is unable to express an opinion as to the actual exposure of the company, however, the company does not believe that this matter will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

**Item 4. Submission of Matters to Vote of Security Holders**

There were no matters submitted to the security holders during the fourth quarter of 2003.

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## Part II

### Item 5. Market for the Registrant' s Common Stock and Related Stockholder Matters

Ball Corporation common stock (BLL) is traded on the New York, Chicago and Pacific Stock Exchanges. There were 5,520 common shareholders of record on March 5, 2004.

Securities authorized for issuance under equity compensation plans are summarized below:

| | **Equity Compensation Plan Information** | | |
|---|---|---|---|
| **Plan category** | **Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)** | **Weighted-average Exercise Price of Outstanding Options, Warrants and Rights** | **Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))** |
| Equity compensation plans approved by security holders | -- | -- | -- |
| Equity compensation plans not approved by security holders | 2,931,003 | $29.398 | 1,170,920 |
| Total | 2,931,003 | $29.398 | 1,170,920 |

Other information required by Item 5 appears under the caption, "Quarterly Stock Prices and Dividends," in the 2003 Annual Report to Shareholders and is incorporated herein by reference.

### Item 6. Selected Financial Data

The information required by Item 6 for the five years ended December 31, 2003, appearing in the section titled, "Five-Year Review of Selected Financial Data," of the 2003 Annual Report to Shareholders, is incorporated herein by reference.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

"Management' s Discussion and Analysis of Financial Condition and Results of Operations" in the 2003 Annual Report to Shareholders is incorporated herein by reference.

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## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information required by Item 7A appears under the caption, "Financial Instruments and Risk Management," within the "Management' s Discussion and Analysis of Financial Condition and Results of Operations" section of the 2003 Annual Report to Shareholders, which is incorporated herein by reference.

## Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and notes thereto of the 2003 Annual Report to Shareholders, together with the report thereon of PricewaterhouseCoopers LLP, dated February 23, 2004, included in the 2003 Annual Report to Shareholders, are incorporated herein by reference.

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no matters required to be reported under this item.

## Item 9A. Controls and Procedures

Our chief executive officer and chief financial officer participated in an evaluation of our disclosure controls and procedures, as defined by the Securities and Exchange Commission (SEC), as of the end of the period covered by this report and concluded that they were appropriate to ensure that information required to be disclosed by us in this annual report is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

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# Part III

## Item 10. Directors and Executive Officers of the Registrant

The executive officers of the company as of December 31, 2003, were as follows:

1. R. David Hoover, 58, Chairman, President and Chief Executive Officer since April 2002 and a director since 1996. Mr. Hoover was President and Chief Executive Officer from January 2001 until April 2002 and Vice Chairman, President and Chief Operating Officer from April 2000 to January 2001; Vice Chairman, President and Chief Financial Officer from January 2000 to April 2000; Vice Chairman and Chief Financial Officer, 1998-2000; Executive Vice President and Chief Financial Officer, 1997-1998; Executive Vice President, Chief Financial Officer and Treasurer, 1996-1997; Executive Vice President and Chief Financial Officer, 1995-1996; Senior Vice President and Chief Financial Officer, 1992-1995; Vice President and Treasurer, 1988-1992; Assistant Treasurer, 1987-1988; Vice President, Finance and Administration, Technical Products, 1985-1987; Vice President, Finance and Administration, Management Services Division, 1983-1985.

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2. Raymond J. Seabrook, 52, Senior Vice President and Chief Financial Officer since April 2000; Senior Vice President, Finance, April 1998 to April 2000; Vice President, Planning and Control, 1996-1998; Vice President and Treasurer, 1992-1996; Senior Vice President and Chief Financial Officer, Ball Packaging Products Canada, Inc., 1988-1992.

3. Leon A. Midgett, 61, Executive Vice President and Chief Operating Officer, Packaging, April 2000 to December 2003; Chief Operating Officer, Packaging, and President of North American Beer/Beverage, January 2000 to April 2000; President of North American Beer/Beverage, November 1995 to January 2000.

4. Hanno C. Fiedler, 58, Executive Vice President and a director since December 2002 as well as Chairman and Chief Executive Officer of Ball' s European packaging business. Mr. Fiedler was Chairman of the Board of Management of Schmalbach-Lubeca AG from January 1996 until December 2002 and, prior to that, headed the European activities of TRW Inc. Steering and Suspension Systems.

5. John R. Friedery, 47, Senior Vice President and Chief Operating Officer, North American Packaging, since January 2004; President, Metal Beverage Container, 2000 to January 2004; Senior Vice President, Manufacturing, 1998-2000; Vice President, Manufacturing, 1996-1998; Plant Manager, 1993-1996; Assistant Plant Manager, 1992-1993; Administrative Manager, 1991-1992; General Supervisor, 1989-1991; Production Supervisor, 1988-1989.

6. Donald C. Lewis, 61, Vice President and General Counsel, since September 1998 and Assistant Corporate Secretary since December 2002; Vice President, Assistant Corporate Secretary and General Counsel, 1997-1998; General Counsel and Assistant Corporate Secretary, 1995-1997; Associate General Counsel and Assistant Corporate Secretary, 1990-1995; Associate General Counsel, 1983-1990; Assistant General Counsel, 1980-1983; Senior Attorney, 1978-1980; General Attorney, 1974-1978.

7. Harold L. Sohn, 57, Vice President, Corporate Relations, since March 1993; Director, Industry Affairs, Packaging Products, 1988-1993.

8. David A. Westerlund, 53, Senior Vice President, Administration, since April 1998 and Corporate Secretary since December 2002; Vice President, Administration, 1997-1998; Vice President, Human Resources, 1994-1997; Senior Director, Corporate Human Resources, July 1994-December 1994; Vice President, Human Resources and Administration, Ball Glass Container Corporation, 1988-1994; Vice President, Human Resources, Ball-InCon Glass Packaging Corp., 1987-1988.

9. Scott C. Morrison, 41, Vice President and Treasurer since April 2002; Treasurer, September, 2000 to April 2002; Managing Director/Senior Banker of Corporate Banking, Bank One, Indianapolis, Indiana, 1995 to August 2000.

10. John A. Hayes, 38, Vice President, Corporate Strategy, Marketing and Product Development since January 2003; Vice President, Corporate Planning and Development, April 2000 to January 2003; Senior Director, Corporate Planning and Development, February 1999 to April 2000; Vice President, Mergers and Acquisitions/Corporate Finance, Lehman Brothers, Chicago, Illinois, April 1993 to February 1999.

11. Douglas K. Bradford, 46, Vice President and Controller since April 2003; Controller since April 2002; Assistant Controller, May 1998 to April 2002; Senior Director, Tax Administration, January 1995 to May 1998; Director, Tax Administration, July 1989 to January 1995.

The company has established written Ball Corporation Corporate Governance Guidelines; a Ball Corporation Executive Officers and Board of Directors Business Ethics Statement; a Business Ethics booklet; and Ball Corporation Audit Committee, Nominating/ Compensation Governance Committee, Human Resources Committee and Finance Committee charters. These documents are set forth on the company' s website at www.ball.com under the caption "Corporate Governance" under the tab "Investor Relations." A copy may also be obtained upon request from the company' s Corporate Secretary.

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The company intends to post on its website the nature of any amendments to the company' s codes of ethics that applies to executive officers and directors, including the chief executive officer, chief financial officer or controller, and the nature of any waiver or implied waiver from a provision of the codes of ethics granted by the company to these officers and directors. The posting will appear on the company' s website at www.ball.com under the caption "Corporate Governance" under the tab "Investor Relations."

As a result of an administrative error, the Form 4 report regarding the restricted stock award for 6,000 shares to Mr. Theodore M. Solso on April 15, 2003, was not timely reported. The award was reported on a Form 4 filed on April 24, 2003. To the best of the company' s knowledge, all of the other filings for its executive officers and directors were made on a timely basis in 2003.

Other information required by Item 10 appearing under the caption "Director Nominees and Continuing Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance," of the company' s proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2003, is incorporated herein by reference.

**Item 11. Executive Compensation**

The information required by Item 11 appearing under the caption "Executive Compensation" in the company' s proxy statement, to be filed pursuant to Regulation 14A within 120 days after December 31, 2003, is incorporated herein by reference. Additionally, the Ball Corporation 2000 Deferred Compensation Company Stock Plan, the Ball Corporation Deposit Share Program and the Ball Corporation Directors Deposit Share Program were created to encourage key executives and other participants to acquire a larger equity ownership interest in the company and to increase their interest in the company' s stock performance. Non-employee directors also participate in the 2000 Deferred Compensation Company Stock Plan.

**Item 12. Security Ownership of Certain Beneficial Owners and Management**

The information required by Item 12 appearing under the caption "Voting Securities and Principal Shareholders," in the company' s proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2003, is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions**

The information required by Item 13 appearing under the caption "Ratification of the Appointment of Independent Accountants," in the company' s proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2003, is incorporated herein by reference.

**Item 14. Principal Accountant Fees and Services**

The information required by Item 14 appearing under the caption "Certain Committees of the Board," in the company' s proxy statement to be filed pursuant to Regulation 14A within 120 days after December 31, 2003, is incorporated herein by reference.

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## Part IV

### Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) ***Financial Statements*:**

The following documents included in the 2003 Annual Report to Shareholders are incorporated by reference in Part II, Item 8:

Consolidated statements of earnings − Years ended December 31, 2003, 2002 and 2001

Consolidated balance sheets - December 31, 2003 and 2002

Consolidated statements of cash flows − Years ended December 31, 2003, 2002 and 2001

Consolidated statements of shareholders' equity and comprehensive earnings − Years ended December 31, 2003, 2002 and 2001

Notes to consolidated financial statements

Report of independent auditors

(2) ***Financial Statement Schedules:***

Financial statement schedules have been omitted as they are either not applicable, are considered insignificant or the required information is included in the consolidated financial statements or notes thereto.

(3) ***Exhibits:***

See the Index to Exhibits which appears at the end of this document and which is incorporated by reference herein.

(b) ***Reports on Form 8-K:***

A Current Report on Form 8-K was furnished on October 28, 2003, which furnished Ball's quarterly earnings release under Item 9, pursuant to Item 12.

## FORWARD-LOOKING STATEMENTS

The company has made or implied certain forward-looking statements in this annual report which are made as of the end of the time frame covered by this report. These forward-looking statements represent the company's goals and results could vary materially from those expressed or implied. From time-to-time we also provide oral or written forward-looking statements in other materials we release to the public. As time passes, the relevance and accuracy of forward-looking statements may change. Some factors that could cause the company's actual results or outcomes to differ materially from those discussed in the forward-looking statements include, but are not limited to: fluctuation in customer and consumer growth and demand, particularly during the months when the demand for metal beverage cans is heaviest; product introductions; insufficient production capacity; overcapacity in foreign and domestic metal and plastic container industry

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production facilities and its impact on pricing and financial results; lack of productivity improvement or production cost reductions; the weather; fruit, vegetable and fishing yields; power and natural resource costs; difficulty in obtaining supplies and energy, such as gas and electric power; shortages in and pricing of raw materials, particularly resin, steel and aluminum and the ability or inability to include or pass on to customers changes in raw material costs; changes in the pricing of the company' s products and services; competition in pricing and the possible decrease in, or loss of, sales resulting therefrom; loss of profitability and plant closures; insufficient or reduced cash flow; transportation costs; the number and timing of the purchases of the company' s common shares; the ability to obtain adequate credit resources for foreseeable financing requirements of the company' s businesses and to satisfy the resulting credit obligations; regulatory action or federal and state legislation including mandated corporate governance and financial reporting laws; the German mandatory deposit or other restrictive packaging legislation such as recycling laws; increases in interest rates, particularly on floating rate debt of the company; labor strikes; increases and trends in various employee benefits and labor costs, including pension, medical and health care costs incurred in the countries in which Ball has operations; rates of return projected and earned on assets and discount rates used to measure future obligations and expenses of the company' s defined benefit retirement plans; boycotts; litigation; antitrust, intellectual property, consumer and other issues; maintenance and capital expenditures; goodwill impairment; the effect of LIFO accounting on earnings; changes in generally accepted accounting principles or their interpretation; local economic conditions; the authorization, funding and availability of contracts for the aerospace and technologies segment and the nature and continuation of those contracts and related services provided thereunder; technical uncertainty and schedule of performance associated with such segment contracts; international business and market risks such as the devaluation of international currencies; pricing and ability or inability to sell scrap associated with the production of metal and plastic containers; the ability to invoice and collect accounts receivable related to such segment contracts in the ordinary course of business; international business risks (including foreign exchange rates) in the United States, Europe and particularly in developing countries such as China and Brazil; foreign exchange rates of the U.S. dollar, the European euro, British pound, Polish zloty, Hong Kong dollar, Canadian dollar, Chinese renminbi and Brazilian real; terrorist activity or war that disrupts the company' s production, supply, or pricing of raw materials used in the production of the company' s goods and services, including increased energy costs, and/or disrupts the ability of the company to obtain adequate credit resources for the foreseeable financing requirements of the company' s businesses; and successful or unsuccessful acquisitions, joint ventures or divestitures and the integration activities associated therewith, including the integration and operation of the business of Ball Packaging Europe. If the company is unable to achieve its goals, then the company' s actual performance could vary materially from those goals expressed or implied in the forward-looking statements. The company currently does not intend to publicly update forward-looking statements except as it deems necessary at quarterly or annual earnings reports. You are advised, however, to consult any further disclosures we make on related subjects in our 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BALL CORPORATION

(Registrant)

By: /s/ R. David Hoover
R. David Hoover
Chairman, President and Chief Executive Officer
March 12, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

(1) Principal Executive Officer:

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| /s/ R. David Hoover<br>____________________<br>R. David Hoover | Chairman, President and Chief Executive Officer<br>March 12, 2004 |
|---|---|

(2) Principal Financial Accounting Officer:

| /s/ Raymond J. Seabrook<br>____________________<br>Raymond J. Seabrook | Sr. Vice President and Chief Financial Officer<br>March 12, 2004 |
|---|---|

(3) Controller:

| /s/ Douglas K. Bradford<br>____________________<br>Douglas K. Bradford | Vice President and Controller<br>March 12, 2004 |
|---|---|

(4) A Majority of the Board of Directors:

| /s/ Frank A. Bracken<br>____________________*<br>Frank A. Bracken | Director<br>March 12, 2004 |
|---|---|
| /s/ Howard M. Dean<br>____________________*<br>Howard M. Dean | Director<br>March 12, 2004 |
| /s/ Hanno C. Fiedler<br>____________________*<br>Hanno C. Fiedler | Director<br>March 12, 2004 |
| /s/ R. David Hoover<br>____________________*<br>R. David Hoover | Chairman of the Board and Director<br>March 12, 2004 |
| /s/ John F. Lehman<br>____________________*<br>John F. Lehman | Director<br>March 12, 2004 |
| /s/ Jan Nicholson<br>____________________*<br>Jan Nicholson | Director<br>March 12, 2004 |
| /s/ George A. Sissel<br>____________________*<br>George A. Sissel | Director<br>March 12, 2004 |

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| /s/ Theodore M. Solso<br>____________________*<br>Theodore M. Solso | Director<br>March 12, 2004 |
|---|---|

| /s/ William P. Stiritz<br>____________________*<br>William P. Stiritz | Director<br>March 12, 2004 |
|---|---|

| /s/ Stuart A. Taylor II<br>____________________*<br>Stuart A. Taylor II | Director<br>March 12, 2004 |
|---|---|

| /s/ Erik H. van der Kaay<br>____________________*<br>Erik H. van der Kaay | Director<br>March 12, 2004 |
|---|---|

*By R. David Hoover as Attorney-in-Fact pursuant to a Limited Power of Attorney executed by the directors listed above, which Power of Attorney has been filed with the Securities and Exchange Commission.

By: /s/ R. David Hoover
______________
R. David Hoover
As Attorney-in-Fact
March 12, 2004

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**Ball Corporation and Subsidiaries**

**Annual Report on Form 10-K**

**For the year ended December 31, 2003**

**Index to Exhibits**

| Exhibit Number | Description of Exhibit |
|---|---|
| 1.1 | Purchase Agreement, dated as of December 5, 2002, by and among Ball Corporation, Lehman Brothers, Inc., Deutsche Bank Securities, Inc., Banc of America Securities LLC, Banc One Capital Markets, Inc., BNP Paribas Securities Corp., Dresdner Kleinwort Wasserstein-Grantchester, Inc., McDonald Investments Inc., SunTrust Capital Markets, Inc. and Wells Fargo Brokerage Services, LLC and certain subsidiary guarantors of Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K, dated December 19, 2002) filed December 31, 2002. |

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| | |
|---|---|
| 2.1 | Share Sale and Transfer Agreement dated August 29/30, 2002, among Schmalbach-Lubeca Holding GmbH, AV Packaging GmbH, Ball Pan-European Holdings, Inc. and Ball Corporation (filed by incorporation by reference to Ball Corporation' s Quarterly Report on Form 10-Q for the quarter ended September 29, 2002) filed November 14, 2002. |
| 2.2 | Amendment Agreement, dated December 18, 2002, among Schmalbach-Lubeca Holding GmbH, AV Packaging GmbH, Ball Pan-European Holdings, Inc., Ball Corporation and Ball (Germany) Acquisition GmbH, amending the Share Sale and Transfer Agreement, dated August 29/30, 2002, among Schmalbach-Lubeca Holding GmbH, AV Packaging GmbH, Ball Pan-European Holdings, Inc. and Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K, dated December 19, 2002) filed December 31, 2002. |
| 3.i | Amended Articles of Incorporation as of August 2, 1996 (filed by incorporation by reference to the company' s Form 10-Q filed May 14, 1997). |
| 3.ii | Bylaws of Ball Corporation as amended January 28, 2004. (Filed herewith.) |
| 4.1(a) | Amended and Restated Senior Note Indenture, dated August 10, 1998, and amended and restated as of December 19, 2002, by and among Ball Corporation, certain subsidiary guarantors of Ball Corporation and The Bank of New York, as Senior Note Trustee (filed by incorporation by reference to the Current Report on Form 8-K dated December 19, 2002) filed December 31, 2002. |
| 4.1(b) | Senior Registration Rights Agreement, dated August 10, 1998, among Ball Corporation, Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BancAmerica Robertson Stephens, First Chicago Capital Markets, Inc., and certain subsidiary guarantors of Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K dated August 10, 1998) filed August 25, 1998. |
| 4.2(a) | Amended and Restated Senior Subordinated Note Indenture, dated August 10, 1998, and amended and restated as of December 19, 2002, by and among Ball Corporation, certain subsidiary guarantors of Ball Corporation and The Bank of New York, as Senior Subordinated Note Trustee (filed by incorporation by reference to the Current Report on Form 8-K dated August 10, 1998) filed August 25, 1998. |
| 4.2(b) | Senior Subordinated Registration Rights Agreement, dated August 10, 1998, among Ball Corporation, Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BancAmerica Robertson Stephens, First Chicago Capital Markets, Inc., and certain subsidiary guarantors of Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K dated December 19, 2002) filed December 31, 2002. |
| 4.3 | Dividend distribution payable to shareholders of record on August 4, 1996, of one preferred stock purchase right for each outstanding share of common stock under the Rights Agreement dated as of July 24, 1996, between the company and The First Chicago Trust company of New York (filed by incorporation by reference to the Form 8-A Registration Statement, No. 1-7349, dated August 1, 1996, and filed August 2, 1996, and to the company' s Form 8-K Report dated February 13, 1996, and filed February 14, 1996). |
| 4.4(a) | Registration Rights Agreement, dated as of December 19, 2002, by and among Ball Corporation, Lehman Brothers, Inc. Deutsche Bank Securities Inc., Banc of America Securities LLC, Banc One Capital Marketes, Inc., BNP Paribas Securities Corp., Dresdner Kleinwort Wasserstein-Grantchester, Inc., McDonald Investments Ind., Sun Trust Capital Markets, Inc. and Wells Fargo Brokerage Services, LLC and certain subsidiary guarantors of Ball Corporation (filed by incorporation by reference to Exhibit 4.1 of the Current Report on Form 8-K, dated December 19, 2002) filed December 31, 2002. |
| 4.4(b) | Senior Note Indenture, dated as of December 19, 2002, by and among Ball Corporation, certain subsidiary guarantors of Ball Corporation and The Bank of New York, as Trustee (filed by incorporation by reference to the Current Report on Form 8-K dated December 19, 2002) filed December 31, 2002. |

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|---|---|
| 10.1 | 1980 Stock Option and Stock Appreciation Rights Plan, as amended, 1983 Stock Option and Stock Appreciation Rights Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 2-82925) filed April 27, 1983. |
| 10.2 | 1988 Restricted Stock Plan and 1988 Stock Option and Stock Appreciation Rights Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-21506) filed April 27, 1988. |
| 10.3 | Ball Corporation Deferred Incentive Compensation Plan (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1987) filed March 25, 1988. |
| 10.4 | Ball Corporation 1986 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.5 | Ball Corporation 1988 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.6 | Ball Corporation 1989 Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.7 | Amended and Restated Form of Severance Benefit Agreement which exists between the company and its executive officers, effective as of August 1, 1994, and as amended on January 24, 1996 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended March 22 , 1996) filed May 15, 1996. |
| 10.8 | Ball Corporation 1986 Deferred Compensation Plan for Directors, as amended October 27, 1987 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1990) filed April 1, 1991. |
| 10.9 | 1991 Restricted Stock Plan for Nonemployee Directors of Ball Corporation (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-40199) filed April 26, 1991. |
| 10.10 | Ball Corporation Economic Value Added Incentive Compensation Plan dated January 1, 1994 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1994) filed March 29, 1995. |
| 10.11 | Ball Corporation 1997 Stock Incentive Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 333-26361) filed May 1, 1997. |
| 10.12 | Agreement and Plan of Merger among Ball Corporation, Ball Sub Corp. and Heekin Can, Inc. dated as of December 1, 1992, and as amended as of December 28, 1992 (filed by incorporation by reference to the Registration Statement on Form S-4, No. 33-58516) filed February 19, 1993. |
| 10.13 | Distribution Agreement between Ball Corporation and Alltrista (filed by incorporation by reference to the Alltrista Corporation Form 8, Amendment No. 3 to Form 10, No. 0-21052, dated December 31, 1992) filed March 17, 1993. |
| 10.14 | 1993 Stock Option Plan (filed by incorporation by reference to the Form S-8 Registration Statement, No. 33-61986) filed April 30, 1993. |
| 10.15 | Ball-InCon Glass Packaging Corp. Deferred Compensation Plan, as amended July 1, 1994 (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994) filed August 17, 1994. |
| 10.16 | Ball Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994) filed November 15, 1994. |

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| 10.17 | Ball Corporation Long-Term Cash Incentive Plan, dated October 25, 1994, amended and restated effective January 1, 2003. (Filed herewith.) |
| 10.18(a) | Ball Corporation Merger Related, Special Incentive Plan for Operating Executives which provides for Stock Option grants in which the five named executive officers participate and which grants are referred to in the Executive Compensation section in the Ball Corporation Proxy Statement dated March 15, 1999. (The form of the option grants was filed March 29, 1999.) |
| 10.18(b) | Ball Corporation Merger Related, Special Incentive Plan for Operating Executives which provides for Restricted Stock grant in which the five named executive officers participate and which grants are referred to in the Executive Compensation section of the Ball Corporation Proxy Statement dated March 15, 1999. (The form of the restricted grants was filed March 29, 1999.) |
| 10.18(c) | Ball Corporation Merger Related, Special Incentive Plan for Operating Executives which provides for certain cash incentive payments based upon the attainment of certain performance criteria. (The form of the plan was filed March 29, 1999.) |
| 10.19 | Asset Purchase Agreement dated June 26, 1995, among Foster Ball, L.L.C. (since renamed Ball-Foster Glass Container Co., L.L.C.), Ball Glass Container Corporation and Ball Corporation (filed by incorporation by reference to the Current Report on Form 8-K dated September 15, 1995) filed September 29, 1995. |
| 10.20 | Foster Ball, L.L.C. (since renamed Ball-Foster Glass Container Co., L.L.C.) Amended and Restated Limited Liability Company Agreement dated June 26, 1995, among Saint-Gobain Holdings I Corp., BG Holdings I, Inc. and BG Holdings II, Inc. (filed by incorporation by reference to the Current Report on Form 8-K dated September 15, 1995) filed September 29, 1995. |
| 10.21 | Asset Purchase Agreement dated August 10, 1998, among Ball Corporation and its Ball Metal Beverage Container Corp. and Reynolds Metals Company (filed by incorporation by reference to the Current Report on Form 8-K dated August 10, 1998) filed August 25, 1998. |
| 10.22 | Form of Severance Agreement (Change of Control Agreement) which exists between the company and its executive officers (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1988) filed March 25, 1989. |
| 10.23 | Consulting Agreement between George A. Matsik and Ball Corporation dated October 18, 1999 (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1999) filed March 30, 2000. |
| 10.24 | Ball Corporation 2000 Deferred Compensation Company Stock Plan. This plan is referred to in Item 11, the Executive Compensation section of this Form 10-K (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2001) filed March 28, 2002. |
| 10.25 | Ball Corporation Deposit Share Program, as amended. This plan is referred to in Item 11, the Executive Compensation section of this Form 10-K. (filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarter ended March 30, 2003) filed May 13, 2003. |
| 10.26 | Ball Corporation Directors Deposit Share Program, as amended. This plan is referred to in Item 11, the Executive Compensation section of this Form 10-K. (Filed herewith.) |
| 10.27 | Credit Agreement, dated December 19, 2002, among Ball Corporation, certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent, The Bank of Nova Scotia, as Canadian Administrative Agent, Deutsche Bank Securities Inc. and Banc of America Securities LLC, as Joint Lead Arrangers, Joint Mandated Arrangers and Joint Book Managers, Bank of America, N.A., as Syndication Agent, Bank One, NA, Lehman Commercial Paper Inc. and BNP Paribas, as Co-Documentation Agents, and various lending institutions named therein (filed by incorporation by reference to the Current Report on Form 8-K dated December 19, 2002) filed December 31, 2002. |

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| | |
|---|---|
| 10.28 | First Amendment to Credit Agreement (as provided in Exhibit 10.27), dated July 22, 2003, among Ball Corporation and certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent for the lenders. (Filed herewith.) |
| 10.29 | Second Amendment to Credit Agreement (as provided in Exhibit 10.27), dated November 6, 2003, among Ball Corporation and certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent for the lenders. (Filed herewith.) |
| 10.30 | Acquisition Related, Special Incentive Plan for selected executives and senior managers which provides for cash incentive payments based upon the attainment of certain performance criteria (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2002) filed March 27, 2003. |
| 10.31 | Employment agreement between Ball Corporation and Hanno C. Fiedler (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2002) filed March 27, 2003. |
| 11.1 | Statement re: Computation of Earnings Per Share (filed by incorporation by reference to the notes to the consolidated financial statements, “Earnings Per Share,” in the 2003 Annual Report to Shareholders). (Filed herewith.) |
| 12.1 | Statement re: Computation of Ratio of Earnings to Fixed Charges. (Filed herewith.) |
| 13.1 | Portions of the Ball Corporation 2003 Annual Report to Shareholders. (Filed herewith.) |
| 18.1 | Letter re: Change in Accounting Principles. (Filed by incorporation by reference to the Quarterly Report on Form 10-Q for the quarterly period ended July 2, 1995) filed August 15, 1995. |
| 18.2 | Letter re: Change in Accounting Principles regarding change in pension plan valuation measurement date (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 2002) filed March 27, 2003. |
| 21.1 | List of Subsidiaries of Ball Corporation. (Filed herewith.) |
| 23.1 | Consent of Independent Accountants. (Filed herewith.) |
| 24.1 | Limited Power of Attorney. (Filed herewith.) |
| 31 | Certifications pursuant to Rule 13a-15(e) or Rule 15d-15(e), by R. David Hoover, Chairman of the Board, President and Chief Executive Officer of Ball Corporation and by Raymond J. Seabrook, Senior Vice President and Chief Financial Officer of Ball Corporation (Filed herewith.) |
| 32 | Certifications pursuant to Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, by R. David Hoover, Chairman of the Board, President and Chief Executive Officer of Ball Corporation and by Raymond J. Seabrook, Senior Vice President and Chief Financial Officer of Ball Corporation (Furnished herewith.) |
| 99.1 | Specimen Certificate of Common Stock (filed by incorporation by reference to the Annual Report on Form 10-K for the year ended December 31, 1979) filed March 24, 1980. |
| 99.2 | Cautionary statement for purposes of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, as amended. (Filed herewith.) |

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Exhibit 3.ii

# Bylaws

# of

# Ball Corporation

**(As of January 28, 2004)**

## Article One

## Capital Stock

**Section A. Classes of Stock.** The capital stock of the corporation shall consist of shares of such kinds and classes, with such designations and such relative rights, preferences, qualifications, limitations and restrictions, including voting rights, and for such consideration as shall be stated in or determined in accordance with the Amended Articles of Incorporation and any amendment or amendments thereof, or the Indiana Business Corporation Law. Consistent with the Indiana Business Corporation Law, capital stock of the corporation owned by the corporation may be referred to and accounted for as treasury stock.

**Section B. Certificates for Shares.** All share certificates shall be consecutively numbered as issued and shall be signed by the chairman and the corporate secretary or assistant corporate secretary of the corporation.

**Section C. Transfer of Shares.** The shares of the capital stock of the corporation shall be transferred only on the books of the corporation by the holder thereof, or by his attorney, upon the surrender and cancellation of the stock certificate, whereupon a new certificate shall be issued to the transferee. The transfer and assignment of such shares of stock shall be subject to the laws of the State of Indiana. The board of directors shall have the right to appoint and employ one or more stock registrars and/or transfer agents in the State of Indiana or in any other state.

**Section D. Control Share Acquisition Statute Inapplicable.** Chapter 42 of the Indiana Business Corporation Law (IC 23-1-42) shall not apply to control share acquisitions of shares of the corporation.

## Article Two

## Shareholders

**Section A. Annual Meetings.** The regular annual meeting of the shareholders of the corporation shall be held on the fourth Wednesday in April of each year, or on such other date within a reasonable interval after the close of the corporation' s last fiscal year as may be designated from time to time by the board of directors, for the election of the directors of the corporation, and for the transaction of such other business as is authorized or required to be transacted by the shareholders.

**Section B. Special Meetings.** Special meetings of the shareholders may be called by the chairman of the board or by the board of directors or as otherwise may be required by law.

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**Section C.** **Time and Place of Meetings.** All meetings of the shareholders shall be held at the principal office of the corporation or at such other place within or without the State of Indiana and at such time as may be designated from time to time by the board of directors.

## Article Three

## Directors

**Section A.** **Number and Terms of Office.** The business of the corporation shall be controlled and managed in accordance with the Indiana Business Corporation Law by a board of 11 directors, divided into classes as provided in the Amended Articles of Incorporation.

**Section B.** **Eligibility.** No person shall be eligible for election or reelection as a director after having attained the age of seventy prior to or on the day of election or reelection. A director who attains the age of seventy during his term of office shall be eligible to serve only until the annual meeting of shareholders of the corporation next following such director' s seventieth birthday.

**Section C.** **Regular Meetings.** The regular annual meeting of the board of directors shall be held immediately after the adjournment of each annual meeting of the shareholders. Regular quarterly meetings of the board of directors shall be held on the fourth Wednesday of January, July, and October of each year, or on such other date as may be designated from time to time by the board of directors.

**Section D.** **Special Meetings.** Special meetings of the board of directors may be called at any time by the chairman of the board or by the board, by giving to each director an oral or written notice setting the time, place and purpose of holding such meetings.

**Section E.** **Time and Place of Meetings.** All meetings of the board of directors shall be held at the principal office of the corporation, or at such other place within or without the State of Indiana and at such time as may be designated from time to time by the board of directors.

**Section F.** **Notices.** Any notice, of meetings or otherwise, which is given or is required to be given to any director may be in the form of oral notice.

**Section G.** **Committees.** The board of directors is expressly authorized to create committees and appoint members of the board of directors to serve on them, as follows:

(1) Temporary and standing committees, including an executive committee, and the respective chairmen thereof, may be appointed by the board of directors, from time to time. The board of directors may invest such committees with such powers and limit the authority of such committees as it may see fit, subject to conditions as it may prescribe. The executive committee shall consist of three or more members of the board. All other committees shall consist of one or more members of the board. All committees so appointed shall keep regular minutes of the transactions of their meetings, shall cause them to be recorded in books kept for that purpose in the office of the corporation, and shall report the same to the board of directors at its next meeting. Within its area of responsibility, each committee shall have and exercise all of the authority of the board of directors, except as limited by the board of directors or by law, and shall have the power to authorize the execution of an affixation of the seal of the corporation to all papers or documents which may require it.

(2) Neither the designation of any of the foregoing committees or the delegation thereto of authority shall operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

**Section H.** **Loans to Directors.** Except as consistent with the Indiana Business Corporation Law, the corporation shall not lend money to or guarantee the obligation of any director of the corporation.

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## Article Four

## Officers

**Section A. Election and Term of Office.** The officers of the corporation shall be elected by the board of directors at the regular annual meeting of the board, unless the board shall otherwise determine, and shall consist of a chairman of the board of directors, if so designated as an officer by the board, a president, one or more vice presidents (any one or more of whom may be designated "corporate," "group," or other functionally described vice president), a corporate secretary, a treasurer, and, if so elected by the board, may include a vice-chairman of the board of directors and one or more assistant secretaries and assistant treasurers. The board of directors shall, from time to time, designate either the chairman of the board of directors, the president or, if elected, the vice-chairman of the board of directors, as the chief executive officer of the corporation, who shall have general supervision of the affairs of the corporation. The board of directors may, from time to time, designate a chief operating officer and a chief financial officer from among the officers of the corporation. Each officer shall continue in office until his successor shall have been duly elected and qualified or until removed in the manner hereinafter provided. Vacancies occasioned by any cause in any one or more of such offices may be filled for the unexpired portion of the term by the board of directors at any regular or special meeting of the board.

**Section B. Chairman of the Board.** The chairman of the board shall be chosen from among the directors and shall preside at all meetings of the board of directors and shareholders. He shall confer from time to time with members of the board and the officers of the corporation and shall perform such other duties as may be assigned to him by the board. Except where by law the signature of the president is required, the chairman of the board shall possess the same power as the president to sign all certificates, contracts, and other instruments of the corporation which may be authorized by the board of directors. During the absence or disability of the president, if the president has been designated chief executive officer, the chairman of the board shall act as the chief executive officer of the corporation and shall exercise all the powers and discharge all the duties of the president.

**Section C. Vice-Chairman of the Board.** The vice-chairman of the board, if elected, shall be chosen from among the directors and shall, in the absence of the chairman of the board, preside at all meetings of the shareholders and directors. He shall have and exercise the powers and duties of the chairman of the board in the event of the chairman' s absence or inability to act or during a vacancy in the office of chairman of the board. He shall possess the same power as the chairman to sign all certificates, contracts, and other instruments of the corporation which may be authorized by the board of directors. He shall also have such other duties and responsibilities as shall be assigned to him by the board of directors or chairman.

**Section D. The President.** The president and his duties shall be subject to the control of the board of directors and, if the chairman of the board has been designated chief executive officer, to the control of the chairman of the board. The president shall have the power to sign and execute all deeds, mortgages, bonds, contracts, and other instruments of the corporation as authorized by the board of directors, except in cases where the signing and execution thereof shall be expressly designated by the board of directors or by these bylaws to some other officer, official or agent of the corporation. The president shall perform all duties incident to the office of president and such other duties as are properly required of him by the bylaws. During the absence or disability of the chairman of the board and the vice-chairman of the board, the president shall exercise all the powers and discharge all the duties of the chairman of the board.

**Section E. The Vice Presidents.** The vice presidents shall possess the same power as the president to sign all certificates, contracts, and other instruments of the corporation which may be authorized by the board of directors, except where by law the signature of the president is required. All vice presidents shall perform such duties as may from time to time be assigned to them by the board of directors, the chairman of the board, and the president. In the event of the absence or disability of the president, and at the request of the chairman of the board, or in his absence or disability, at the request of the vice-chairman of the board, or in his absence or disability at the request of the board of directors, the vice presidents in the order designated by the chairman of the board, or in his absence or disability by the vice-chairman of the board, or in his absence or disability by the board of directors, shall perform all of the duties of the president, and when so acting they shall have all of the powers of and be subject to the restrictions upon the president and shall act as a member of, or as a chairman of, any standing or special committee of which the president is a member or chairman by designation or ex officio.

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**Section F. The Corporate Secretary.** The corporate secretary of the corporation shall:

(1) Keep the minutes of the meetings of the shareholders and the board of directors in books provided for that purpose.

(2) See that all notices are duly given in accordance with the provisions of these bylaws and as required by law.

(3) Be custodian of the records and of the seal of the corporation and see that the seal is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws.

(4) Keep a register of the post office address of each shareholder, which shall be furnished to the corporate secretary at his request by such shareholder, and make all proper changes in such register, retaining and filing his authority for all such entries.

(5) See that the books, reports, statements, certificates and all other documents and records required by law are properly kept, filed, and authenticated.

(6) In general, perform all duties incident to the office of corporate secretary and such other duties as may from time to time be assigned to him by the board of directors.

(7) In case of absence or disability of the corporate secretary, the assistant secretaries, in the order designated by the chief executive officer, shall perform the duties of corporate secretary.

**Section G. The Treasurer.** The treasurer of the corporation shall:

(1) Give bond for the faithful discharge of his duties if required by the board of directors.

(2) Have the charge and custody of, and be responsible for, all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these bylaws.

(3) At all reasonable times, exhibit his books of account and records, and cause to be exhibited the books of account and records of any corporation a majority of whose stock is owned by the corporation, to any of the directors of the corporation upon application during business hours at the office of this corporation or such other corporation where such books and records are kept.

(4) Render a statement of the conditions of the finances of the corporation at all regular meetings of the board of directors, and a full financial report at the annual meeting of the shareholders, if called upon so to do.

(5) Receive and give receipts for monies due and payable to the corporation from any source whatsoever.

(6) In general, perform all of the duties incident to the office of treasurer and such other duties as may from time to time be assigned to him by the board of directors.

(7) In case of absence or disability of the treasurer, the assistant treasurers, in the order designated by the chief executive officer, shall perform the duties of treasurer.

(8) All acts affecting the treasurer' s duties and responsibilities shall be subject to the review and approval of the corporation' s chief financial officer.

**Section H. The Controller.** The controller of the corporation shall:

(1) Direct the financial closings and the preparation of monthly, quarterly and annual consolidated historical financial statements and reports to executive and operating management.

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(2) Direct the preparation of financial reports required by federal, state and local regulatory agencies and the preparation of quarterly and annual financial statements and reports to shareholders, the Securities and Exchange Commission and other interested parties.

(3) Provide primary contact for the corporation' s independent accountants and all of its consolidated domestic and foreign subsidiaries and represent management to the corporation' s domestic and international independent accountants.

(4) Perform and/or direct technical accounting and financial reporting research and monitor developments in accounting and regulatory standards (e.g., FASB, SEC, EITF, IRS).

(5) Direct the corporation' s domestic and foreign tax planning, preparation and compliance.

(6) In general, perform all of the duties incident to the office of controller and such other duties as may from time to time be assigned by the board of directors.

(7) In case of absence or disability of the controller, the assistant controllers, in the order designated by the chief financial officer, shall perform the duties of controller.

(8) All acts affecting the controller' s duties and responsibilities shall be subject to the review and approval of the corporation' s chief financial officer.

## Article Five

## Corporate Seal

The corporate seal of the corporation shall be a round, metal disc with the words "Ball Corporation" around the outer margin thereof, and the words "Corporate Seal," in the center thereof, so mounted that it may be used to impress words in raised letters upon paper.

## Article Six

## Amendment

These bylaws may be altered, added to, amended, or repealed by the board of directors of the corporation at any regular or special meeting thereof.

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Exhibit 10.17

# Ball Corporation

# Long-Term Cash

# Incentive Plan

[Graphic Omitted}

Amended and Restated
Effective for plan cycle beginning on or after January 1, 2003

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**Long-Term Cash Incentive Plan (LTCIP)**

1. Purpose

The purpose of the Plan is to advance the interests of the Company by providing a long-term financial incentive to selected key executives who contribute and are expected to continue to contribute materially to the success of the Company through their leadership skills, vision and dedication.

2. Definitions

2.1 "Average Total Compensation at Target" means the actual base salary paid during a Performance Cycle plus the target incentive compensation during the Performance Cycle, divided by the three years of the Performance Cycle.

2.2 "Award" means the incentive earned by a Participant under the terms of the Plan during a Performance Cycle.

2.3 "Committee" means the Human Resources Committee of the Board of Directors of Ball Corporation.

2.4 "Company" means Ball Corporation and its subsidiaries.

2.5 "Effective Date" for this amended and restated Plan is January 1, 2003.

2.6 "EVA Incentive Plan" means the Ball Corporation Economic Value Added Incentive Compensation Plan.

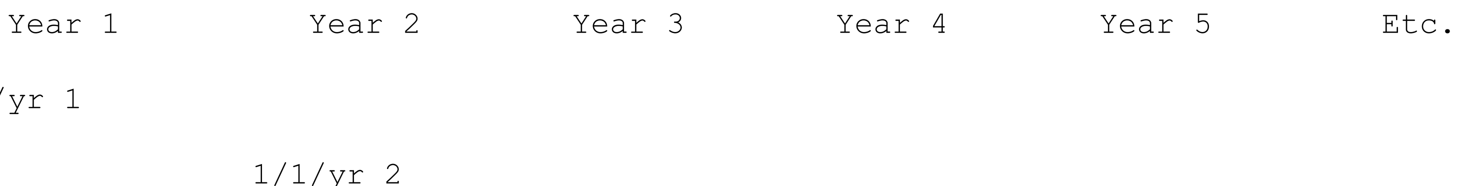
2.7 "GICS" means the S&P Global Industry Classification Standards.

2.8 "Invested Capital" means the Monthly Average Invested Capital used in the EVA Incentive Plan.

2.9 "Participant" means an executive who has been selected for participation in the Plan by management and approved by the Committee. Participation in one Performance Cycle does not imply continued participation in subsequent Performance Cycles. Participants will be notified regarding their Participation Level in each Performance Cycle.

2.10 "Participation Level" means the percentage of Average Total Compensation at Target established by the Committee.

2.11 "Performance Cycle " means a period of three consecutive calendar years that comprises a single performance measurement period. Performance Cycles overlap as illustrated:





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2.12 "Plan" means this Amended and Restated Long-Term Cash Incentive Plan as set forth in this document and as amended from time to time.

2.13 "Restricted Shares" means shares of restricted stock that are granted to a Participant under this Plan pursuant to the Ball Corporation 1997 Stock Incentive Plan or its successor.

2.14 "ROAIC" means Return on Average Invested Capital.

2.15 "Retirement" means termination of employment by a participant for whatever reason other than death or disability after attainment of age fifty-five (55).

2.16 "Total Shareholder Return" means the change in share price plus dividends during a Performance Cycle.

3. Calculation of Performance Measures and Awards

Performance is measured and awards are calculated based on two independent components. Each component will account for one-half of the Participation level.

3.1 ROAIC Component

Awards for this component are based upon ROAIC. It is calculated by dividing the average of NOPAT used in the EVA Incentive Plan over a Performance Cycle by the average of the Invested Capital over a Performance Cycle. The performance requirements are as follows:

Minimum - 7% ROAIC
Target - 9% ROAIC
Maximum - 11% ROAIC

Awards for performance between the minimum, target and maximum requirements will be prorated.

A Participant' s Award for this component for a Performance Cycle is calculated by multiplying the Participant' s Average Total Compensation at Target by one-half of the Participant' s Participation Level adjusted for actual performance using the requirements above.

3.2 Comparative Total Shareholder Return Component

Awards for this component are based upon Total Shareholder Return for a Performance Cycle measured by comparing the average daily closing stock price and dividends of the Company in the third year of the Performance Cycle with the average daily closing stock price and dividends in the year prior to the start of the Performance Cycle compared to the distribution of the Total Shareholder Returns during the Performance Cycle for each of the companies comprising the GICS. The performance requirements are as follows:

Minimum – the 37.5$^{th}$ percentile of the GICS
Target – the 50$^{th}$ percentile of the GICS
Maximum – the 75$^{th}$ percentile of the GICS

Awards for performance between the minimum, target and maximum requirements will be prorated.

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A Participant' s Award for this component for a Performance Cycle is calculated by multiplying the Participant' s Average Total Compensation at Target by one-half of the Participant' s Participation Level adjusted for actual performance using the requirements above.

4. Form and Timing of Payment

The Awards will be made in cash as soon as practicable after the close of a Performance Cycle, but no later than March 15 of the year following the close of such Performance Cycle. However, for those Participants whose Ball Corporation stock holdings are below the established guidelines, up to one-half of the award will be made in Restricted Shares.

5. Miscellaneous

5.1 Administration of the Plan – The Committee shall be the sole administrator of the Plan. The Committee shall have full power to formulate additional details and regulations for carrying out this Plan. The Committee shall also be empowered to make any and all of the determinations not herein specifically authorized which may be necessary or desirable for the effective administration of the Plan. Any decision or interpretation of any provision of this Plan adopted by the Committee shall be final and conclusive.

5.2 Amendment and Termination of the Plan – The Company retains the right to terminate or amend the Plan, but only with respect to Performance Cycles not yet begun.

5.3 Previous Performance Cycles – Performance Cycles 2001-2003 and 2002-2004 will continue to be administered in accordance with the terms of the Ball Corporation Long-Term Cash Incentive Plan updated January 1, 2001.

5.4 Applicable Law – This plan shall be governed and construed in accordance with the laws of the State of Indiana.

5.5 Beneficiary Designation for Termination by Death – A Participant may designate a beneficiary or beneficiaries who, upon the Participant' s death, are to receive the amounts that otherwise would have been paid to the Participant. All designations shall be in writing and signed by the Participant. The designation shall be effective only if and when delivered to the Company during the lifetime of the Participant. The Participant may change beneficiary or beneficiaries with a signed, written instrument delivered to the Company. Payouts shall be in accordance with the last unrevoked written designation of beneficiary that has been signed and delivered to the Company' s Senior Vice President of Administration.

5.6 Captions – The captions to the articles, sections, and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

5.7 Gender, Singular and Plural – All pronouns and any variation thereof shall be deemed to refer to the masculine and feminine gender as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

5.8 Merger, Consolidation or Acquisition – In the event of a merger, consolidation or acquisition such that the Company is not the surviving corporation, Awards will become immediately payable based on the performance achieved as of the end of the most recently completed calendar year for each Performance Cycle to which the grant of Award opportunities has occurred at least six months previously.

5.9 Non-Alienation of Benefits – Neither the Participant nor any designated beneficiary under the Plan shall have the power to transfer, assign, anticipate, hypothecate, or otherwise encumber in advance any of the benefits payable hereunder, nor shall said

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benefits be subject to seizure for the payment of any debts or judgments or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise.

5.10 No Right to Continued Employment – The Company may continue to employ a Participant in such capacity or position as it may from time to time determine, but the Company retains the right to terminate the Participant' s employment with or without cause.

5.11 Termination of Employment Due to Death, Disability or Retirement – If death, disability or retirement occurs prior to the end of one or more Performance Cycles in which an executive was a Participant, the Participant' s Award for each such Performance Cycle will be calculated as provided in Section 3 and paid in accordance with Section 4.

5.12 Termination of Employment for Reasons Other Than Death, Disability or Retirement – The Participant shall not be entitled to any payout with respect to any incomplete Performance Cycle.

5.13 Validity – In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

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Exhibit 10.26

# Ball Corporation

# Directors Deposit Share Program

[GRAPHIC OMITTED]

**Confidential**

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**Directors Deposit Share Program ("Program")**

1. Purpose

To encourage Directors to acquire a larger equity ownership interest in the Corporation to further align their personal interests with the interests of the shareholders of the Corporation, in order to promote share price growth and enhancement of shareholder value.

2. Definitions

2.1 "Award Date" means that the actual date the participant is given the opportunity to purchase Newly Acquired Shares pursuant to the Program.

2.2 "Award Letter" means the document notifying the Participant of his participation in the Program along with specific terms related to such participation.

2.3 "Acquisition Period" means the time period during which the Participant may acquire shares pursuant to this Program.

2.4 "Committee" means the Nominating Committee of the Board of Directors of Ball Corporation.

2.5 "Change in Control" means "Change in Control" as defined in Section 2.D. of the Ball Corporation 1997 Stock Incentive Plan.

2.6 "Deferral" means the amount of elective deferred Restricted Units deferred by a Participant into the Ball Corporation 2000 Deferred Compensation Company Stock Plan.

2.7 "Effective Date" means January 22, 2003, which is the effective date of the Amended and Restated Directors Deposit Share Program.

2.8 "Grant Date" means the actual date of issuance of the Restricted Shares pursuant to this Program.

2.9 "Holding Period" means the time period beginning during which a Participant is required to retain Newly Acquired Shares in order to have the restrictions lapse on restricted shares.

2.10 "Newly Acquired Shares" means Ball Corporation Common Stock acquired by a Participant during the Acquisition Period.

2.11 "Participant" means any Director, except directors who are employees of the corporation, who is in office at the time he/she receives an Award Letter.

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2.12 "Program" means the Amended and Restated Directors Deposit Share Program as set forth in this document and as amended from time-to-time.

2.13 "Restricted Shares" means shares of stock that are issued or transferred to a Participant under this Program pursuant to the Ball Corporation 1997 Stock Incentive Plan or its successor.

2.14 "Shareholder of Record" means the person who holds Ball Corporation Common Stock that is held in an account by the transfer agent and for which dividends are paid by the transfer agent.

2.15 "Voluntary Resignation" means resignation by a Director during a three-year term.

3. Restricted Stock Grant

3.1 Form of Grant - The grant under this Program shall be a Restricted Stock Grant ("Restricted Share") pursuant to the Ball Corporation 1997 Stock Incentive Plan or its successor. If, at any time or from time-to-time, during the Acquisition Period or within 45 days thereafter, the Participant provides documentation to the Corporate Secretary' s Department of the Corporation, reasonably satisfactory to the Corporation, of Participant' s acquisition of Newly Acquired Shares during the Acquisition Period, together with a written promise by the Participant to hold the shares for the Holding Period, then the Corporation will grant the Participant one Restricted Share for each Newly Acquired Share, up to the maximum number of Restricted Shares specified in the Participant' s Award Letter.

3.2 Minimum Number of Newly Acquired Shares - The minimum number of Newly Acquired Shares that will be matched by Restricted Shares at one time is 200 shares. The Participant may accumulate purchases of fewer than 200 shares, and when the total number of accumulated shares is equal to or exceeds 200 shares, the Participant may then request that matching Restricted Shares be issued.

3.3 Grant Date - The Restricted Shares will be granted on the 15th of each month provided the documentation required in this Section 3 is received on or before the 5th of that month, otherwise it will granted the following month. If the 15th occurs on a holiday or weekend, the Restricted Shares will be issued on the workday immediately prior to that holiday or weekend.

4. Holding Period for the Newly Acquired Shares

The Participant must agree that the Newly Acquired Shares will not be sold or transferred during the Holding Period. Except as provided in Sections 5.2 and 5.3, if the Newly Acquired Shares are not retained during the entire Holding Period, Restricted Shares are forfeited. A pledge of Newly Acquired Shares as collateral for any loan during the Holding Period is not considered to be a sale or transfer of the shares for purposes of this Program; however, in the event of default on the loan during the Holding Period, the Newly Acquired Shares will be considered to be sold and the matching Restricted Shares will be forfeited.

5. Lapse of Restrictions/Forfeiture of Restricted Shares

5.1 End of Holding Period - Restrictions lapse at the end of the Holding Period provided the Participant has not sold or transferred, during the Holding Period, the Newly Acquired Shares for which the Restricted Shares were granted.

5.2 Cease Serving as a Director - Restrictions on Restricted Shares may lapse early when a Participant ceases to serve as a Director of Ball Corporation during the Holding Period for any reason other than Voluntary Resignation.

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5.3 Completion of Term – A Director who decides not to stand for reelection or is not reelected for a three-year term will not be determined to have voluntarily resigned; therefore restrictions lapse pursuant to Section 5.2.

5.4 Forfeiture – Restricted Share granted pursuant to this Program shall be forfeited if the Newly Acquired Shares to which the Restricted Shares relate are not retained by the Participant during the Holding Period. In the event of Voluntary Resignation, the Restricted Shares will be forfeited.

6. Dividends

The Participant also will receive a dividend, if any, payable with respect to the Restricted Shares from the date of grant.

7. Deferral of Award

7.1 Exchange of Restricted Shares – Participants in the Program will have an opportunity to exchange Restricted Shares granted under this Program for Restricted Units issued under the Ball Corporation 2000 Deferred Compensation Company Stock Plan (the "Deferred Compensation Stock Plan").

7.2 Election to Defer – In order to exchange shares and utilize the Deferred Stock Plan, the Participant must elect to exchange any Restricted Shares granted under this Program at least one year prior to the lapse of restrictions on such Restricted Shares. The Restricted Units, upon transfer to the Deferred Compensation Stock Plan, will be eligible for a Corporation Matching Contribution.

7.3 Exchange of Restricted Shares for Restricted Units – In the event a Participant elects to undertake such an exchange, the Restricted Shares granted under this Program will be cancelled and an equivalent number of Restricted Units will be issued to the Participant. Lapse of restrictions and the Participant' s rights with respect to such Restricted Units during the Holding Period will be determined under the terms of this Program.

7.4 Date of Deferral – The actual deferral of the Restricted Units will occur when restrictions lapse on the Restricted Units.

8. Miscellaneous

8.1 Administration of the Program – The Nominating Committee of the Board of Directors shall be the sole administrator of the Program. The Committee shall have full power to formulate additional details and regulations for carrying out this Program. The Committee shall also be empowered to make any and all of the determinations not herein specifically authorized which may be necessary or desirable for the effective administration of the Program. Any decision or interpretation of any provision of this Program adopted by the Committee shall be final and conclusive.

8.2 Amendment and Termination of Program – The Committee may at any time amend the Program in whole or in part; provided, however, that no amendment shall be effective to affect the Participant' s vested right therein, and, except as provided below, no amendment shall be effective to decrease the future benefits under the Program payable to any Participant or beneficiary with respect to any amount granted or vested prior to the date of the amendment. Written notice of any amendments shall be given promptly to each Participant. No notice shall be required with respect to amendments that are non-material or administrative in nature.

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8.3 Successors and Mergers, Consolidations, or Change in Control – The terms and conditions of this Program and Election Form shall enure to the benefit of and bind the Corporation, the Participants, their successors, assignees, and personal representatives. If a Change in Control shall occur then the rights and obligations created hereunder shall be the rights and obligations of the acquirer or successor corporation or entity; provided, however, in the event of a Change in Control, all restrictions on Restricted Shares granted pursuant to Section 3 of this Program shall lapse.

8.4 Gender, Singular and Plural – All pronouns and any variations thereof shall be deemed to refer to the masculine and feminine gender as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

8.5 Captions – The captions to the articles, sections, and paragraphs of this Program are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

8.6 Applicable Law – This Program shall be governed and construed in accordance with the laws of the State of Indiana.

8.7 Validity – In the event any provision of this Program is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Program.

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Exhibit 10.28

**FIRST AMENDMENT TO CREDIT AGREEMENT**

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of July 22, 2003, is by and among Ball Corporation, an Indiana corporation ("Company"), Ball European Holdings, Sarl, a corporation organized under the laws of Luxembourg ("European Holdco"), the financial institutions signatory hereto in their capacity as Lenders (as defined below) under the Credit Agreement (as defined below) and Deutsche Bank AG, New York Branch, as administrative agent for the Lenders ("Administrative Agent").

WITNESSETH:

WHEREAS, Company, European Holdco, certain subsidiaries of Company (together with Company and European Holdco, "Borrowers"), certain financial institutions (the "Lenders") and Administrative Agent are parties to that certain Credit Agreement dated as of December 19, 2002 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement"), pursuant to which the Lenders have provided to Borrowers credit facilities and other financial accommodations; and

WHEREAS, Borrowers have requested that Administrative Agent and the Lenders amend the Credit Agreement in certain respects as set forth herein and the Lenders and Administrative Agent are agreeable to the same, subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Terms capitalized herein and not otherwise defined herein are used with the meanings ascribed to such terms in the Credit Agreement.

2. Amendments to Credit Agreement. The Credit Agreement is, as of the First Amendment Effective Date, hereby amended as follows:

(a) Section 1.1 of the Credit Agreement is amended by deleting the phrase "but excluding, however, any amortization of deferred financing costs" from the definition of "Consolidated Interest Expense" therein in its entirety and replacing it with the following new clauses:

> but excluding, however, (i) any amortization of deferred financing costs and (ii) any interest expense in respect of call premiums paid in connection with the repayment of the 2008 Subordinated Notes

(b) Section 1.1 of the Credit Agreement is further amended by deleting clause (i) of the definition of "Permitted Refinancing Indebtedness" therein in its entirety and replacing it with the following new clause (i):

> (i) the principal amount of such Indebtedness (as determined as of the date of the incurrence of the Indebtedness in accordance with GAAP) does not exceed the principal amount of the Indebtedness refinanced thereby on such date plus the amount of accrued and unpaid fees and expenses incurred in connection with such replacement, renewal, refinancing or extension; provided, however, solely with respect to Permitted Refinancing Indebtedness of the 2008 Subordinated Notes, up to $300,000,000 of principal amount of Indebtedness (as determined as of the date of the incurrence of the Indebtedness in accordance with GAAP) shall be permitted, with such amount to be applied, within 45 days, to redeem the 2008 Subordinated Notes and any remaining amount to be applied to ongoing working capital purposes;

(c) Section 1.1 of the Credit Agreement is further amended by deleting clause (v)(B) of the definition of "Permitted Refinancing Indebtedness" therein in its entirety and replacing it with the following new clause (v)(B):

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(B) in the case of Permitted Refinancing Indebtedness of the 2008 Subordinated Notes, (1) such Indebtedness is unsecured, (2) such Indebtedness is subordinated to the Obligations on terms and conditions not less, taken as a whole, favorable to the Lenders than the 2008 Subordinated Notes unless (a) such Indebtedness is incurred on or prior to September 30, 2003 or (b) the Leverage Ratio after giving pro forma effect to the incurrence of such Indebtedness would be equal to or less than 3.00 to 1.00, in which case such Indebtedness may rank pari passu in right of payment to the Facilities and (3) the scheduled maturity date shall not be earlier than, nor shall any amortization commence, prior to the date that is one year after the latest Term Loan Maturity Date.

(d) Section 1.1 of the Credit Agreement is further amended by adding the following new defined term in alphabetical order therein:

> "2008 Subordinated Note Repayment Reserve" means, (i) at any time after the incurrence of Permitted Refinancing Indebtedness with respect to the 2008 Subordinated Notes and prior to the repayment in full (or defeasance) of the 2008 Subordinated Notes, $260,312,500 and (ii) thereafter (including on the date of a Borrowing to be used to repay (or defease) the 2008 Subordinated Notes in full), $0.

(e) Section 1.1 of the Credit Agreement is further amended by adding the following clause to the end of the definition of "Total Available Multicurrency Revolving Commitment" therein:

minus the 2008 Subordinated Note Repayment Reserve.

(f) Section 3.2(b) of the Credit Agreement is amended by adding the clause "plus the 2008 Subordinated Note Repayment Reserve" immediately prior to the parenthetical clause that ends the first sentence of such section.

(g) Section 4.3(e) of the Credit Agreement is amended by deleting the first sentence therein in its entirety and replacing it with the following sentence:

> subject to Section 4.5(c), each voluntary prepayment of Term Loans shall be applied to the Scheduled Term Repayments of the Term Facility or Term Facilities designated by Company (in amounts designated by Company), and within each such Term Loan, shall be applied to reduce the remaining Scheduled Term Repayments on a pro rata basis.

(h) Section 6.8(b) of the Credit Agreement is amended by deleting the parenthetical therein in its entirety and replacing it with the following parenthetical:

> (other than as Permitted Refinancing Indebtedness of the 2008 Subordinated Notes, except to the extent the Multicurrency Revolving Loans have previously been repaid with the Net Offering Proceeds of Permitted Refinancing Indebtedness of the 2008 Subordinated Notes)

(i) Section 8.2(b) of the Credit Agreement is amended by deleting such clause in its entirety and replacing it with the following clause:

(b) Receivables Facility Attributable Debt incurred in connection with Permitted Accounts Receivable Securitizations provided that (i) such Indebtedness related to Permitted Accounts Receivable Securitizations of Foreign Subsidiaries plus Indebtedness incurred pursuant to Section 8.2(r) shall not exceed the Dollar Equivalent of $125,000,000 in the aggregate and (ii) such Indebtedness related to all Permitted Accounts Receivable Securitizations shall not exceed the Dollar Equivalent of $300,000,000 in the aggregate;

(j) Section 8.2(r) of the Credit Agreement is amended by deleting such clause in its entirety and replacing it with the following clause:

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(r) Indebtedness (including any refinancings of such Indebtedness) incurred by European Holdco, Canadian Borrower or any of their Subsidiaries in addition to that referred to elsewhere in this Section 8.2 in a Dollar Equivalent principal amount outstanding not to exceed $125,000,000 in the aggregate minus the Dollar Equivalent of Indebtedness incurred pursuant to Section 8.2(b)(i).

(k) Section 8.5(iii) of the Credit Agreement is amended by adding the following clause to the end of such Section, immediately following the phrase "other than with the proceeds of Permitted Refinancing Indebtedness":

or with other funds in an amount not greater than the proceeds of Permitted Refinancing Indebtedness incurred within 45 days prior to the date of such prepayment

(l) Section 12.18 of the Credit Agreement is amended by adding the following paragraph to the end of such Section, immediately following clause (e) thereof:

Notwithstanding anything in this Agreement to the contrary, the Administrative Agent, the Canadian Administrative Agent, each of the Lenders, each of the Borrowers and all other parties to the transactions contemplated hereunder (collectively, the "Parties") hereby agree that all Parties (and each employee, representative, or other agent of such Parties) may disclose to any and all persons, without limitation of any kind, the U.S. "tax treatment" or "tax structure" (in each case, within the meaning of Treasury Regulation section 1.6011-4) of the transactions contemplated hereunder and all materials of any kind (including opinions or other tax analyses) that are provided to such Parties relating to such U.S. "tax treatment" and "tax structure" (in each case, within the meaning of Treasury Regulation section 1.6011-4); provided, that to the extent any Information relates to the "tax treatment" or "tax structure" and contains other information, this paragraph shall only apply to the information relating to the "tax treatment" or "tax structure"; provided, however, that no Party shall disclose any information to the extent that such disclosure would result in a violation of any Federal or state securities law. This authorization is not intended to permit disclosure of any other information, including (without limitation) (i) any portion of any materials to the extent not necessary to understanding the "tax treatment" or "tax structure" of the transactions contemplated hereunder, (ii) the identities of the participants or potential participants in any transaction contemplated hereunder, (iii) the existence or status of any negotiations, (iv) any pricing or financial information (except to the extent such pricing or financial information is necessary to understanding the "tax treatment" or "tax structure" of the transactions contemplated hereunder), or (v) any other term or detail not necessary to understanding the "tax treatment" or "tax structure" of the transactions contemplated hereunder. The intent of this provision is that the transactions contemplated by the Loan Documents are not treated as having been offered under conditions of confidentiality for purposes of Treasury Regulations section 1.6011-4(b)(3)(i).

3. Fees. In consideration of the execution of this Agreement by Administrative Agent and the Required Lenders, Company hereby agrees to pay to each Lender which executes and delivers this Agreement on or prior to 5:00 p.m. (New York City time) July 22, 2003 a fee (the "Amendment Fee") in an amount equal to (a) such Lender' s Multicurrency Revolving Commitment as in effect on the First Amendment Effective Date plus the Dollar Equivalent of such Lender' s Canadian Revolving Commitment as in effect on the First Amendment Effective Date plus the Dollar Equivalent aggregate outstanding principal amount of such Lender' s Term Loans in effect on the First Amendment Effective Date multiplied by (b) 0.05%.

4. Representations and Warranties. In order to induce Administrative Agent and the Lenders to enter into this Agreement, each of Company and European Holdco hereby represents and warrants to Administrative Agent and the Lenders, in each case after giving effect to this Agreement, as follows:

(a) Each of Company and European Holdco has the right, power and capacity and has been duly authorized and empowered by all requisite corporate or limited liability company and shareholder or member action to enter into, execute, deliver and perform this Agreement and all agreements, documents and instruments executed and delivered pursuant to this Agreement.

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(b) This Agreement constitutes each of Company' s and European Holdco' s legal, valid and binding obligation, enforceable against it, except as enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law or otherwise).

(c) The representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects at and as of the First Amendment Effective Date as though made on and as of the First Amendment Effective Date (except to the extent expressly made as of a specified date, in which event such representation and warranty is true and correct in all material respects as of such specified date).

(d) Each of Company' s and European Holdco' s execution, delivery and performance of this Agreement do not and will not violate its articles or certificate of incorporation, by-laws or other Organizational Documents, any law, rule, regulation, order, writ, judgment, decree or award applicable to it or any contractual provision to which it is a party or to which it or any of its property is subject.

(e) No authorization or approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body (other than those which have been obtained and are in force and effect) is required in connection with the execution, delivery and performance by Company, European Holdco or any other Credit Party of this Agreement and all agreements, documents and instruments executed and delivered pursuant to this Agreement.

(f) No Event of Default or Unmatured Event of Default exists under the Credit Agreement or would exist after giving effect to this Agreement.

5. Conditions to Effectiveness of Amendment. This Amendment shall become effective on the date (the "First Amendment Effective Date") each of the following conditions precedent is satisfied:

(a) Execution and Delivery of Amendment. Company, European Holdco, Administrative Agent and the Required Lenders shall have executed and delivered this Agreement.

(b) Execution and Delivery of Officer' s Certificate. Administrative Agent shall have received a certificate of a Responsible Officer of Company and European Holdco in the form of Exhibit A attached hereto.

(c) Payment of First Amendment Effective Date Amendment Fee. Company shall have paid in full to Administrative Agent the Amendment Fee required by Section 3 hereof.

(d) Representations and Warranties. The representations and warranties of Company, European Holdco and the other Credit Parties contained in this Amendment, the Credit Agreement and the other Loan Documents shall be true and correct in all material respects as of the First Amendment Effective Date, with the same effect as though made on such date (except to the extent expressly made as of a specified date, in which event such representation and warranty is true and correct in all material respects as of such specified date).

(e) No Defaults. No Unmatured Event of Default or Event of Default under the Credit Agreement shall have occurred and be continuing.

6. Miscellaneous. The parties hereto hereby further agree as follows:

(a) Costs, Expenses and Taxes. Company hereby agrees to pay all reasonable fees, costs and expenses of Administrative Agent incurred in connection with the negotiation, preparation and execution of this Amendment and the transactions contemplated hereby, including, without limitation, the reasonable fees and expenses of Winston & Strawn, counsel to the Administrative Agent.

(b) Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Amendment.

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(c) Headings. Headings used in this Amendment are for convenience of reference only and shall not affect the construction of this Amendment.

(d) Integration. This Amendment and the Credit Agreement (as amended hereby) constitute the entire agreement among the parties hereto with respect to the subject matter hereof.

(e) Governing Law. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF SAID STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAWS RULES.

(f) Binding Effect. This Amendment shall be binding upon, and inure to the benefit of, Borrowers, Administrative Agent, the Lenders and their respective successors and assigns; provided, however, that no Borrower may assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of the Lenders.

(g) Amendment; Waiver. The parties hereto agree and acknowledge that nothing contained in this Amendment in any manner or respect limits or terminates any of the provisions of the Credit Agreement or any of the other Loan Documents other than as expressly set forth herein and further agree and acknowledge that the Credit Agreement (as amended hereby) and each of the other Loan Documents remain and continue in full force and effect and are hereby ratified and confirmed. Except to the extent expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any rights, power or remedy of the Lenders or Administrative Agent under the Credit Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document. No delay on the part of any Lender or Administrative Agent in exercising any of their respective rights, remedies, powers and privileges under the Credit Agreement or any of the Loan Documents or partial or single exercise thereof, shall constitute a waiver thereof. On and after the First Amendment Effective Date each reference in the Credit Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference to the Credit Agreement in the Loan Documents and all other documents delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby. Company and European Holdco acknowledge and agree that this Amendment constitutes a “Loan Document” for purposes of the Credit Agreement, including, without limitation, Section 10.1 of the Credit Agreement. None of the terms and conditions of this Amendment may be changed, waived, modified or varied in any manner, whatsoever, except in accordance with Section 12.1 of the Credit Agreement.

(h) Reaffirmation of Guaranty. Company undertakes to deliver to Administrative Agent, on or before August 31, 2003, a Reaffirmation of Guaranty executed by a Responsible Officer of each of the Guarantors (other than Company) in the form of Exhibit B attached hereto.

[Signature Page Follows]

---

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

BALL CORPORATION

By: ______________

Name: ______________

Title: ______________

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BALL EUROPEAN HOLDINGS, SARL

By: ______________

Name: ______________

Title: ______________

---

DEUTSCHE BANK AG, NEW YORK BRANCH,
in its individual capacity and as Administrative Agent

By: ______________

Name: ______________

Title: ______________

By: ______________

Name: ______________

Title: ______________

---

DEUTSCHE BANK AG, CANADA BRANCH

By: ______________

Name: ______________

Title: ______________

By: ______________

Name: ______________

Title: ______________

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[Name of Lending Institution]

By: ______________

Name: ______________

Title: ______________

---

**EXHIBIT A**

**CERTIFICATE OF OFFICER**

I, the undersigned, the Insert Title of Ball Corporation ("Company"), and Insert Title of Ball European Holdings, Sarl ("European Holdco"), in accordance with Section 5(b) of that certain First Amendment to Credit Agreement dated as of July 22, 2003 (the "Agreement") among Company, European Holdco, the financial institutions signatory thereto as Lenders and Deutsche Bank AG, New York Branch, as Administrative Agent for the Lenders, do hereby certify on behalf of Company and European Holdco, the following:

1. The representations and warranties set forth in Section 4 of the Agreement are true and correct in all material respects as of the date hereof except to the extent such representations and warranties are expressly made as of a specified date in which event such representations and warranties were true and correct in all material respects as of such specified date;

2. No Event of Default or Unmatured Event of Default (except as otherwise expressly waived by the Agreement) has occurred and is continuing after giving effect to the Agreement; and

3. The conditions of Section 5 of the Agreement have been fully satisfied.

Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Agreement.

[signature page follows]

---

IN WITNESS WHEREOF, the undersigned has duly executed and delivered on behalf of Company and European Holdco this Certificate of Officer on this 22nd day of July, 2003.

| BALL CORPORATION | BALL EUROPEAN HOLDINGS, SARL |
|---|---|
| By: ______________ | By: ______________ |
| Name: ______________ | Name: ______________ |
| Title: ______________ | Title: ______________ |

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**EXHIBIT B**

**REAFFIRMATION OF GUARANTY**

Each of the undersigned acknowledges receipt of a copy of the First Amendment to Credit Agreement (the "Agreement"; capitalized terms used herein shall, unless otherwise defined herein, have the meanings provided in the Agreement) dated as of July 22, 2003, by and among Ball Corporation ("Company"), Ball European Holdings, Sarl ("European Holdco"), the financial institutions signatory thereto as Lenders and Deutsche Bank AG, New York Branch as Administrative Agent for the Lenders, consents to such Agreement and each of the transactions referenced in the Agreement and hereby reaffirms its obligations under any Guaranty to which it is a party.

Dated as of July 22, 2003.

BALL AEROSPACE & TECHNOLOGIES CORP.
BALL METAL BEVERAGE CONTAINER CORP.
BALL METAL FOOD CONTAINER CORP.
BALL PACKAGING CORP.
BALL PLASTIC CONTAINER CORP.
BALL TECHNOLOGIES HOLDINGS CORP.
BALL ASIA SERVICES LIMITED
BALL GLASS CONTAINER CORPORATION
BALL HOLDINGS CORP.
BG HOLDINGS I, INC.
BG HOLDINGS II, INC.
BALL TECHNOLOGY SERVICES CORPORATION
EFRATOM HOLDING, INC.
LATAS DE ALUMINIO BALL, INC.
BALL METAL PACKAGING SALES CORP.

By:
______________

Name: Scott C. Morrison
Title: Vice President

BALL PAN-EUROPEAN HOLDINGS, INC.

By:
______________

Name: Charles E. Baker
Title: Assistant Secretary

BALL (FRANCE) HOLDINGS SAS

By:
______________

Name:
Title:

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BALL (FRANCE) INVESTMENT HOLDINGS SAS

By: ______________

Name:

Title:

BALL PACKAGING EUROPE BIERNE SAS

By: ______________

Name:

Title:

BALL PACKAGING EUROPE LA CIOTAT SAS

By: ______________

Name:

Title:

BALL (GERMANY) GMBH

By: ______________

Name:

Title:

BALL (GERMANY) KG

By: ______________

Name:

Title:

BALL PACKAGING EUROPE GMBH

By: ______________

Name:

Title:

BALL PACKAGING EUROPE HERMSDORF GMBH

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By:
______________

Name:
Title:

BALL (LUXEMBOURG) FINANCE S.A.R.L.

By:
______________

Name:
Title:

BALL EUROPEAN HOLDINGS SARL

By:
______________

Name:
Title:

BALL HOLDINGS S.A.R.L.

By:
______________

Name:
Title:

BALL INVESTMENT HOLDINGS, S.A.R.L.

By:
______________

Name:
Title:

BALL PACKAGING EUROPE HOLDING LIMITED

By:
______________

Name:
Title:

BALL PACKAGING EUROPE UK LIMITED

By:
______________

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Name:
Title:

BALL NORTH AMERICA, INC.

By:
______________

Name:
Title:

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Exhibit 10.29

**EXECUTION COPY**

# SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of November 6, 2003, is by and among Ball Corporation, an Indiana corporation ("Company"), Ball European Holdings, Sarl, a corporation organized under the laws of Luxembourg ("European Holdco"), the financial institutions signatory hereto in their capacity as Lenders (as defined below) under the Credit Agreement (as defined below) and Deutsche Bank AG, New York Branch, as administrative agent for the Lenders ("Administrative Agent").

W I T N E S S E T H:

WHEREAS, Company, European Holdco, certain subsidiaries of Company (together with Company and European Holdco, "Borrowers"), certain financial institutions (the "Lenders") and Administrative Agent are parties to that certain Credit Agreement dated as of December 19, 2002 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement"), pursuant to which the Lenders have provided to Borrowers credit facilities and other financial accommodations; and

WHEREAS, Borrowers desire to create a new class of Term B1 Dollar Loans under the Credit Agreement having the same rights and obligations as the Term B Dollar Loans under the Loan Documents as set forth in the Credit Agreement and Loan Documents, except as such terms are amended hereby; and

WHEREAS, subject to the terms hereof, each Term B Dollar Lender who executes and delivers this Amendment shall be deemed, upon effectiveness of this Amendment, to have exchanged its Term B Dollar Loan for a Term B1 Dollar Commitment and Term B1 Dollar Loan in the principal amount of such Lender' s Term B Dollar Loan immediately prior to the effectiveness of this Amendment and such Lender shall thereafter become a Term B1 Dollar Lender rather than a Term B Dollar Lender; and

WHEREAS, each Person who executes and delivers this Amendment as an Additional Term B1 Dollar Lender will make Term B1 Dollar Loans on the effective date of this Amendment to the Company, the proceeds of which will be used by the Company to repay in full the outstanding principal amount of Term B Dollar Loans of Term B Dollar Lenders who do not consent to the exchange of their Term B Dollar Loans for Term B1 Dollar Loans; and

WHEREAS, Borrowers shall pay to each Term B Dollar Lender all accrued and unpaid interest on its Term B Dollar Loans to the date of effectiveness of this Amendment on such date of effectiveness;

WHEREAS, Borrowers have requested that Administrative Agent and the Lenders amend the Credit Agreement in certain respects as set forth herein and the Lenders and Administrative Agent are agreeable to the same, subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

**1. Defined Terms**. Terms capitalized herein and not otherwise defined herein are used with the meanings ascribed to such terms in the Credit Agreement.

**2. Amendments to Credit Agreement**. The Credit Agreement is, as of the Second Amendment Effective Date, hereby amended as follows:

**(a)** Section 1.1 of the Credit Agreement is amended by inserting the following new definitions in alphabetical order therein:

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"Additional Term B1 Dollar Commitment" means, with respect to an Additional Term B1 Dollar Lender, the commitment of such Additional Term B1 Dollar Lender to make Additional Term B1 Dollar Loans on the Second Amendment Effective Date, in the amount in Dollars set forth on Schedule 1.1(a) to the Second Amendment. The aggregate amount of the Additional Term B1 Dollar Commitments shall not be less than the outstanding principal amount of Term B Dollar Loans of Lenders who are not Consenting Term B Dollar Lenders.

"Additional Term B1 Dollar Lender" means a Person with an Additional Term B1 Dollar Commitment to make Additional Term B1 Dollar Loans to the Company on the Second Amendment Effective Date.

"Additional Term B1 Dollar Loan" means a Loan in Dollars made pursuant to Section 2.1(a)(iv)(B) on the Second Amendment Effective Date.

"Consenting Term B Dollar Lender" means each Term B Dollar Lender who has executed and delivered the Second Amendment on or prior to the Second Amendment Effective Date but shall not include any Term B Dollar Lender who notifies the Administrative Agent in writing in connection with the delivery of such signature page that it does not consent to the exchange of its Term B Dollar Loans for Term B1 Dollar Loans.

"Scheduled Term B1 Dollar Repayments" means, with respect to the principal payments on the Term B1 Dollar Loans for each date set forth below, the Dollar amount set forth opposite thereto, as reduced from time to time pursuant to Sections 4.3 and 4.4:

| **Date** | **Scheduled Term B1 Dollar Repayment** |
|---|---|
| December 31, 2003 | $ 471,977.33 |
| March 31, 2004 | $ 471,977.33 |
| June 30, 2004 | $ 471,977.33 |
| September 30, 2004 | $ 471,977.33 |
| December 31, 2004 | $ 471,977.33 |
| March 31, 2005 | $ 471,977.33 |
| June 30, 2005 | $ 471,977.33 |
| September 30, 2005 | $ 471,977.33 |
| December 31, 2005 | $ 471,977.33 |
| March 31, 2006 | $ 471,977.33 |
| June 30, 2006 | $ 471,977.33 |
| September 30, 2006 | $ 471,977.33 |
| December 31, 2006 | $ 471,977.33 |
| March 31, 2007 | $ 471,977.33 |
| June 30, 2007 | $ 471,977.33 |
| September 30, 2007 | $ 471,977.33 |
| December 31, 2007 | $ 471,977.33 |
| March 31, 2008 | $ 471,977.33 |
| June 30, 2008 | $ 471,977.33 |
| September 30, 2008 | $ 471,977.33 |
| December 31, 2008 | $ 471,977.33 |
| March 31, 2009 | $ 471,977.33 |
| June 30, 2009 | $ 471,977.33 |
| September 30, 2009 | $ 471,977.33 |
| Term B1 Dollar Loan Maturity Date | $176,047,544.08 |

"Second Amendment" means the Second Amendment to Credit Agreement dated as of November 6, 2003 by and among Company, European Holdco, the Lenders signatory thereto and Administrative Agent.

"Second Amendment Effective Date" has the meaning set forth in the Second Amendment.

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“Term B1 Dollar Commitment” means, with respect to a Consenting Term B Dollar Lender, the agreement of such Term B Dollar Lender to exchange its Term B Dollar Loans for an equal aggregate principal amount of Term B1 Dollar Loans on the Second Amendment Effective Date pursuant to Section 2.1(a)(iv) hereof, as evidenced by such Term B Dollar Lender executing and delivering the Second Amendment.

“Term B1 Dollar Lender” means, collectively, (i) each Consenting Term B Dollar Lender and (ii) each Additional Term B1 Dollar Lender or any Lender which is owed a Term B1 Dollar Loan (or portion thereof).

“Term B1 Dollar Loan” and “Term B1 Dollar Loans” means a Loan or Loans, as the context may require, in Dollars made or deemed made on the Second Amendment Effective Date pursuant to Section 2.1(a)(iv)(A) or (B).

“Term B1 Dollar Loan Maturity Date” means the earlier to occur of (i) December 19, 2009 or (ii) the 2008 Subordinated Note Acceleration Date, if the 2008 Subordinated Notes have not been refinanced in full with Permitted Refinancing Indebtedness by such date.

“Term B1 Dollar Note” and “Term B1 Dollar Notes” have the meanings assigned to those terms in Section 2.2(a).

**(b)** Section 1.1 of the Credit Agreement is further amended by deleting the definition of “Applicable Base Rate Margin” therein in its entirety and replacing it with the following new definition:

“Applicable Base Rate Margin” means at any date, (i) with respect to Multicurrency Revolving Loans, the applicable percentage set forth in the following table under the column Applicable Base Rate Margin for Multicurrency Revolving Loans opposite the Most Recent Leverage Ratio as of such date and (ii) with respect to Term B1 Dollar Loans, the applicable percentage set forth in the following table under the column Applicable Base Rate Margin for Term B1 Dollar Loans opposite the Most Recent Leverage Ratio as of such date:

| Most Recent Leverage Ratio | Applicable Base Rate Margin for Multicurrency Revolving Loans | Applicable Base Rate Margin for Term B1 Dollar Loans |
|---|---|---|
| Less than 2.0 to 1 | 0.25 % | 1.00 % |
| Equal to or greater than 2.0 to 1 but less than 2.5 to 1 | 0.50 % | 1.00 % |
| Equal to or greater than 2.5 to 1 but less than 3.0 to 1 | 0.75 % | 1.00 % |
| Equal to or greater than 3.0 to 1 | 1.00 % | 1.00 % |

;provided, that the Applicable Base Rate Margin for Term B1 Dollar Loans shall equal 1.25% at any time the Most Recent Leverage Ratio is equal to or greater than 3.5 to 1.

**(c)** Section 1.1 of the Credit Agreement is further amended by deleting the definition of “Applicable Eurocurrency Margin” therein in its entirety and replacing it with the following new definition:

“Applicable Eurocurrency Margin” means at any date, (i) with respect to Multicurrency Revolving Loans and Term A Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Multicurrency Revolving Loans and Term A Loans opposite the Most Recent Leverage Ratio on such date, (ii) with respect to Term B Euro Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Term B Euro Loans opposite the Most Recent Leverage Ratio on such date and (iii) with respect to Term B1 Dollar Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Term B1 Dollar Loans opposite the Most Recent Leverage Ratio as of such date:

| Most Recent Leverage Ratio | Applicable Eurocurrency Margin for Multicurrency | Applicable Eurocurrency Margin For | Applicable Eurocurrency Margin For |
|---|---|---|---|

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| | Revolving Loans and Term A Loans | Term B Euro Loans | Term B1 Dollar Loans |
|---|---|---|---|
| Less than 2.0 to 1 | 1.25 % | 2.50 % | 1.75 % |
| Equal to or greater than 2.0 to 1 but less than 2.5 to 1 | 1.50 % | 2.50 % | 1.75 % |
| Equal to or greater than 2.5 to 1 but less than 3.0 to 1 | 1.75 % | 2.50 % | 1.75 % |
| Equal to or greater than 3.0 to 1 | 2.00 % | 2.50 % | 1.75 % |

;provided, that the Applicable Eurocurrency Margin for Term B1 Dollar Loans shall equal 2.00% at any time the Most Recent Leverage Ratio is equal to or greater than 3.5 to 1.

**(d)** Section 1.1 of the Credit Agreement is further amended by amending and restating the definition of "Lenders" to read as follows:

"Lender" and "Lenders" have the respective meanings assigned to those terms in the introduction to this Agreement and shall include any Person that becomes a "Lender" as contemplated by the Second Amendment or Section 12.8.

**(e)** A new Section 2.1(a)(iv) is hereby added to the Credit Agreement to read as follows:

"(iv) Term B1 Dollar Loans.

(A) Subject to the terms and conditions of the Second Amendment, each Consenting Term B Dollar Lender severally agrees to exchange the principal amount of its Term B Dollar Loan outstanding immediately prior to the effectiveness of the Second Amendment for a like principal amount in Dollars of Term B1 Dollar Loans on the Second Amendment Effective Date.

(B) Subject to the terms and conditions hereof, each Additional Term B1 Dollar Lender severally agrees to make Additional Term B1 Dollar Loans in Dollars to the Company on the Second Amendment Effective Date in a principal amount not to exceed its Additional Term B1 Dollar Commitment on the Second Amendment Effective Date. The Company shall use the gross proceeds of the Additional Term B1 Dollar Loans to prepay the remaining Term B Dollar Loans which will consist of the Loans of any Term B Dollar Lender who is not a Consenting Term B Dollar Lender.

(C) The Company shall pay all accrued and unpaid interest and all other amounts then due and payable under the Credit Agreement with respect to the Term B Dollar Loans of the Term B Dollar Lenders who are not Consenting Lenders on the Second Amendment Effective Date.

(D) The Term B1 Dollar Loans shall have the same terms as the Term B Dollar Loans as set forth in the Credit Agreement and Loan Documents, except as modified by the Second Amendment. The Additional Term B1 Dollar Loans (i) shall be incurred by Company pursuant to a single drawing, which shall be on the Second Amendment Effective Date, (ii) shall be denominated in Dollars, and (iii) shall be made as Loans of the same Type and Interest Period as was in effect with respect to the Term B Dollar Loans prior to the conversion or repayment as contemplated hereby. Each Additional Term B1 Dollar Lender' s Additional Term B1 Dollar Commitment shall expire immediately and without further action on the Second Amendment Effective Date if the Additional Term B1 Dollar Loans are not made on such date and shall terminate in their entirety on the Second Amendment Effective Date after giving effect to the Borrowing of such Loans on such date. No amount of a Term B1 Dollar Loan which is repaid or prepaid by Company may be reborrowed hereunder. For avoidance of doubt, the Term B1 Dollar Loans (and all principal, interest and other amounts in respect thereof), will constitute "Obligations" under the Credit Agreement and Loan Documents and shall have the same rights and obligations under the Credit Agreement and Loan Documents as the Term B Dollar Loans which shall cease to be outstanding following the exchange or prepayment in full of such Loans as contemplated hereby.

**(f)** Section 2.2(a) of the Credit Agreement is hereby amended by deleting the word "and" at the end of clause (6) thereof and by adding the following new clause (7):

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“and (7) if Term B1 Dollar Loans, by a promissory note (each, a “Term B1 Dollar Note” and, collectively, the “Term B1 Dollar Notes”) duly executed and delivered by Company substantially in the form of Exhibit 2.2(a)(7) hereto, with blanks appropriately completed in conformity herewith.”

**(g)** Section 2.9 of the Credit Agreement is hereby amended by replacing the reference therein to “Term B Dollar Loans” and “Term B Dollar Lenders” to “Term B1 Dollar Loans” and “Term B1 Dollar Lenders”, respectively.

**(h)** Section 4.3(d) is hereby amended by adding the following proviso to the end of such section:

“provided, further, that Term B Dollar Lenders who are not Consenting Lenders may be prepaid pursuant to Section 2.1(a)(iv)(B);"

**(i)** Section 4.4(c) of the Credit Agreement is hereby amended by adding the words “and Term B1" after the words “Term B” in the heading thereof and by adding the following sentence to the end thereof:

“Company shall cause to be paid Scheduled Term B1 Dollar Repayments on the Term B1 Dollar Loans until the Term B1 Dollar Loans are paid in full in the amounts and at the times specified in the definition of Scheduled Term B1 Dollar Repayments to the extent that prepayments have not previously been applied to such Scheduled Term B1 Dollar Repayments (and such Scheduled Term B1 Dollar Repayments have not otherwise been reduced) pursuant to the terms hereof.”

**(j)** Schedule 1.1(a) of the Credit Agreement is hereby amended by adding thereto the information set forth on Schedule 1.1(a) attached to this Second Amendment.

**(k)** The Credit Agreement is hereby amended by adding a new Exhibit 2.2(a)(7) in the form of Exhibit 2.2(a)(7) attached to this Second Amendment.

**3.** **Representations and Warranties**. In order to induce Administrative Agent and the Lenders to enter into this Amendment, each of Company and European Holdco hereby represents and warrants to Administrative Agent and the Lenders, in each case after giving effect to this Amendment, as follows:

**(a)** Each of Company and European Holdco has the right, power and capacity and has been duly authorized and empowered by all requisite corporate or limited liability company and shareholder or member action to enter into, execute, deliver and perform this Amendment and all agreements, documents and instruments executed and delivered pursuant to this Amendment.

**(b)** This Amendment constitutes each of Company’ s and European Holdco’ s legal, valid and binding obligation, enforceable against it, except as enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors’ rights generally and general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law or otherwise).

**(c)** The representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects at and as of the Second Amendment Effective Date as though made on and as of the Second Amendment Effective Date (except to the extent expressly made as of a specified date, in which event such representation and warranty is true and correct in all material respects as of such specified date).

**(d)** Each of Company’ s and European Holdco’ s execution, delivery and performance of this Amendment do not and will not violate its articles or certificate of incorporation, by-laws or other Organizational Documents, any law, rule, regulation, order, writ, judgment, decree or award applicable to it or any contractual provision to which it is a party or to which it or any of its property is subject.

**(e)** No authorization or approval or other action by, and no notice to or filing or registration with, any governmental authority or regulatory body (other than those which have been obtained and are in force and effect) is required in connection with the execution, delivery and

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performance by Company, European Holdco or any other Credit Party of this Amendment and all agreements, documents and instruments executed and delivered pursuant to this Amendment.

**(f)** No Event of Default or Unmatured Event of Default exists under the Credit Agreement or would exist after giving effect to this Amendment.

**4. Conditions to Effectiveness of Amendment**. This Amendment shall become effective on the date (the "Second Amendment Effective Date") each of the following conditions precedent is satisfied:

**(a)** Execution and Delivery of Amendment. Administrative Agent (or its counsel) shall have received from (A) Lenders constituting (i) the Required Lenders and (ii) each Term B Dollar Lender, or in lieu of one or more Term B Dollar Lenders, one or more Additional Term B1 Dollar Lenders providing Additional Term B1 Dollar Commitments in an amount sufficient to repay all of the principal of the Term B Dollar Loans owed to Lenders who are not Consenting Term B Dollar Lenders, and (B) Borrowers, either (i) a counterpart of this Amendment signed on behalf of such party or (ii) written evidence satisfactory to Administrative Agent (which may include telecopy transmission of a signed signature page of this Amendment) that such party has signed a counterpart of this Amendment.

**(b)** Execution and Delivery of Officer' s Certificate. Administrative Agent shall have received a certificate of a Responsible Officer of Company and European Holdco in the form of Exhibit A attached hereto.

**(c)** Reaffirmation of Guaranty. Administrative Agent shall have received a Reaffirmation of Guaranty executed by a Responsible Officer of each of European Holdings and the Guarantors which are Domestic Subsidiaries in the form of Exhibit B attached hereto.

**(d)** Notice of Borrowing. The Company shall have provided Administrative Agent with a Notice of Borrowing two (2) Business Days prior to the Second Amendment Effective Date with respect to the borrowing of Term B1 Dollar Loans on the Second Amendment Effective Date.

**(e)** Interest. The Company shall have paid to all Term B Dollar Lenders simultaneously with the making of the Term B1 Dollar Loans hereunder all accrued and unpaid interest on the Term B Dollar Loans to the Second Amendment Effective Date.

**(f)** Payment of Fees. Company shall have paid in full to Administrative Agent all fees due and payable pursuant to the Fee Letter of even date hereof between Company and Administrative Agent.

**(g)** Representations and Warranties. The representations and warranties of Company, European Holdco and the other Credit Parties contained in this Amendment, the Credit Agreement and the other Loan Documents shall be true and correct in all material respects as of the Second Amendment Effective Date, with the same effect as though made on such date (except to the extent expressly made as of a specified date, in which event such representation and warranty is true and correct in all material respects as of such specified date).

**(h)** No Defaults. No Unmatured Event of Default or Event of Default under the Credit Agreement shall have occurred and be continuing.

**5. Miscellaneous**. The parties hereto hereby further agree as follows:

**(a)** Costs, Expenses and Taxes. Company hereby agrees to pay all reasonable fees, costs and expenses of Administrative Agent incurred in connection with the negotiation, preparation and execution of this Amendment and the transactions contemplated hereby, including, without limitation, the reasonable fees and expenses of Winston & Strawn, counsel to Administrative Agent.

**(b)** Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Amendment.

**(c)** Headings. Headings used in this Amendment are for convenience of reference only and shall not affect the construction of this Amendment.

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**(d)** Integration. This Amendment and the Credit Agreement (as amended hereby) constitute the entire agreement among the parties hereto with respect to the subject matter hereof.

**(e)** Governing Law. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF SAID STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAWS RULES.

**(f)** Binding Effect. This Amendment shall be binding upon, and inure to the benefit of, Borrowers, Administrative Agent, the Lenders and their respective successors and assigns; provided, however, that no Borrower may assign its rights or obligations hereunder or in connection herewith or any interest herein (voluntarily, by operation of law or otherwise) without the prior written consent of the Lenders.

**(g)** Amendment; Waiver. The parties hereto agree and acknowledge that nothing contained in this Amendment in any manner or respect limits or terminates any of the provisions of the Credit Agreement or any of the other Loan Documents other than as expressly set forth herein and further agree and acknowledge that the Credit Agreement (as amended hereby) and each of the other Loan Documents remain and continue in full force and effect and are hereby ratified and confirmed. Except to the extent expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any rights, power or remedy of the Lenders or Administrative Agent under the Credit Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document. No delay on the part of any Lender or Administrative Agent in exercising any of their respective rights, remedies, powers and privileges under the Credit Agreement or any of the Loan Documents or partial or single exercise thereof, shall constitute a waiver thereof. On and after the Second Amendment Effective Date each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Credit Agreement in the Loan Documents and all other documents delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby. Company and European Holdco acknowledge and agree that this Amendment constitutes a "Loan Document" for purposes of the Credit Agreement, including, without limitation, Section 10.1 of the Credit Agreement. None of the terms and conditions of this Amendment may be changed, waived, modified or varied in any manner, whatsoever, except in accordance with Section 12.1 of the Credit Agreement.

**(h)** Reaffirmation of Guaranty. Company undertakes to deliver to Administrative Agent, on or before November 15, 2003, a Reaffirmation of Guaranty executed by a Responsible Officer of each of the Guarantors which are Foreign Subsidiaries in substantially the form of Exhibit B attached hereto.

**(i)** Term B1 Dollar Lenders. Company, European Holdco, Administrative Agent and the Required Lenders acknowledge that each lender signatory hereto that is not heretofore a "Lender" under the Credit Agreement, subject to all the terms contained therein, shall, upon the Second Amendment Effective Date, become a "Lender" under the Credit Agreement by its execution and delivery hereof. Each lender signatory hereto that is not heretofore a "Lender" under the Credit Agreement agrees to perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by a Lender.

[Signature Page Follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first written above.

BALL CORPORATION

By: ______________

Name: ______________

Title: ______________

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BALL EUROPEAN HOLDINGS, SARL

By:
______________

Name:
______________

Title:
______________

DEUTSCHE BANK AG, NEW YORK BRANCH,
in its individual capacity and as Administrative Agent

By:
______________

Name:
______________

Title:
______________

By:
______________

Name:
______________

Title:
______________

DEUTSCHE BANK AG, CANADA BRANCH

By:
______________

Name:
______________

Title:
______________

By:
______________

Name:
______________

Title:
______________

[Name of Lending Institution]

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By: ______________

Name: ______________

Title: ______________

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**EXHIBIT A**

**CERTIFICATE OF OFFICER**

I, the undersigned, the Insert Title of Ball Corporation ("Company"), and Insert Title of Ball European Holdings, Sarl ("European Holdco"), in accordance with Section 4(b) of that certain Second Amendment to Credit Agreement dated as of November 6, 2003 (the "Agreement") among Company, European Holdco, the financial institutions signatory thereto as Lenders and Deutsche Bank AG, New York Branch, as Administrative Agent for the Lenders, do hereby certify on behalf of Company and European Holdco, the following:

1. The representations and warranties set forth in Section 3 of the Agreement are true and correct in all material respects as of the date hereof except to the extent such representations and warranties are expressly made as of a specified date in which event such representations and warranties were true and correct in all material respects as of such specified date;

2. No Event of Default or Unmatured Event of Default (except as otherwise expressly waived by the Agreement) has occurred and is continuing after giving effect to the Agreement; and

3. The conditions of Section 4 of the Agreement have been fully satisfied.

Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Agreement.

[signature page follows]

---

IN WITNESS WHEREOF, the undersigned has duly executed and delivered on behalf of Company and European Holdco this Certificate of Officer on this 6th day of November, 2003.

| BALL CORPORATION | BALL EUROPEAN HOLDINGS, SARL |
|---|---|
| By: ______________ | By: ______________ |
| Name: ______________ | Name: ______________ |
| Title: ______________ | Title: ______________ |

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**EXHIBIT B**

**REAFFIRMATION OF GUARANTY**

Each of the undersigned acknowledges receipt of a copy of the Second Amendment to Credit Agreement (the "Agreement"; capitalized terms used herein shall, unless otherwise defined herein, have the meanings provided in the Agreement) dated as of November 6, 2003, by and among Ball Corporation ("Company"), Ball European Holdings, Sarl ("European Holdco"), the financial institutions signatory thereto as Lenders and Deutsche Bank AG, New York Branch as Administrative Agent for the Lenders, consents to such Agreement and each of the transactions referenced in the Agreement and hereby reaffirms its obligations under any Guaranty to which it is a party, including its guaranty of obligations in respect of the Term B1 Dollar Loans.

Dated as of November 6, 2003.

BALL AEROSPACE & TECHNOLOGIES CORP.
BALL METAL BEVERAGE CONTAINER CORP.
BALL METAL FOOD CONTAINER CORP.
BALL PACKAGING CORP.
BALL PLASTIC CONTAINER CORP.
BALL TECHNOLOGIES HOLDINGS CORP.
BALL ASIA SERVICES LIMITED
BALL GLASS CONTAINER CORPORATION
BALL HOLDINGS CORP.
BG HOLDINGS I, INC.
BG HOLDINGS II, INC.
BALL TECHNOLOGY SERVICES CORPORATION
EFRATOM HOLDING, INC.
LATAS DE ALUMINIO BALL, INC.
BALL METAL PACKAGING SALES CORP.

By:
―――――――――――――

Name: Scott C. Morrison
Title: Vice President

BALL PAN-EUROPEAN HOLDINGS, INC.

By:
―――――――――――――

Name: Charles E. Baker
Title: Assistant Secretary

BALL (FRANCE) HOLDINGS SAS

By:
―――――――――――――

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Name:
Title:

BALL (FRANCE) INVESTMENT HOLDINGS SAS

By:
______________
Name:
Title:

BALL PACKAGING EUROPE BIERNE SAS

By:
______________
Name:
Title:

BALL PACKAGING EUROPE LA CIOTAT SAS

By:
______________
Name:
Title:

BALL (GERMANY) GMBH

By:
______________
Name:
Title:

BALL (GERMANY) KG

By:
______________
Name:
Title:

BALL PACKAGING EUROPE GMBH

By:
______________
Name:
Title:

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BALL PACKAGING EUROPE HERMSDORF GMBH

By:
______________
Name:
Title:

BALL (LUXEMBOURG) FINANCE S.A.R.L.

By:
______________
Name:
Title:

BALL EUROPEAN HOLDINGS SARL

By:
______________
Name:
Title:

BALL HOLDINGS S.A.R.L.

By:
______________
Name:
Title:

BALL INVESTMENT HOLDINGS, S.A.R.L.

By:
______________
Name:
Title:

BALL PACKAGING EUROPE HOLDING LIMITED

By:
______________
Name:
Title:

BALL PACKAGING EUROPE UK LIMITED

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By: ______________

Name:
Title:

BALL NORTH AMERICA, INC.

By: ______________

Name:
Title:

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**Exhibit 2.2(a)(7)**

FORM OF
TERM B1 DOLLAR NOTE

$________________

New York, New York

___________, _____

FOR VALUE RECEIVED, the undersigned, Ball Corporation, an Indiana corporation ("Borrower"), hereby unconditionally promises to pay to the order of ____________________ (the "Lender") at the office of Deutsche Bank AG, New York Branch located at 90 Hudson Street, 5th Floor, Jersey City, New Jersey 07302, in lawful money of the United States of America and in immediately available funds on the Term B1 Dollar Loan Maturity Date (as defined in the Credit Agreement referred to below) the principal sum of _______________ DOLLARS ($_____________) or, if less, the then unpaid principal amount of all Term B1 Dollar Loans (as defined in the Credit Agreement) made by the Lender to Borrower pursuant to Section 2.1(a)(iv) of the Credit Agreement, payable at such times and in such amounts as are specified in the Credit Agreement. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the applicable interest rate per annum determined as provided in, and payable as specified in, Articles III and IV of the Credit Agreement.

This Note is one of the Term B1 Dollar Notes referred to in the Credit Agreement dated as of December 19, 2002 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Borrower, Ball European Holdings, Sarl, a corporation organized under the laws of Luxembourg, Ball Packaging Products Canada Corp., a company organized under the laws of the Province of Nova Scotia, each Subsidiary Borrower (as defined therein), the financial institutions from time to time party thereto, The Bank of Nova Scotia, as Canadian administrative agent and Deutsche Bank AG, New York Branch, as administrative agent, and is entitled to the benefits thereof and of the other Loan Documents (as defined in the Credit Agreement). As provided in the Credit Agreement, this Note is subject to optional and mandatory prepayment prior to the Term B1 Dollar Loan Maturity Date, in whole or in part. Terms defined in the Credit Agreement are used herein with their defined meanings unless otherwise defined herein.

Upon the occurrence of any one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note may become, or may be declared to be, immediately due and payable, all as provided therein.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

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**THIS NOTE SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF NEW YORK, AND FOR ALL PURPOSES SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS AND DECISIONS OF SAID STATE, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAWS RULES.**

BALL CORPORATION

By:
______________

Name:
______________

Title:
______________

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**Ball Corporation and Subsidiaries**

**Ratio of Earnings to Fixed Charges**

| ($ in millions) | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| Earnings (loss) before taxes | $319.7 | $230.2 | $ (113.7) | $113.9 | $171.2 |
| Plus: | | | | | |
| Interest expensed and capitalized | 144.2 | 83.2 | 89.7 | 98.5 | 109.6 |
| Interest expense within rent | 22.6 | 17.1 | 21.7 | 25.4 | 18.0 |
| Amortization of capitalized interest | 1.9 | 2.0 | 2.3 | 2.0 | 1.9 |
| Distributed income of equity investees | 4.5 | -- | -- | -- | 1.5 |
| Less: | | | | | |
| Interest capitalized | (3.1) | (2.4) | (1.4) | (3.3) | (2.0) |
| Adjusted earnings (loss) | 489.8 | 330.1 | (1.4) | 236.5 | 300.2 |
| Fixed charges *(1)* | 166.8 | 100.3 | 111.4 | 123.9 | 127.6 |
| Ratio of earnings to fixed charges | 2.9x | 3.3x | 0.0x*(2)* | 1.9x | 2.4x |

*(1)* Fixed charges include interest expensed and capitalized as well as interest expense within rent.

*(2)* During 2001 there was a deficiency of earnings to fixed charges of $112.8 million.

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Exhibit 13.1

**Management' s Discussion and Analysis of Financial Condition and Results of Operations**
Ball Corporation and Subsidiaries

*Ball Corporation and subsidiaries are referred to collectively as "Ball," "the company," "we" and "our" in the following discussion and analysis.*

Management' s discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying notes.

**Business Overview**

Ball Corporation is one of the world' s leading suppliers of metal and plastic packaging to the beverage and food industries. Our packaging products are produced for a variety of end uses and are manufactured in 50 plants around the world. We also supply aerospace and other technologies and services to government and commercial customers.

We sell our packaging products primarily to major beverage and food producers with which we have developed long-term customer relationships. This is evidenced by our high customer retention and our large number of long-term supply contracts. While we have diversified our customer base, we do sell a majority of our packaging products to relatively few major beverage and food companies in North America, Europe and the People' s Republic of China (PRC). Because of our customer concentration, our business, financial condition and results of operations could be adversely affected by the loss of a major customer or a change in a supply agreement with a major customer, although our long-term customer relationships and contracts mitigate this risk.

The can manufacturing industry in the U.S. and Canada is relatively mature and industry share is gained or lost among a small group of competitors. Sales and earnings are improved by reducing our costs, developing and enhancing products and increasing pricing where possible. European demand, however, is still expanding, particularly in eastern and southern Europe. We plan to capitalize on this growth by building a new beverage can manufacturing plant in Belgrade, Serbia, which will service these rapidly growing regions.

Following the acquisition of Ball Packaging Europe in December 2002, our revenues outside of North America now account for more than 20 percent of consolidated net sales. Prior to 2003, revenues and net earnings in the packaging segments were impacted more by weather patterns than by economic changes. However, due to the increase in our European revenues, our consolidated earnings have become more exposed to foreign exchange rate fluctuations. We attempt to mitigate this exposure through the use of derivative financial instruments, as discussed in the "Financial Instruments and Risk Management" section. The acquisition of Ball Packaging Europe also brought another challenge with the German government' s imposition at the beginning of 2003 of a mandatory deposit on most non-refillable beverage containers. The mandatory deposit situation, which is discussed in more detail in the "International Packaging" section, cost Ball Packaging Europe a significant loss of sales in 2003. While we are hopeful this situation will improve in the future, we are doing what we can to adjust in the interim.

The primary customers for the products and services provided by our aerospace and technologies segment are U.S. government agencies or their prime contractors. These sales represented approximately 96 percent of segment sales in 2003 and 10 percent of Ball' s consolidated net sales. Our government work has increased significantly in recent years and our contracted backlog was at a record year-end level of $644 million at the end of 2003. It is possible that congressional budget reductions or changes in agency budgets could limit future funding and new contract awards.

We recognize sales under long-term contracts in the aerospace and technologies segment using the cost-to-cost, percentage of completion method. Our contracts typically consist of approximately two-thirds cost-plus contracts, which are billed at our costs plus an agreed upon profit component, and approximately one-third fixed price contracts. Throughout the period of contract performance, we regularly reevaluate and, if necessary, revise our estimates of total contract revenue, total contract cost and progress toward completion. Because of contract

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payment schedules, limitations on funding and other contract terms, our sales and accounts receivable generally include amounts that have been earned but not yet billed.

Management uses various measures to evaluate company performance. Among the financial measures we use are earnings before interest and taxes, or EBIT, earnings per share, return on investment, cost of capital, free cash flow (generally defined by the company as cash flow from operating activities less capital expenditures) and economic value added. Nonfinancial measures in the packaging segments include production spoilage rates, quality control measures and production and shipment volumes. Other measures used to evaluate performance in the aerospace and technologies segment include contract revenue realization, award and incentive fees realized, proposal win rates and backlog, including awarded, contracted and funded.

We recognize that attracting and retaining quality employees is critically important to the success of Ball and, because of this, we work to pay employees competitively and encourage their ownership in the company' s common stock. For most management employees, a portion of compensation is at risk as an incentive, dependent upon operating performance. For more senior positions, more compensation is at risk. Through our employee stock purchase plan and 401(k) plan, which matches employee contributions in Ball common stock, many employees, regardless of organizational level, have additional opportunities to participate as Ball shareholders. In 2004 we are expanding our employee stock purchase program to Ball Packaging Europe employees.

**Consolidated Sales and Earnings**

Ball' s operations are organized along its product lines and include three segments – North American packaging, international packaging and aerospace and technologies. We also have investments in companies in the U.S., the PRC and Brazil, which are accounted for using the equity method of accounting, and accordingly, those results are not included in segment sales or earnings.

*North American Packaging*

North American packaging consists of operations located in the U.S. and Canada, which manufacture metal container products, used primarily in beverage and food packaging, and PET (polyethylene terephthalate) plastic container products, used principally in beverage packaging. This segment decreased from 84 percent of consolidated net sales in 2002 to 67 percent in 2003 due to the addition of Ball Packaging Europe.

Metal Beverage Container Sales

North American metal beverage container sales, which represented 69 percent of segment sales in 2003, were slightly higher than in 2002. Higher can end volumes related to Ball' s acquisition of Metal Packaging International, Inc. (MPI) in March 2003 (discussed below) were offset by the negative impact of adverse weather conditions in several regions of the country. Based on publicly available industry information, we estimate that shipments for our metal beverage container product line were approximately 31 percent of total U.S. and Canadian shipments in 2003.

On March 11, 2003, we acquired MPI, a manufacturer of aluminum beverage can ends, for $28 million. MPI produced just over 2 billion beverage can ends per year, primarily for soft drink companies, and had sales of approximately $42 million in 2002. The former MPI plant, which was located in Northglenn, Colorado, was closed during the second quarter of 2003 and the volumes were consolidated into other Ball facilities.

North American metal beverage container sales increased 3 percent in 2002 compared to 2001, partially as a result of Ball' s agreement with Coors Brewing Company (Coors), effective January 1, 2002, under which substantially all of Coors' can requirements for its Shenandoah, Virginia, filling location are manufactured at Ball facilities and sold to Coors. Sales under this agreement began in the first quarter of 2002. North American beverage container operating margins were higher as a result of plants operating at or near full capacity coupled with improved sales prices. In mid-December 2001 we ceased production at the Moultrie, Georgia, beverage can plant; its production of one billion cans per year was consolidated into other Ball plants.

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Through Rocky Mountain Metal Container, LLC, a 50/50 joint venture which is accounted for as an equity investment, Ball and Coors operate Coors' can and end manufacturing facilities in Golden, Colorado. The joint venture supplies Coors with beverage cans and ends for its Golden, Colorado, and Memphis, Tennessee, breweries and supplies ends to its Shenandoah, Virginia, filling location.

Metal Food Container Sales

North American metal food container sales, which comprised 20 percent of segment sales in 2003, were 3 percent higher than 2002 sales. Sales were unfavorably impacted by competitive pricing, wetter than normal weather in the Midwest growing region and by the extended start-up of a new two-piece food can line in our Milwaukee plant. The new line, which can produce over one billion cans per year, became fully operational during the fourth quarter of 2003. This capacity allows our food container plants to accommodate a multi-year contract with Abbot Laboratories' Ross Products Division, the makers of a broad range of pediatric and adult nutritional products, as well as to convert some existing three-piece can products to two-piece food cans. We estimate our 2003 shipments of 5.8 billion cans to be approximately 17 percent of total U.S. and Canadian metal food container shipments, based on publicly available industry information.

Metal food container sales in 2002 were essentially flat compared to those in 2001, which were at record levels. Sales in 2002 were affected by a combination of droughts and floods in the U.S., which negatively impacted our fruit and vegetable processor customers, and the lowest salmon pack in the Pacific Northwest in over a decade.

The company is in purchase negotiations with ConAgra Grocery Products Company (ConAgra) related to the future of Ball Western Can Company, LLC, its 50/50 joint venture with Ball that operates a food can manufacturing plant in Oakdale, California. The joint venture had been scheduled to terminate on December 31, 2003, but has been extended while negotiations continue. The current negotiations contemplate Ball purchasing ConAgra' s interest in Ball Western Can and providing containers to ConAgra' s packaging locations in California under a long-term supply agreement. These negotiations are expected to be completed in the first quarter of 2004.

Plastic Container Sales

Plastic container sales, which accounted for 11 percent of segment sales in 2003, increased 6 percent compared to 2002 sales, which were higher than 2001 sales by 21 percent. The 2003 increase in sales, which are predominantly to water and carbonated soft drink customers, was made possible by the addition of four plastic bottle blow-molding production lines during the latter part of 2002. Competitive pricing pressure and cold and wet weather conditions on the East Coast and in the Midwest contributed to lower than expected sales. In response to the lower than anticipated sales, we reduced production at certain plants, and reduced the work force and idled some of the equipment at our Watertown, Wisconsin, plastic container plant. We estimate our 2003 shipments of 5.5 billion plastic containers to be approximately 8 percent of total U.S. and Canadian plastic container shipments.

The increase in plastic container sales in 2002 compared to 2001 was driven by growth in production volumes as well as the company' s acquisition of Wis-Pak Plastics, Inc., in December 2001. Overall operating margins also improved as a result of lower energy, freight and warehousing costs, despite higher operating costs and increased freight between plants in the third quarter as a result of extremely low inventory levels.

North American Packaging Segment Earnings

Operating margins in the North American packaging segment were slightly lower in 2003 than in 2002. Operating margins in 2003 were negatively impacted by approximately $11 million of start-up costs associated with the new two-piece food can line in Milwaukee. Additionally, pricing pressures on food cans and plastic containers have eroded margins compared to 2002. Margins were slightly improved through operating efficiencies, lower spoilage and stringent cost management, particularly in our metal beverage container plants. The metal food and plastic container plants will continue to focus on improving segment margins in 2004 through similar cost reduction programs.

The North American packaging earnings results over the past three years include various restructuring activities, which were undertaken to improve our operations. In February 2003 we announced the closure of our Blytheville, Arkansas, metal food container plant to address decreased demand for three-piece welded cans. The plant was closed in the second quarter of 2003 and its operations were consolidated into our Springdale, Arkansas plant. In connection with the closure, a charge of $1.9 million ($1.2 million after tax) was recorded in the first

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quarter of 2003, partially offset by a $0.5 million gain on the sale of a Canadian plant that was included in a restructuring charge taken in 2000. The $1.9 million charge included estimated employee costs, decommissioning costs and an impairment charge on related fixed assets.

In December 2002 Ball announced the relocation of its plastic container office and research and development facility from Georgia to Colorado. In connection with the relocation, we recorded a pretax charge in 2002 of $1.6 million ($1 million after tax) for employee termination and decommissioning costs and impairment of the leasehold improvements. The office relocation was completed in 2003 and the R&D facility relocation is expected to be completed by the end of 2004. The cost of relocating employees is being charged to current period earnings and totaled $2.7 million in 2003.

In December 2001 we closed our Moultrie, Georgia, beverage can plant to address overcapacity in the North American beverage can industry. A pretax charge of $24.7 million was recorded in 2001 in connection with this closure. A $1.6 million gain was recorded in the fourth quarter of 2003 when the facility was sold for more than the original estimate and final employee costs were less than anticipated.

*International Packaging*

International packaging includes the production and sale of metal beverage container products manufactured in Europe and Asia as well as plastic containers manufactured and sold in Asia. This segment increased from 3 percent of consolidated net sales in 2002 to 22 percent in 2003 due to the acquisition of Ball Packaging Europe on December 19, 2002.

<u>Europe</u>

Ball Packaging Europe, which represents approximately one-third of the total European metal beverage can manufacturing capacity, has manufacturing plants located in Germany, the United Kingdom, France, the Netherlands and Poland. European sales of $1 billion in 2003 benefited from a strong euro, but were negatively affected by the January 1, 2003, imposition of a mandatory deposit on one-way metal, PET and glass beverage containers (for beer, carbonated soft drinks and water) in Germany, where four of Ball Packaging Europe' s plants are located. While sales volumes to German customers from our European plants were down approximately 2.2 billion cans in 2003 from prior year levels, warm weather conditions in much of Europe and the continued growth in beverage can usage in eastern and southern Europe have helped to increase volumes in other countries. Ball plans to begin construction in 2004 on a new beverage can plant in Belgrade, Serbia, to serve the growing demand for beverage cans in southern and eastern Europe.

Due to political and legal uncertainties in Germany, no nationwide system for returning the containers was in place at the time the mandatory deposit was imposed and many retailers stopped carrying beverages in non-refillable containers. The situation is not expected to improve until the deposit is eliminated by once again meeting the mandatory refill quotas or until it is resolved by various courts, intervention by the European Union or by the implementation of a nationwide return system. We have responded by reducing beverage can production at our German plants, implementing aggressive cost reduction measures, entering into price increase negotiations and increasing exports from Germany to other European nations. We also closed a plant in the United Kingdom, delayed capital investment projects in France and Poland and are converting one of our steel can production lines in Germany to aluminum in order to facilitate additional can exports.

<u>PRC</u>

Sales in the PRC in 2003 were relatively flat compared to 2002. Earnings before taxes were significantly improved over the prior year due largely to cost reduction initiatives resulting from the business consolidation actions taken in 2001 (discussed below). Sales in the PRC in 2002 were lower than those in 2001 due to the sale of the general line can business and other PRC restructuring efforts that commenced in the second half of 2001. However, operating earnings improved significantly compared to 2001 due to the business consolidation actions begun in mid-2001.

In June 2001 we announced a plan to exit the general line metal can business in the PRC and to reduce our PRC beverage can manufacturing capacity by closing two plants. A $237.7 million pretax charge ($185 million after tax and minority interest impact) was recorded in connection with this reorganization. As a result of the realization on asset dispositions in excess of estimated realizable values, as well as employee benefit and severance accruals no longer required as some exit activities were completed, we recorded $3.3 million of earnings in the third quarter of 2003, $5.1 million in December 2002 and $5 million in the fourth quarter of 2001 related to the June 2001 charge. The restructuring activities in the PRC have been substantially completed with the liquidation of certain investments and the sale of

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certain assets still in process at December 31, 2003. See the discussion in Note 4 to the consolidated financial statements for further information regarding the restructuring of our China operations.

*Aerospace and Technologies*

Sales in the aerospace and technologies segment were 9 percent higher than in 2002, primarily in defense and commercial space operations. The increase is due to a combination of newly awarded contracts and additions to previously awarded contracts. The segment won some large, strategic contracts, delivered a great deal of sophisticated space and defense instrumentation and continued to sharpen its marketing focus. Operating margins also increased compared to 2002 as a result of strong operating performance and program completions. Two key program milestones and completions in 2003 added close to $8 million to sales and operating margins.

Our customer, DigitalGlobe, Inc., in which we hold an equity investment, was selected for a contract to provide commercial imagery to the National Geospatial-Intelligence Agency and has selected us to provide the spacecraft and imaging camera for this program. Terms of the contract are not final, but we anticipate this will result in a significant contract for the segment. We also have been involved in four different components of the high-profile Mars Exploration Rovers mission.

Aerospace and technologies sales in 2002 were 17 percent higher than in 2001, primarily in defense and civil space operations. The increase was due to a combination of newly awarded contracts and additions to previously awarded contracts. During 2002 Ball was selected as part of a team to build NASA’ s James Webb Space Telescope. The improvement in operating earnings in 2002 was primarily the result of the strong sales, which were driven by growth in our U.S. government business, and by the disposition of two unprofitable aerospace product lines in 2001.

In the second quarter of 2001, we ceased operations in two commercial developmental product lines in our aerospace and technologies segment for which we recorded a pretax charge of $16 million ($9.7 million after tax). After the sale of one of the exited product lines, a portion of the estimated exit costs were no longer required. As a result, earnings were recorded of $0.2 million in the third quarter of 2003, $2 million in December 2002 and $2.2 million in December 2001. Also in the fourth quarter of 2002, we recorded a $2.5 million after-tax charge to write off an equity investment in an aerospace company.

Sales to the U.S. government, either directly as a prime contractor or indirectly as a subcontractor, represented approximately 96 percent of segment sales in 2003 and 2002 and 92 percent in 2001. Contracted backlog for the aerospace and technologies segment at December 31, 2003 and 2002, was $644 million and $497 million, respectively. Year-to-year comparisons of backlog are not necessarily indicative of the trend of future operations.

For additional information regarding the company’ s segments, see the summary of business segment information in Note 2 accompanying the consolidated financial statements. The charges recorded for business consolidation activities were based on the estimates of Ball management, actuaries and other independent parties and were developed from information available at the time. Actual outcomes may vary from the estimates, and, as required, changes, if any, have been or will be reflected in current period earnings. Additional details about our business consolidation activities and associated costs are provided in Note 4 accompanying the consolidated financial statements.

**Selling and Administrative Expenses**

Selling and administrative expenses were $221.6 million, $170.6 million and $145.6 million for 2003, 2002 and 2001, respectively. Approximately $48.1 million of the increase in 2003 compared to 2002 is related to the acquisition of Ball Packaging Europe in December 2002. The additional increase in 2003 is primarily the result of higher employee costs, incentives and higher pension expense, partially offset by lower expenses in the PRC. Included in employee incentive costs was $4.5 million of increased expense associated with the company’ s deposit share program, which is discussed in further detail in Note 14 to the consolidated financial statements. In 2003 we reduced our U.S. pension plan long-term asset return assumption from 9 percent to 8.5 percent and our discount rate from 7.5 percent to 6.75 percent. The changes in the return on pension asset and discount rate assumptions, as well as actual asset performance, resulted in approximately $14.8 million higher North American pension expense for the year compared to 2002, most of which was included in cost of sales.

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Higher expenses in 2002 compared to 2001 were largely related to higher employee incentives, increased pension and medical costs and additions to environmental reserves. In addition, 401(k) plan costs previously accounted for as preferred stock dividends under the company' s leveraged employee stock ownership plan that expired at the end of 2001 are included in selling and administrative costs beginning in 2002. Included in employee incentive costs was $4.7 million of higher expense associated with the company' s deposit share program. Pension expense was higher by $3.7 million as a result of the reduction in the U.S. pension plan asset return assumptions to 9 percent.

For the U.S. pension plans, we intend to maintain our current return on asset assumptions for 2004. Initially, the discount rate in the U.S. will be reduced from 6.75 percent to 6.25 percent. Based on these assumptions and poor plan asset performance in prior years, North American pension expense for 2004 is anticipated to increase approximately $8.3 million compared to 2003, most of which will be included in cost of sales. Pension expense in Europe is expected to increase by $1.4 million, for a consolidated increase of $9.7 million. A further reduction of the plan asset return assumption by one half of a percentage point would result in additional expense of approximately $3.3 million. Additional information regarding the company' s pension plans is provided in Note 13 accompanying the consolidated financial statements.

**Interest and Taxes**

Interest expense in 2003 includes $15.2 million of costs associated with the early redemption of the company' s 8.25% senior subordinated notes in August 2003. Interest expense in 2002 includes $5.2 million related to the refinancing of the company' s debt in connection with the acquisition of Ball Packaging Europe. Consolidated interest expense before the debt refinancing costs was $125.9 million in 2003, $75.6 million in 2002 and $88.3 million in 2001. The higher expense in 2003 was associated with the higher level of borrowings subsequent to the acquisition of Ball Packaging Europe. The decrease in 2002 from 2001 was primarily the result of lower interest rates and lower borrowings. The company' s consolidated average borrowing rate was 6.1 percent, 6.8 percent and 7.3 percent for the years ended December 31, 2003, 2002 and 2001, respectively.

Ball' s consolidated effective income tax rate for 2003 decreased to 31.3 percent compared to 35.6 percent in 2002 as a result of a lower consolidated European income tax rate due primarily to lower profits in Germany, reflecting the impact of the refundable mandatory deposit on non-refillable containers imposed on January 1, 2003, and a tax holiday in Poland. Germany has the highest tax rate of the European countries in which Ball has operations. Excluding the effect of business consolidation costs in 2001, Ball' s effective income tax rate was approximately 35 percent for 2001. The tax benefit rate of 8.6 percent on the loss in 2001 was largely the result of nondeductible goodwill as well as unrealized capital losses included in the second quarter 2001 charge for business consolidation costs in the PRC.

**Results of Equity Affiliates**

Equity in the earnings of affiliates is attributable to our 50 percent ownership in packaging investments in North America and Brazil and, to a lesser extent, an aerospace business and our minority-owned packaging investments in the PRC and, prior to 2003, in Thailand. Earnings were $11.3 million in 2003, $9.3 million in 2002 and $4 million in 2001. The higher earnings in 2003 compared to 2002 were the result of improved earnings in our joint venture in Brazil, offset by lower earnings in our North American packaging joint ventures and our investment in Thailand no longer being accounted for under the equity method beginning in 2003. Our investment in Thailand was reduced from 40 percent to approximately 7 percent in the fourth quarter of 2002 as a result of a sale of a portion of the company' s shares, with minimal financial impact, and dilution by the investment from a new investor. Higher equity in the earnings of affiliates during 2002 compared to 2001 reflected improved earnings from all joint ventures.

**New Accounting Pronouncements**

For information regarding recent accounting pronouncements, see Note 1 to the consolidated financial statements.

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**Financial Condition, Liquidity and Capital Resources**

Cash flows from operating activities were $364 million in 2003 compared to $452.3 million in 2002 and $320.8 million in 2001. The lower amount generated in 2003 included $138.3 million for the payment in January 2003 of an accrued withholding tax obligation related to the acquisition of Ball Packaging Europe (discussed further below) which was funded by the seller at the time of closing by the inclusion of 131 million of additional cash.

Management internally uses a free cash flow measure: (1) to evaluate the company' s operating results, (2) for planning purposes, (3) to evaluate strategic investments and (4) to evaluate the company' s ability to incur and service debt. Free cash flow is not a defined term under U.S. generally accepted accounting principles and it should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The company defines free cash flow as cash flow from operating activities less additions to property, plant and equipment (capital spending). Free cash flow is typically derived directly from the company' s cash flow statements; however, it may be adjusted for items that affect comparability between periods. An example of such an item excluded in 2003 is the $138.3 million withholding tax payment liability assumed in the acquisition of Ball Packaging Europe in December 2002 (discussed above). We believe this is not a comparable free cash flow outflow of the company as it was funded by the seller.

Based on this, our consolidated free cash flow is summarized as follows:

| *($ in millions)* | 2003 | 2002 | 2001 |
|---|---|---|---|
| Cash flows from operating activities | $ 364.0 | $ 452.3 | $ 320.8 |
| Add back withholding tax payment related to the acquisition of Ball Packaging Europe | 138.3 | -- | -- |
| Capital spending | (137.2) | (158.4) | (68.5) |
| Free cash flow | $ 365.1 | $ 293.9 | $ 252.3 |

Free cash flow in 2003 was better than the forecasted range of $275 million to $300 million. Most of the unanticipated free cash flow came late in the fourth quarter as more customers took advantage of cash discounts for early payment of receivables, fixed asset spending levels were slightly lower than expected and strong year-end sales coupled with planned production curtailments significantly reduced inventory levels at the end of 2003. Receivables collections were also strong in the aerospace and technologies segment due in part to the efforts to collect payment on large invoices. Cash flow in 2003 also included higher earnings, lower accounts receivable and lower inventories but were offset by lower accounts payable. The increase in 2002 from 2001 includes the working capital effects of higher accrued employee incentive costs, higher taxes currently payable and higher year-end trade accounts payable. The cash outflow for the acquisition of Ball Packaging Europe in 2002 is net of acquired cash of approximately $145.4 million, which includes approximately 131 million for an accrued withholding tax obligation paid out in early January 2003.

Capital spending of $137.2 million in 2003 was well below depreciation and amortization expense of $205.5 million. Capital spending was lower than expected in 2003, due in part to the delay of projects in Europe in response to the mandatory deposit situation in Germany.

Based on information currently available, we estimate cash flows from operating activities for 2004 to be between $450 and $500 million, capital spending to be between $175 and $200 million and free cash flow to be between $275 and $300 million. The majority of the increase in capital spending in 2004 compared to 2003 is for the construction of a new beverage can manufacturing plant in Belgrade, Serbia.

Cash payments required for debt maturities, rental payments under noncancellable operating leases and purchasing obligations in effect at December 31, 2003, are summarized in the following table:

| ***($ in millions)*** | **Payments Due By Period** | | | | |
|---|---|---|---|---|---|
| | **Total** | **Less than 1 Year** | **1-3 Years** | **3-5 Years** | **More than 5 Years** |
| Long-term debt | $ 1,632.4 | $ 66.8 | $ 435.4 | $ 79.4 | $ 1,050.8 |

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| | | | | | |
|---|---|---|---|---|---|
| Capital lease obligations | 10.4 | 1.5 | 3.0 | 2.4 | 3.5 |
| Operating leases | 160.9 | 44.1 | 58.2 | 27.8 | 30.8 |
| Purchase obligations*(a)* | 5,474.7 | 1,719.7 | 2,708.3 | 1,018.7 | 28.0 |
| Total payments on contractual obligations | $ 7,278.4 | $ 1,832.1 | $ 3,204.9 | $ 1,128.3 | $ 1,113.1 |

*(a)* *The company's purchase obligations include contracted amounts for aluminum, steel, plastic resin and other direct materials. Also included are commitments for purchases of natural gas and electric usage, aerospace and technologies contracts and other less significant items. In cases where variable prices and/or usage are involved, management's best estimates have been used. Depending on the circumstances, early termination of the contracts may not result in penalties and, therefore, actual payments could vary significantly.*

Contributions to the company's defined benefit pension plans, not including the unfunded German plans, are expected to be between $35 million and $40 million in 2004. This estimate may change based on plan asset performance.

Interest-bearing debt at December 31, 2003, decreased $294.1 million to $1,686.9 million from $1,981 million at year-end 2002, and current liabilities, excluding current portion of debt, decreased by $188.4 million from the prior year. A portion of this debt reduction resulted in a $222.7 million reduction in cash and cash equivalents. The $294.1 million reduction in interest-bearing debt includes the net repayment of approximately $394 million of debt, partially offset by the non-cash translation exchange loss on the balance sheet due to the stronger euro and British pound. Cash at December 31, 2002, was unusually high due to cash included in the opening balance sheet of Ball Packaging Europe.

At December 31, 2003, approximately $404 million was available under the revolving credit facility portions of the multi-currency senior credit facilities. The company also had $179.6 million of short-term uncommitted credit facilities available at the end of the year, of which $39.3 million was outstanding.

During the fourth quarter of 2003, Ball repaid $160 million of the U.S. dollar denominated Term Loan B and 25 million of the euro denominated Term Loan B. At the time of the early repayment, the interest rate on the U.S. portion of the Term Loan B was reduced by 50 basis points. A pretax charge of $2.9 million ($1.9 million after tax) was recorded as interest expense during the fourth quarter of 2003, which represents the write off of the unamortized deferred financing costs associated with the repaid portion of the Term B loans. We anticipate that future cash flows will allow us to continue to pay down debt and reduce our overall borrowings.

On August 8, 2003, Ball refinanced its 8.25% Senior Subordinated Notes through the private placement of $250 million of its 6.875% Senior Notes due 2012 at a price of 102% of the principal amount. The 6.875% interest rate on the notes will be offset by the amortization over the life of the notes of the $5 million issue premium paid to Ball on the issuance of the notes, resulting in an effective yield to maturity of 6.58% for the new notes. In connection with the refinancing of the higher interest debt, in the third quarter of 2003, a pretax charge of $15.2 million ($9.9 million after tax) was recorded as interest expense, which consisted of the payment of a $10.3 million call premium and the write off of $4.9 million of unamortized deferred financing costs.

In 2003 the company exchanged the Senior Notes due 2012 for new notes that are substantially the same in all respects (including principal amount, interest rate, maturity, ranking and covenant restrictions) to the terms of the notes for which they were exchanged, except that the new notes are registered under the Securities Act of 1933, as amended, and therefore are not subject to certain restrictions on transfer which applied to the previous privately placed notes.

In connection with the acquisition of Ball Packaging Europe, we refinanced approximately $389 million of our existing debt and, as a result, recorded in 2002 a pretax charge of $5.2 million ($3.2 million after tax). This charge, which represented the write off of unamortized deferred financing costs, has been reported as a component of interest expense.

The company has a receivables sales agreement which provides for the ongoing, revolving sale of a designated pool of trade accounts receivable of Ball's North American packaging operations, up to $175 million. The agreement qualifies as off-balance sheet financing under the provisions of Statement of Financial Accounting Standards (SFAS) No. 140. Net funds received from the sale of the accounts receivable

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totaled $175 million and $122.5 million at December 31, 2003 and 2002, respectively, and are reflected as a reduction of accounts receivable in the consolidated balance sheets.

The company was not in default of any loan agreement at December 31, 2003, and has met all payment obligations. The U.S. note agreements, bank credit agreement and industrial development revenue bond agreements contain certain restrictions relating to dividends, investments, financial ratios, guarantees and the incurrence of additional indebtedness.

Additional details about the company' s receivables sales agreement and debt are available in Notes 5 and 10, respectively, accompanying the consolidated financial statements.

Annual cash dividends paid on common stock were 48 cents per share in 2003, 36 cents per share in 2002 and 30 cents per share in 2001. Ball increased its dividends for the third and fourth quarters of 2003 from nine to fifteen cents per share. This change resulted in $6.4 million of higher dividend payments in 2003 than in 2002.

**Financial Instruments and Risk Management**

In the ordinary course of business, we employ established risk management policies and procedures to reduce our exposure to commodity price changes, changes in interest rates, fluctuations in foreign currencies and fluctuations in prices of the company' s common stock in regard to common share repurchases. Although the instruments utilized involve varying degrees of credit and interest risk, the counter parties to the agreements are financial institutions, which are expected to perform fully under the terms of the agreements.

We have estimated our market risk exposure using sensitivity analysis. Market risk exposure has been defined as the changes in fair value of a derivative instrument assuming a hypothetical 10 percent adverse change in market prices or rates. The results of the sensitivity analysis are summarized below. Actual changes in market prices or rates may differ from hypothetical changes.

*Commodity Price Risk*

We manage our commodity price risk in connection with market price fluctuations of aluminum primarily by entering into can and end sales contracts, which include aluminum-based pricing terms that consider price fluctuations under our commercial supply contracts for aluminum purchases. The terms include a fixed price or an upper limit to the aluminum component pricing. This matched pricing affects substantially all of our North American metal beverage packaging net sales. We also, at times, use certain derivative instruments such as option and forward contracts as cash flow hedges of commodity price risk that are matched to sales contract terms.

North American steel can sales contracts incorporate annually negotiated metal costs, and plastic container sales contracts include provisions to pass through resin cost changes. As a result, we believe we have minimal, if any, exposure related to changes in the costs of these commodities.

In Europe and Asia the company manages the aluminum and steel raw material commodity price risks through annual contracts for the purchase of the materials, as well as the sale of cans and ends, that reduce the company' s exposure to fluctuations in commodity prices within the current year. These purchase and sales contracts include fixed price, floating and pass through pricing arrangements. The company additionally uses forward and option contracts as cash flow hedges to manage future aluminum price risk and foreign exchange exposures to those sales contracts where there is not a pass through arrangement to minimize the company' s exposure to significant price changes.

Considering the effects of derivative instruments, the market' s ability to accept price increases and the company' s commodity price exposures to aluminum, a hypothetical 10 percent adverse change in the company' s aluminum prices could have an estimated $9.3 million after-tax reduction of net earnings over a one-year period. Actual results may vary based on actual changes in market prices and rates.

The company is also exposed to fluctuations in prices for utilities such as natural gas and electricity. A hypothetical 10 percent increase in our utility prices could have an estimated $4 million after-tax reduction of net earnings over a one-year period. Actual results may vary based on actual changes in market prices and rates.

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*Interest Rate Risk*

Our objective in managing exposure to interest rate changes is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we use a variety of interest rate swaps to manage our mix of floating and fixed-rate debt. Interest rate instruments held by the company at December 31, 2003 and 2002, included pay-floating and pay-fixed interest rate swaps. Pay-fixed swaps effectively convert variable rate obligations to fixed rate instruments. Pay-floating swaps effectively convert fixed-rate obligations to variable rate instruments. Swap agreements expire at various times up to three years.

Based on our interest rate exposure at December 31, 2003, assumed floating rate debt levels throughout 2004 and the effects of derivative instruments, a 100 basis point increase in interest rates could have an estimated $5.2 million after-tax reduction of net earnings over a one-year period. Actual results may vary based on actual changes in market prices and rates and the timing of these changes.

*Foreign Currency Exchange Rate Risk*

Our objective in managing exposure to foreign currency fluctuations is to protect foreign cash flows and earnings associated with foreign exchange rate changes through the use of cash flow hedges. In addition, we manage foreign earnings translation volatility through the use of foreign currency options. Our foreign currency translation risk results from the European euro, British pound, Canadian dollar, Polish zloty and Chinese renminbi. We face currency exposures in our global operations as a result of purchasing raw materials in U.S. dollars. Sales contracts are negotiated with customers to reflect cost changes and, where there is not a foreign exchange pass-through arrangement, the company uses forward and option contracts to manage foreign currency exposures.

Considering the company' s derivative financial instruments outstanding at December 31, 2003, and the currency exposures, a hypothetical 10 percent reduction in foreign currency exchange rates compared to the U.S. dollar could have an estimated $13.4 million after-tax reduction of net earnings over a one-year period if the company is unable to pass along these increases to its customers. Actual changes in market prices or rates may differ from hypothetical changes.

*Common Share Repurchases*

In connection with the company' s ongoing share repurchases, the company sells put options which give the purchasers of those options the right to sell shares of the company' s common stock to the company on specified dates at specified prices upon the exercise of those options. Our objective in selling put options is to lower the average purchase price of acquired shares. The put option contracts allow us to determine the method of settlement, either in cash or shares. As such, prior to the adoption of SFAS No. 150 during the second quarter of 2003, the contracts were considered equity instruments and changes in the fair value were not recognized in our financial statements. Since the adoption of this accounting standard, which is required on a prospective basis, changes in the fair value are recognized in our net earnings. The impact on the 2003 consolidated financial statements since the adoption of SFAS No. 150 was not significant. There were no put option contracts outstanding at December 31, 2003. At December 31, 2002, there were put option contracts outstanding for 100,000 shares at an average price of $46.50 per share, all of which expired without value during 2003. During 2002 we received $0.7 million in premiums for option contracts, which were recorded as a reduction in treasury stock.

In 2001 we entered into a forward share repurchase agreement to purchase shares of the company' s common stock. Under this agreement, we purchased 736,800 shares in January 2002 an average price of $33.58 per share; 313,400 shares in April 2002 at an average price of $38.95 per share; 195,600 shares in July 2002 at an average price of $45.49 per share and 189,900 shares in December 2002 at an average price of $45.67 per share.

**Contingencies**

The company is subject to various risks and uncertainties in the ordinary course of business due, in part, to the competitive nature of the industries in which we participate, our operations in developing markets outside the U.S., changing commodity prices for the materials used in the manufacture of our products and changing capital markets. Where practicable, we attempt to reduce these risks and uncertainties through

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the establishment of risk management policies and procedures, including, at times, the use of derivative financial instruments as explained above.

From time to time, the company is subject to routine litigation incident to its business. Additionally, the U.S. Environmental Protection Agency has designated Ball as a potentially responsible party, along with numerous other companies, for the cleanup of several hazardous waste sites. Our information at this time does not indicate that these matters will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future events could affect these estimates. See Note 1 to the consolidated financial statements for a summary of the company' s critical and significant accounting policies.

The U.S. economy and the company have experienced minor general inflation during the past several years. Management believes that evaluation of Ball' s performance during the periods covered by these consolidated financial statements should be based upon historical financial statements.

**Forward-Looking Statements**

The company has made or implied certain forward-looking statements in this annual report which are made as of the end of the period covered by this report. These forward-looking statements represent the company' s goals and could vary materially from those expressed or implied. From time-to-time we also provide oral or written forward-looking statements in other materials we release to the public. As time passes, the relevance and accuracy of forward-looking statements may change. Some factors that could cause the company' s actual results or outcomes to differ materially from those discussed in the forward-looking statements include, but are not limited to: fluctuation in customer and consumer growth and demand, particularly during the months when the demand for metal beverage cans is heaviest; product introductions; insufficient production capacity; overcapacity in foreign and domestic metal and plastic container industry production facilities and its impact on pricing and financial results; lack of productivity improvement or production cost reductions; the weather; fruit, vegetable and fishing yields; power and natural resource costs; difficulty in obtaining supplies and energy, such as gas and electric power; shortages in and pricing of raw materials, particularly resin, steel and aluminum and the ability or inability to include or pass on to customers changes in raw material costs; changes in the pricing of the company' s products and services; competition in pricing and the possible decrease in, or loss of, sales resulting therefrom; loss of profitability and plant closures; insufficient or reduced cash flow; transportation costs; the number and timing of the purchases of the company' s common shares; the ability to obtain adequate credit resources for foreseeable financing requirements of the company' s businesses and to satisfy the resulting credit obligations; regulatory action or federal and state legislation including mandated corporate governance and financial reporting laws; the German mandatory deposit or other restrictive packaging legislation such as recycling laws; environmental and workplace safety regulations; increases in interest rates, particularly on floating rate debt of the company; labor strikes; increases and trends in various employee benefits and labor costs, including pension, medical and health care costs incurred in the countries in which Ball has operations; rates of return projected and earned on assets and discount rates used to measure future obligations and expenses of the company' s defined benefit retirement plans; boycotts; litigation; antitrust, intellectual property, consumer and other issues; maintenance and capital expenditures; goodwill or other intangible asset impairment; the effect of LIFO accounting on earnings; changes in U.S. generally accepted accounting principles or their interpretation; local economic conditions; the authorization, funding and availability of contracts for the aerospace and technologies segment and the nature and continuation of those contracts and related services provided thereunder; technical uncertainty and schedule of performance associated with such segment contracts; the ability to invoice and collect accounts receivable related to such segment contracts in the ordinary course of business; pricing and ability or inability to sell scrap associated with the production of metal and plastic containers; international business and market risks (including foreign exchange rates and tax rates) in the United States, Europe and particularly in developing countries such as China and Brazil; foreign exchange rates of the U.S. dollar, European euro, British pound, Polish zloty, Hong Kong dollar, Canadian dollar, Chinese renminbi and Brazilian real; terrorist activity or war that disrupts the company' s production, supply, or pricing of the company' s good and services, including raw materials and energy costs, and/or disrupts the ability of the company to obtain adequate credit resources for the foreseeable financing requirements of the company' s businesses; and successful or unsuccessful acquisitions, joint ventures or divestitures and the integration activities associated therewith, including the integration and operation of Ball Packaging Europe. If the company is unable to achieve its goals, then the company' s actual

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performance could vary materially from those goals expressed or implied in the forward-looking statements. The company currently does not intend to publicly update forward-looking statements except as it deems necessary at quarterly or annual earnings reports. You are advised, however, to consult any further disclosures we make on related subjects in our 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission.

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**Report of Management on Financial Statements**

The consolidated financial statements contained in this annual report to shareholders are the responsibility of management. These financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, necessarily, include certain amounts based on management' s informed judgments and estimates. Future events could affect these judgments and estimates.

In fulfilling its responsibility for the integrity of financial information, management maintains and relies upon a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded from unauthorized use or disposition, that transactions are executed in accordance with management' s authorization and that transactions are properly recorded to permit the preparation of reliable financial statements in all material respects. To assure the continuing effectiveness of the system of internal controls and to maintain a climate in which such controls can be effective, management establishes and communicates appropriate written policies and procedures; selects, trains and develops qualified personnel; maintains an organizational structure that provides defined lines of responsibility, appropriate delegation of authority and segregation of duties; and maintains an ongoing program of internal audits with appropriate management follow-up. Company policies concerning use of corporate assets and conflicts of interest, which require employees to maintain the highest ethical and legal standards in their conduct of the company' s business, are important elements of the internal control system.

The board of directors oversees management' s administration of company reporting practices, internal controls and the preparation of the consolidated financial statements with the assistance of its audit committee, which is subject to regulation by the Securities and Exchange Commission and the New York Stock Exchange (the Exchange). The board of directors has adopted an audit committee charter that governs the work of the audit committee and is structured to meet the requirements of the Exchange.

*R. David Hoover*
*Chairman, president and chief executive officer*

*Raymond J. Seabrook*
*Senior vice president and chief financial officer*

**Report of Independent Accountants**

To the Board of Directors and Shareholders
Ball Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of earnings, of cash flows and of shareholders' equity and comprehensive earnings present fairly, in all material respects, the financial position of Ball Corporation and its subsidiaries at December 31, 2003, and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the company' s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 13 to the consolidated financial statements, the Company changed the measurement date for determining the fair value of pension plan assets and plan obligations in 2002 from September 30 to December 31.

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PricewaterhouseCoopers LLP
Denver, Colorado
February 23, 2004

## Consolidated Statements of Earnings

Ball Corporation and Subsidiaries

| *($ in millions, except per share amounts)* | Years ended December 31, 2003 | 2002 | 2001 |
|---|---|---|---|
| **Net sales** | **$ 4,977.0** | **$ 3,858.9** | **$ 3,686.1** |
| Costs and expenses | | | |
| Cost of sales (excluding depreciation and amortization) | 4,092.8 | 3,230.4 | 3,142.2 |
| Depreciation and amortization (Notes 7, 8 and 9) | 205.5 | 149.2 | 152.5 |
| Business consolidation (gains) costs (Note 4) | (3.7) | (2.3) | 271.2 |
| Selling and administrative | 221.6 | 170.6 | 145.6 |
| | 4,516.2 | 3,547.9 | 3,711.5 |
| **Earnings (loss) before interest and taxes** | **460.8** | **311.0** | **(25.4)** |
| Interest expense (Note 10) | | | |
| Interest expense before debt refinancing costs | 125.9 | 75.6 | 88.3 |
| Debt refinancing costs | 15.2 | 5.2 | -- |
| Total interest expense | 141.1 | 80.8 | 88.3 |
| Earnings (loss) before taxes | 319.7 | 230.2 | (113.7) |
| Tax provision (Note 12) | (100.1) | (81.9) | 9.7 |
| Minority interests | (1.0) | (1.5) | 0.8 |
| Equity in results of affiliates | 11.3 | 9.3 | 4.0 |
| Net earnings (loss) | 229.9 | 156.1 | (99.2) |
| Preferred dividends, net of tax | -- | -- | (2.0) |
| **Earnings (loss) attributable to common shareholders** | **$ 229.9** | **$ 156.1** | **$ (101.2)** |
| **Earnings (loss) per share (Notes 14 and 15):** | | | |
| Basic | $ 4.12 | $ 2.77 | $ (1.85)*(a)(b)* |
| Diluted | $ 4.02 | $ 2.71 | $ (1.85)*(a)(b)* |
| **Weighted average common shares outstanding (000s):** | | | |
| Basic | 55,855 | 56,317 | 54,880*(b)* |
| Diluted | 57,137 | 57,538 | 54,880*(b)* |
| **Cash dividends declared and paid, per common share** | $ 0.48 | $ 0.36 | $ 0.30*(a)* |

*(a) Per share amounts have been retroactively restated for the two-for-one stock split discussed in Note 14.*

*(b) The diluted loss per share and diluted weighted average common shares outstanding are the same as the basic measures because the assumed exercise of stock options and conversion of Ball' s employee stock ownership plan preferred stock would have been antidilutive.*

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

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**Consolidated Balance Sheets**

Ball Corporation and Subsidiaries

| *($ in millions)* | December 31, | |
|---|---|---|
| | 2003 | 2002 |
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 36.5 | $ 259.2 |
| Receivables, net (Note 5) | 250.1 | 345.9 |
| Inventories, net (Note 6) | 546.2 | 552.5 |
| Deferred taxes and prepaid expenses (Note 12) | 90.7 | 66.9 |
| Total current assets | 923.5 | 1,224.5 |
| Property, plant and equipment, net (Note 7) | 1,471.1 | 1,445.9 |
| Goodwill (Notes 3, 4 and 8) | 1,336.9 | 1,148.1 |
| Other assets (Notes 3, 4 and 9) | 338.1 | 313.9 |
| **Total Assets** | $ 4,069.6 | $ 4,132.4 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities | | |
| Short-term debt and current portion of long-term debt (Note 10) | $ 107.6 | $ 127.0 |
| Accounts payable | 349.7 | 439.6 |
| Accrued employee costs | 180.6 | 147.1 |
| Income taxes payable | 75.0 | 54.1 |
| Other current liabilities | 148.2 | 301.1 |
| Total current liabilities | 861.1 | 1,068.9 |
| Long-term debt (Note 10) | 1,579.3 | 1,854.0 |
| Employee benefit obligations (Note 13) | 701.7 | 646.5 |
| Deferred taxes and other liabilities (Note 12) | 113.5 | 64.5 |
| Total liabilities | 3,255.6 | 3,633.9 |
| Contingencies (Note 19) | | |
| Minority interests | 6.2 | 5.6 |
| Shareholders' Equity (Note 14) | | |
| Common stock (77,942,355 shares issued - 2003; 77,200,656 shares issued - 2002) | 567.3 | 530.8 |
| Retained earnings | 748.8 | 545.7 |
| Accumulated other comprehensive loss | (1.4) | (138.3) |
| Treasury stock, at cost (21,553,003 shares - 2003; 20,455,296 shares - 2002) | (506.9) | (445.3) |
| Total shareholders' equity | 807.8 | 492.9 |
| **Total Liabilities and Shareholders' Equity** | $ 4,069.6 | $ 4,132.4 |

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

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**Consolidated Statements of Cash Flows**

Ball Corporation and Subsidiaries

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| *($ in millions)* | Years ended December 31, | | |
|---|---|---|---|
| | 2003 | 2002 | 2001 |
| **Cash Flows from Operating Activities** | | | |
| Net earnings (loss) | $ 229.9 | $ 156.1 | $ (99.2) |
| Noncash charges to net earnings: | | | |
| Depreciation and amortization | 205.5 | 149.2 | 152.5 |
| Business consolidation (gains) costs and other, net of related equity and minority interest effects | (3.3) | 2.1 | 268.7 |
| Deferred taxes | 17.8 | 25.6 | 2.5 |
| Contributions to defined benefit plans | (34.1) | (56.4) | (57.8) |
| Other, net | 29.2 | 13.1 | 11.2 |
| Debt refinancing costs: | | | |
| Debt prepayment costs | 10.3 | -- | -- |
| Noncash write off of unamortized deferred financing costs | 4.9 | 5.2 | -- |
| Noncash write off of unamortized deferred financing costs related to early payments of term loans | 2.9 | -- | -- |
| Working capital changes, excluding effects of acquisitions: | | | |
| Withholding tax payment related to European acquisition (Note 3) | (138.3) | -- | -- |
| Receivables | 55.6 | 35.2 | 33.9 |
| Inventories | 38.5 | 12.4 | 155.8 |
| Accounts payable | (112.6) | 37.8 | (71.8) |
| Accrued salaries and wages | 32.8 | 37.9 | (37.9) |
| Income taxes payable | 46.1 | 40.2 | (12.1) |
| Other, net | (21.2) | (6.1) | (25.0) |
| Cash provided by operating activities | 364.0 | 452.3 | 320.8 |
| **Cash Flows from Investing Activities** | | | |
| Additions to property, plant and equipment | (137.2) | (158.4) | (68.5) |
| Business acquisitions, net of cash acquired (Note 3) | (28.0) | (813.8) | (27.4) |
| Ball Packaging Europe purchase price adjustments (Note 3) | 39.8 | -- | -- |
| Acquisitions of previously leased assets | -- | (43.1) | (50.5) |
| Incentive loan receipts and other, net | 1.6 | (5.9) | 23.5 |
| Cash used in investing activities | (123.8) | (1,021.2) | (122.9) |
| **Cash Flows from Financing Activities** | | | |
| Long-term borrowings | 5.3 | 1,300.5 | -- |
| Repayments of long-term borrowings | (367.4) | (440.4) | (52.0) |
| Change in short-term borrowings | (31.6) | (1.3) | (10.3) |
| Debt prepayment costs | (10.3) | -- | -- |
| Debt issuance costs | (5.2) | (28.1) | -- |
| Common and preferred dividends | (26.8) | (20.4) | (20.4) |
| Proceeds from issuance of common stock under various employee and shareholder plans | 35.5 | 35.0 | 32.1 |
| Acquisitions of treasury stock | (63.4) | (104.1) | (85.9) |
| Other, net | -- | 0.2 | (3.9) |
| Cash provided by (used in) financing activities | (463.9) | 741.4 | (140.4) |
| Effect of exchange rate changes on cash | 1.0 | 3.6 | -- |
| **Net Change in Cash and Cash Equivalents** | (222.7) | 176.1 | 57.5 |
| Cash and Cash Equivalents - Beginning of Year | 259.2 | 83.1 | 25.6 |
| **Cash and Cash Equivalents - End of Year** | $ 36.5 | $ 259.2 | $ 83.1 |

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

**Consolidated Statements of Shareholders' Equity and Comprehensive Earnings**

Ball Corporation and Subsidiaries

| | Number of Shares (in thousands) | | | Years ended December 31, ($ in millions) | | |
|---|---|---|---|---|---|---|
| | 2003 | 2002 | 2001 | 2003 | 2002 | 2001 |
| **Series B ESOP Convertible Preferred Stock** | | | | | | |
| Balance, beginning of year | -- | -- | 1,454 | $ -- | $ -- | $ 53.4 |
| Shares converted or retired | -- | -- | (1,454) | -- | -- | (53.4) |
| Balance, end of year | -- | -- | -- | $ -- | $ -- | $ -- |
| **Unearned Compensation - ESOP** | | | | | | |
| Balance, beginning of year | | | | $ -- | $ -- | $ (10.6) |
| Amortization | | | | -- | -- | 10.6 |
| Balance, end of year | | | | $ -- | $ -- | $ -- |
| **Common Stock *(a)*** | | | | | | |
| Balance, beginning of year | 77,201 | 75,708 | 73,546 | $ 530.8 | $ 478.9 | $ 443.9 |
| Shares issued for stock options and other employee and shareholder stock plans less shares exchanged | 741 | 1,493 | 2,162 | 28.8 | 35.6 | 35.0 |
| Tax benefit from option exercises | -- | -- | -- | 7.7 | 16.3 | -- |
| Balance, end of year | 77,942 | 77,201 | 75,708 | $ 567.3 | $ 530.8 | $ 478.9 |
| **Retained Earnings** | | | | | | |
| Balance, beginning of year | | | | $ 545.7 | $ 410.0 | $ 529.3 |
| Net earnings (loss) | | | | 229.9 | 156.1 | (99.2) |
| Common dividends | | | | (26.8) | (20.4) | (16.5) |
| Preferred dividends, net of tax | | | | -- | -- | (2.0) |
| ESOP/treasury stock conversion | | | | -- | -- | (1.6) |
| Balance, end of year | | | | $ 748.8 | $ 545.7 | $ 410.0 |
| **Treasury Stock *(a)*** | | | | | | |
| Balance, beginning of year | (20,455) | (17,890) | (17,448) | $(445.3) | $(341.1) | $(303.9) |
| Shares reacquired, net of reissues | (1,098) | (2,565) | (3,566) | (61.6) | (104.2) | (85.9) |
| ESOP/treasury stock conversion | -- | -- | 3,124 | -- | -- | 48.7 |
| Balance, end of year | (21,553) | (20,455) | (17,890) | $(506.9) | $(445.3) | $(341.1) |

*(a) Share amounts in 2001 have been retroactively restated for the two-for-one stock split discussed in Note 14.*

| *($ in millions)* | Years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2003 | | 2002 | | 2001 | |
| | Comprehensive Earnings | Accumulated Other Comprehensive Loss | Comprehensive Earnings | Accumulated Other Comprehensive Loss | Comprehensive Loss | Accumulated Other Comprehensive Loss |
| **Comprehensive Earnings (Loss)** | | | | | | |

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| | | | | | | |
|---|---|---|---|---|---|---|
| Balance, beginning of year | | $(138.3) | | $(43.7) | | $(29.7) |
| Net earnings (loss) | $229.9 | | $156.1 | | $(99.2) | |
| Foreign currency translation adjustment | 103.6 | | 7.0 | | (2.1) | |
| Minimum pension liability adjustment, net of tax | 11.8 | | (99.2) | | (3.8) | |
| Effective financial derivatives (Note 16) | 21.5 | | (2.4) | | (8.1) | |
| Other comprehensive earnings (loss) | 136.9 | 136.9 | (94.6) | (94.6) | (14.0) | (14.0) |
| Comprehensive earnings (loss) | $366.8 | | $ 61.5 | | $(113.2) | |
| Balance, end of year | | $ (1.4) | | $(138.3) | | $(43.7) |

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

**Notes to Consolidated Financial Statements**

Ball Corporation and Subsidiaries

## 1. Significant and Critical Accounting Policies

In the application of U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingencies and reported amounts of revenues and expenses. These estimates are based on historical experience and various other assumptions believed to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

### Critical Accounting Policies

The company considers certain accounting policies to be critical as they are most important to the depiction of the company' s financial condition and results of operations, and their application requires management' s most subjective judgment in making estimates about the effect of matters that are inherently uncertain. Following is a discussion of the accounting policies we consider critical to our financial statements.

*Revenue Recognition in the Aerospace and Technologies Segment*

Sales under long-term contracts in the aerospace and technologies segment are recognized under the cost-to-cost, percentage-of-completion method. This segment records sales using two types of long-term sales contracts - cost-plus sales contracts, which typically represent approximately two-thirds of our contracts, and fixed price sales contracts, which typically represent one-third of our contracts. A cost-plus sales contract is an agreement to perform the contract for cost plus an agreed upon profit component, whereas a fixed price sales contract is an agreement to complete the contract for a fixed price. Cost-plus sales contracts can have different types of fee arrangements, including fixed fee, cost, schedule and performance incentive fees, award fees or a combination thereof.

During initial periods of sales contract performance, our estimates of base, incentive and other fees are set at or near the lowest probable level of profit. Throughout the period of contract performance, we regularly reevaluate and, if necessary, revise our estimates of total contract revenue, total contract cost and extent of progress toward completion. Provision for estimated contract losses, if any, is made in the period that

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such losses are determined to be probable. Our history indicates that the final adjustments made upon completion of our sales contracts have generally resulted in gains. Because of sales contract payment schedules, limitations on funding and contract terms, our sales and accounts receivable generally include amounts that have been earned but not yet billed. As a prime U.S. government contractor or subcontractor, the aerospace and technologies segment is subject to a high degree of regulation, financial review and oversight by the U.S. government.

*Defined Benefit Pension Plans and Other Employee Benefits*

The company has defined benefit plans that cover the majority of its employees, including those at Ball Packaging Europe, for which we assumed a portion of the assets and liabilities of the former Schmalbach-Lubeca GmbH Pension Plan when we acquired Ball Packaging Europe in December 2002. We also have postretirement plans that provide medical benefits and life insurance for retirees and eligible dependents. The accounting for these plans is subject to the guidance provided in Statement of Financial Accounting Standards (SFAS) No. 87, "Employers Accounting for Pensions," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions." Both of these statements require that management make certain assumptions relating to the long-term rate of return on plan assets, discount rates used to measure future obligations and expenses, salary scale inflation rates, health care cost trend rates and other assumptions. We believe that the accounting estimates related to our pension and postretirement plans are critical accounting estimates because they are highly susceptible to change from period to period based on the performance of plan assets, actuarial valuations, market conditions and contracted benefit changes. The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation. However, actual results may differ substantially from these assumptions.

Plan liabilities are revalued annually based on updated assumptions and information about the individuals covered by the plan. For pension plans, accumulated gains and losses in excess of a 10 percent corridor, the prior service cost and the transition asset are amortized on a straight-line basis from the date recognized over the average remaining service period of active participants. For other postemployment benefits, the 10 percent corridor is not used.

In addition to defined benefit and postretirement plans, the company maintains reserves for employee medical claims, up to our insurance stop-loss limit, and workers' compensation claims. These are regularly evaluated and revised, as needed, based on a variety of information including historical experience, third party actuarial estimates and current employee statistics.

*Goodwill and Other Intangible Asset Valuation*

We evaluate the carrying value of goodwill and other indefinite-lived intangible assets annually, and we evaluate our other intangible assets whenever there is evidence that certain events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant judgments and assumptions are required in the evaluation of intangible assets for impairment, most significantly the estimated future cash flows to be generated by these assets. Changes in these estimates could have a material adverse effect on the assessment of our goodwill and other intangible assets, thereby requiring us to write down the assets.

*Taxes on Income*

Deferred income taxes reflect the future tax consequences of differences between the tax bases of assets and liabilities and their financial reporting amounts at each balance sheet date, based upon enacted income tax laws and tax rates. Income tax expense or benefit is provided based on earnings reported in the financial statements. The provision for income tax expense or benefit differs from the amounts of income taxes currently payable because certain items of income and expense included in the consolidated financial statements are recognized in different time periods by taxing authorities. Deferred tax assets and operating loss, capital loss and tax credit carryforwards are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that any portion of these tax attributes will not be realized.

*Business Consolidation Costs*

The company estimates its liabilities for business consolidation activities, which are approved by senior management, by accumulating detailed estimates of costs and asset sales proceeds, if any, for each business consolidation initiative. This includes the estimated costs of employee severance and related benefits, impairment of property and equipment and other assets, including estimates of realizable value, contract termination payments for leases, contractual obligations, and any other qualifying costs related to the exit plan. These estimated costs are grouped by specific projects within the overall exit plan and are then monitored on a monthly basis. Such disclosures represent

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management' s best estimates, but require assumptions about the plans that may change over time. Changes in estimates for individual locations are evaluated periodically to determine if a change in estimate is required for the overall restructuring plan. Subsequent changes to the original estimates are included in current period earnings and identified as business consolidation gains or losses.

**Significant Accounting Policies**

*Principles of Consolidation and Basis of Presentation*

The consolidated financial statements include the accounts of Ball Corporation and its controlled subsidiaries (collectively, Ball, the company, we or our). Investments in 20 percent through 50 percent-owned affiliates are accounted for by the equity method where Ball does not control, but exercises significant influence over, operating and financial affairs. Otherwise, investments are included at cost. Significant intercompany transactions are eliminated. The results of subsidiaries and equity affiliates in Asia are reflected in the consolidated financial statements on a one-month lag.

*Reclassifications*

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

*Foreign Currency Translation*

Assets and liabilities of foreign operations, where the local currency is the functional currency, are translated using period-end exchange rates, and revenues and expenses are translated using average exchange rates during each period. Translation gains and losses are reported in accumulated other comprehensive loss as a component of shareholders' equity.

*Revenue Recognition in the Packaging Segments*

Sales of products in the packaging segments are recognized when delivery has occurred and title has transferred, there is persuasive evidence of an agreement or arrangement, the price is fixed and determinable, and collection is reasonably assured.

*Cash Equivalents*

Cash equivalents have original maturities of three months or less.

*Derivative Financial Instruments*

The company uses derivative financial instruments for the purpose of hedging exposures to fluctuations in interest rates, foreign currency exchange rates, raw materials purchasing and common share repurchases. The company' s derivative instruments are recorded in the consolidated balance sheet at fair value. For a derivative designated as a fair value hedge of a recognized asset or liability, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. For a derivative designated as a cash flow hedge, the effective portion of the derivative' s gain or loss is initially reported as a component of accumulated other comprehensive loss and subsequently reclassified into earnings when the forecasted transaction affects earnings. The ineffective portion of the gain or loss associated with a cash flow hedge is reported in earnings immediately.

Realized gains and losses from hedges are classified in the income statement consistent with the accounting treatment of the item being hedged. Gains and losses upon the early termination of effective derivative contracts are deferred in accumulated other comprehensive loss and amortized to earnings in the same period as the originally hedged items affect earnings.

*Inventories*

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Inventories are stated at the lower of cost or market. The cost of the aluminum component of U.S. metal beverage container inventories and substantially all inventories within the U.S. metal food container business is determined using the last-in, first-out (LIFO) method of accounting. The cost of remaining inventories is determined using the first-in, first-out (FIFO) method or acquisition cost.

*Depreciation and Amortization*

Depreciation and amortization is provided using the straight-line method in amounts sufficient to amortize the cost of the assets over their estimated useful lives (buildings and improvements – 15 to 40 years; machinery and equipment – 5 to 15 years; other intangible assets – approximately 6.5 years, weighted average). Through the end of 2001, goodwill was amortized using the straight-line method over 40 years. However, in accordance with SFAS No. 142 (discussed further in the "New Accounting Pronouncements" section) beginning on January 1, 2002, goodwill is no longer amortized. See Note 8 for a table summarizing pro forma net earnings and the per share impact if goodwill had not been amortized in 2001. The company evaluates long-lived assets, including goodwill and other intangible assets, in accordance with the guidelines of SFAS No. 142 and SFAS No. 144 (discussed further in the "New Accounting Pronouncements" section).

Deferred financing costs are amortized over the terms of the related facilities and the associated expense is reported as part of interest expense. When debt is repaid prior to its maturity date, the write off of the remaining unamortized deferred financing costs is also reported as interest expense.

*Environmental Reserves*

We estimate the liability related to environmental matters based on, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. We record our best estimate of a loss when the loss is considered probable. As additional information becomes available, we assess the potential liability related to our pending matters and revise our estimates.

*Employee Stock Ownership Plan*

On December 14, 2001, Ball's Employee Stock Ownership Plan (ESOP) trust paid the remaining balance of the ESOP loan. At that time, the company discontinued matching the ESOP participants' contributions to the 401(k). All of the preferred shares were converted into the company's common shares and distributed to the participants. Prior to that date, the cost of the ESOP was recorded using the shares allocated transitional method under which the annual pretax cost of the ESOP, including preferred dividends, approximated program funding. Compensation and interest components of ESOP cost were included in net earnings and preferred dividends, net of related tax benefits, were shown as a reduction from net earnings.

*Earnings Per Share*

Basic earnings per share are computed by dividing the net earnings attributable to common shareholders by the weighted average number of common shares outstanding for the period. Shares converted under the ESOP plan are included after December 14, 2001. Diluted earnings per share reflect the potential dilution that could occur if outstanding dilutive stock options were exercised, and prior to final repayment of the ESOP loan by the trust, also included the assumed conversion of the Series B ESOP Convertible Preferred Stock into additional outstanding common shares as well as the related earnings adjustment.

*Stock-Based Compensation*

Ball has a variety of restricted stock and stock option plans. With the exception of the company's deposit share program, which is accounted for as a variable plan and is discussed in Note 14, the compensation cost associated with restricted stock grants is calculated using the fair value at the date of grant and amortized over the restriction period. Expense related to stock options is calculated using the intrinsic value method under the guidelines of Accounting Principles Board (APB) Opinion No. 25, and is therefore not included in the consolidated statements of earnings. Ball's earnings as reported include after-tax stock-based compensation of $7.6 million, $4.2 million and $2.4 million for the years ended December 31, 2003, 2002 and 2001, respectively. If the fair value based method had been used, after-tax stock-based compensation would have been $8.8 million in 2003, $8 million in 2002 and $6 million in 2001, and diluted earnings per share would have been lower by $0.02, $0.07 and $0.07 for the same three periods, respectively. Further details regarding the expense calculated under the fair value based method are provided in Note 14.

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**New Accounting Pronouncements**

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) was signed into law. The Act expanded Medicare to include, for the first time, coverage for prescription drugs. Ball expects that this legislation may eventually reduce the company' s costs for its retiree medical programs. As permitted in Financial Accounting Standards Board (FASB) Staff Position FAS 106-1, Ball has elected to defer financial recognition of this legislation until the FASB issues final accounting guidance and various governmental and regulatory agencies provide the requirements that must be met to obtain these cost reductions, as well as the manner in which such savings should be measured. Final guidance could require the retroactive restatement of previously reported information.

In December 2003 the FASB issued a revision of SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits". This statement, which replaces the original SFAS No. 132, retains the original disclosures contained in the original pronouncement while requiring additional disclosures about plan assets, investment strategy, measurement date, plan obligations, cash flows and components of net periodic benefit cost recognized during interim periods. The statement is effective for Ball as of year-end 2003 and the new disclosures have been included in Note 13.

In May 2003 the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." This statement requires that certain financial instruments previously classified as equity be classified as liabilities or, in some cases, as assets. Prior to adoption of the standard during the second quarter of 2003, Ball accounted for premiums received on written put option contracts on its common shares as a reduction of equity because the company had the option to settle in either shares or cash. Upon adoption of this standard, which was done on a prospective basis, we now account for these premiums in the overall determination of fair market value of such contracts. The adoption of SFAS No. 150 did not have a significant effect on Ball' s consolidated financial statements in 2003.

In April 2003 the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement amends and clarifies financial accounting and reporting for derivative instruments and for hedging activities under SFAS No. 133. In general the statement was effective for Ball on a prospective basis for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after that date. Adopting this standard had no effect on Ball' s 2003 financial statements.

In January 2003 the FASB issued Interpretation No. (FIN) 46, "Consolidation of Variable Interest Entities," which it revised in December 2003. FIN 46 and the revision address the consolidation of entities if they possess certain characteristics. The adoption of this standard, which was effective for Ball in 2003, did not have a significant impact on Ball' s 2003 financial statements.

In December 2002 the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an Amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition the statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. This statement became effective for Ball at the end of 2002. The company is not adopting the voluntary accounting changes of SFAS No. 123. See Note 14 for the required disclosures under SFAS Nos. 123 and 148.

In May 2002 the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, amendment of FASB Statement No. 13, and Technical Corrections as of April 2002." This statement affects Ball primarily in its rescission of SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," which required all such gains and losses be reported as extraordinary items. Under SFAS No. 145, these items are to be reported as extraordinary items only if they meet the requirements established under APB Opinion No. 30. This statement became effective for Ball on January 1, 2003, and requires that amounts previously reported as extraordinary items be reevaluated in accordance with APB No. 30 and reclassified as appropriate. In its 2002 annual report, Ball originally reported a $3.2 million after-tax charge for early debt extinguishment as an extraordinary item. This charge has been reclassified for comparative purposes under the guidelines of SFAS No. 145 to reflect $5.2 million more interest expense and a $2 million lower provision for income taxes in the fourth quarter of 2002 than was previously reported.

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The FASB issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires that the purchase method be used for business combinations. Its provisions became effective for acquisitions after June 30, 2001. SFAS No. 142 establishes accounting guidelines for intangible assets acquired outside of a business combination. It also addresses how goodwill and other intangible assets are to be accounted for after initial recognition in the financial statements. In general goodwill and certain intangible assets are no longer amortized but are tested periodically for impairment. Resulting write-downs, if any, are recognized in the statement of earnings. The adoption of this statement on January 1, 2002, did not result in any impairment charges.

## 2. Business Segment Information

Ball' s operations are organized and reviewed by management along its product lines in three reportable segments – North American packaging, international packaging and aerospace and technologies. We have investments in all three segments that are accounted for under the equity method of accounting, and, accordingly, those results are not included in segment sales or earnings. The accounting policies of the segments are the same as those described in the summary of significant and critical accounting policies. See Notes 3 and 4 for information regarding transactions affecting segment results.

*North American Packaging*

North American packaging consists of operations in the U.S. and Canada, which manufacture metal and PET (polyethylene terephthalate) plastic containers, primarily for use in beverage and food packaging.

*International Packaging*

International packaging, with operations in several countries in Europe and the People' s Republic of China (PRC), includes the manufacture and sale of metal beverage container products in Europe and Asia, as well as plastic containers in Asia.

*Aerospace and Technologies*

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

*Major Customers*

Following is a summary of Ball' s major customers and their respective percentages of consolidated sales for the years ended December 31:

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| SABMiller plc | 12% | 15% | 16% |
| PepsiCo, Inc. and affiliates | 10% | 13% | 13% |
| All bottlers of Pepsi-Cola and Coca-Cola branded beverages | 29% | 32% | 31% |
| U.S. government agencies and their prime contractors | 10% | 12% | 10% |

Financial data segmented by geographic area are provided below.

### Summary of Net Sales by Geographic Area

***($ in millions)***

| | U.S. | Other *(a)* | Consolidated |
|---|---|---|---|
| **2003** | **$3,567.8** | **$1,409.2** | **$4,977.0** |
| 2002 | 3,473.2 | 385.7 | 3,858.9 |
| 2001 | 3,264.3 | 421.8 | 3,686.1 |

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**Summary of Long-Lived Assets*(b)* by Geographic Area**

***($ in millions)***

| | U.S. | Germany | Other *(c)* | Consolidated |
|---|---|---|---|---|
| **2003** | **$2,002.3** | **$1,207.6** | **$(63.8)** | **$3,146.1** |
| 2002 | 1,717.7 | 1,017.0 | 173.2 | 2,907.9 |
| 2001 | 1,351.9 | -- | 168.2 | 1,520.1 |

*(a)* *Includes the company's net sales in the PRC, Canada and certain European countries, none of which was significant, intercompany eliminations and other.*

*(b)* *Long-lived assets primarily consist of property, plant and equipment, goodwill and other intangible assets.*

*(c)* *Includes the company's long-lived assets in the PRC, Canada and certain European countries, none of which was significant, intercompany eliminations and other.*

**Summary of Business by Segment**

***($ in millions)***

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| **Net Sales** | | | |
| North America metal beverage | $ 2,292.2 | $ 2,254.8 | $ 2,186.3 |
| North America metal food | 646.2 | 625.5 | 625.3 |
| North America plastic containers | 376.0 | 355.2 | 292.7 |
| Total North American packaging | 3,314.4 | 3,235.5 | 3,104.3 |
| Europe metal beverage (Note 3) | 1,007.0 | 11.1 | -- |
| Asia metal beverage and plastic containers | 120.7 | 121.1 | 162.9 |
| Total international packaging | 1,127.7 | 132.2 | 162.9 |
| Aerospace and technologies | 534.9 | 491.2 | 418.9 |
| Consolidated net sales | $ 4,977.0 | $ 3,858.9 | $ 3,686.1 |
| **Consolidated Earnings** | | | |
| North American packaging *(a)* | $ 282.9 | $ 294.9 | $ 222.6 |
| International packaging *(a)* | 158.6 | 9.2 | (238.7) |
| Aerospace and technologies *(a)* | 49.5 | 38.9 | 17.7 |
| Segment earnings before interest and taxes | 491.0 | 343.0 | 1.6 |
| Corporate undistributed expenses | (30.2) | (32.0) | (27.0) |
| Earnings (loss) before interest and taxes | 460.8 | 311.0 | (25.4) |
| Interest expense | (141.1) | (80.8) | (88.3) |
| Tax provision | (100.1) | (81.9) | 9.7 |
| Minority interests | (1.0) | (1.5) | 0.8 |
| Equity in results of affiliates | 11.3 | 9.3 | 4.0 |
| Consolidated earnings (loss) | $ 229.9 | $ 156.1 | $ (99.2) |
| **Depreciation and Amortization** | | | |
| North American packaging | $ 127.5 | $ 124.9 | $ 124.6 |
| International packaging | 62.5 | 9.9 | 13.5 |
| Aerospace and technologies | 12.9 | 12.3 | 12.4 |
| Segment depreciation and amortization | 202.9 | 147.1 | 150.5 |

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| | | | |
|---|---|---|---|
| Corporate | 2.6 | 2.1 | 2.0 |
| Consolidated depreciation and amortization | $ 205.5 | $ 149.2 | $ 152.5 |
| **Total Assets** | | | |
| North American packaging | $2,165.7 | $2,023.0 | $1,666.6 |
| International packaging | 2,027.8 | 2,025.9 | 213.5 |
| Aerospace and technologies | 278.6 | 248.5 | 179.8 |
| Segment assets | 4,472.1 | 4,297.4 | 2,059.9 |
| Corporate assets net of eliminations | (402.5) | (165.0) | 253.7 |
| Consolidated assets | $4,069.6 | $4,132.4 | $2,313.6 |
| **Investments in Equity Affiliates** | | | |
| North American packaging | $ 5.8 | $ 5.2 | $ 0.2 |
| International packaging | 64.2 | 59.7 | 53.5 |
| Aerospace and technologies | 22.8 | 13.4 | 15.1 |
| Consolidated investments in equity affiliates | $ 92.8 | $ 78.3 | $ 68.8 |
| **Property, Plant and Equipment Additions** | | | |
| North American packaging | $ 90.7 | $ 126.5 | $ 50.4 |
| International packaging | 22.1 | 6.2 | 3.1 |
| Aerospace and technologies | 19.2 | 17.0 | 11.8 |
| Segment property, plant and equipment additions | 132.0 | 149.7 | 65.3 |
| Corporate | 5.2 | 8.7 | 3.2 |
| Consolidated property, plant and equipment additions | $ 137.2 | $ 158.4 | $ 68.5 |

*(a) Includes the following business consolidation gains (costs):*

| *($ in millions)* | 2003 | 2002 | 2001 |
|---|---|---|---|
| North American packaging | $ 0.2 | $ (2.3) | $ (24.7) |
| International packaging | 3.3 | 5.1 | (232.7) |
| Aerospace and technologies | 0.2 | (0.5) | (13.8) |
| | $ 3.7 | $ 2.3 | $ (271.2) |

## 3. Acquisitions

*Metal Packaging International (MPI)*

On March 11, 2003, Ball acquired MPI, a manufacturer of aluminum beverage can ends, for $28 million. MPI produced just over 2 billion ends per year, primarily for soft drink companies, and had sales of approximately $42 million in 2002. The MPI plant, which had approximately 100 employees and was located in Northglenn, Colorado, was closed during the second quarter of 2003 and the volumes were consolidated into other Ball facilities. A liability of $1.6 million was recorded in the opening balance sheet for the plant closing costs, including $1.1 million for employee related costs and $0.5 million for decommissioning costs. Payments related to the liability totaled $1.1 million through December 31, 2003. The acquisition of MPI is not significant to the North American packaging segment.

*Ball Packaging Europe*

On December 19, 2002, Ball acquired 100 percent of the outstanding shares of Schmalbach-Lubeca GmbH (a European beverage can manufacturer) for an initial purchase price of 922.3 million at closing (approximately $948 million), plus acquisition costs of $11.6 million, refinancing costs of $28.1 million and the assumption of approximately $20 million of debt and approximately $145 million of cash. The company also assumed approximately $300 million of ongoing pension liabilities. In addition, at closing Ball assumed a 131 million withholding tax liability ($138.3 million at the time of payment), which was paid in January 2003 with cash provided by the seller at the time

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of the acquisition. The final purchase price was reduced in 2003 by $39.8 million for working capital and other purchase price adjustments, including the final valuation of pension liabilities.

The acquisition has been accounted for as a purchase, and accordingly, its results have been included in our consolidated financial statements effective from December 19, 2002. With this acquisition, now known as Ball Packaging Europe, we expanded our presence in the global beverage container market, enhanced our customer base and gained entry into the growing European market.

Ball Packaging Europe and its operations consist of nine beverage can plants and two beverage can end plants, a technical center in Bonn, Germany, and an office in Ratingen, Germany. Of the 11 plants, four are located in Germany, three in the United Kingdom, two in France and one each in the Netherlands and Poland. Ball Packaging Europe closed its plant in Runcorn, England, at the end of December 2003. The cost of the plant closure, along with costs associated with a line conversion and a line shut down at other plants, estimated to be 11.9 million in total, has been accounted for in the opening acquisition balance sheet. These costs include 8.7 million for employee termination costs and 3.2 million for decommissioning costs, of which 2.7 million were paid during 2003.

Following is a summary of the net assets acquired:

| *($ in millions)* | |
|---|---|
| Cash | $ 145.4 |
| Property, plant and equipment | 483.1 |
| Goodwill | 765.0 |
| Other intangible assets | 52.0 |
| Other assets, primarily current | 301.9 |
| Pension liabilities assumed | (310.0) |
| Other liabilities assumed | (468.5) |
| | $ 968.9 |

Ball Packaging Europe' s customer relationships were identified as a valuable intangible asset by an independent valuation firm and assigned a fair value of 50.6 million (approximately $52 million). This intangible asset is being amortized over seven years. Goodwill related to Ball Packaging Europe is included in the international packaging segment. Both goodwill and the intangible asset are nondeductible under European local country corporate tax laws but will generally be deductible in computing earnings and profits for U.S. tax purposes.

Subsequent increases in actual costs, if any, will be included in current period earnings, and decreases, if any, will result in a further reduction of goodwill.

The following unaudited pro forma consolidated results of operations have been prepared as if the acquisition had occurred as of January 1 in each of the periods presented. The pro forma results are not necessarily indicative of the actual results that would have occurred had the acquisition been in effect for the periods presented, nor are they necessarily indicative of the results that may be obtained in the future.

| | **Year Ended December 31,** | |
|---|---|---|
| *($ in millions)* | **2002** | **2001** |
| Net sales | $ 4,910.3 | $ 4,540.8 |
| Net earnings (loss) | 230.7 | (61.9) |
| Net earnings (loss) attributable to common shareholders | 230.7 | (63.9) |
| Basic earnings (loss) per share | 4.10 | (1.16) |
| Diluted earnings (loss) per share | 4.01 | (1.16) |

Pro forma adjustments primarily include the after-tax effect of increased interest expense related to incremental borrowings used to finance the acquisition. The adjustments also include the after-tax effects of amortization of the customer relationship intangible asset and decreased depreciation expense on plant and equipment based on extended useful lives partially offset by increased fair values.

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*Wis-Pak Plastics*

On December 28, 2001, Ball acquired substantially all of the assets of Wis-Pak Plastics, Inc. (Wis-Pak) for approximately $27 million. Additional payments of up to $10 million in total, plus interest, are contingent upon the future performance of the acquired business through 2006. Approximately $4.9 million of these contingent payments, including interest, which have been paid or were payable at the end of 2003, are reflected as an increase in goodwill in the consolidated balance sheet. Under the acquisition agreement, Ball entered into a ten-year agreement to supply 100 percent of Wis-Pak' s annual PET container requirements, which are currently 550 million containers. The company closed one of the two acquired plants during 2002; the after-tax cash costs associated with this closure were approximately $1 million and were substantially paid by the end of 2002. The acquisition is not significant to the North American packaging segment' s financial statements.

**4. Business Consolidation Costs**

**North American Packaging**

*2003*

In December 2003 Ball completed the sale of the Moultrie, Georgia, facility that was closed in December 2001. A gain of $1.6 million was recorded in connection with this sale and the completion of the Moultrie consolidation activities. In February 2003 Ball announced plans to close its Blytheville, Arkansas, metal food container plant to address decreased demand for three-piece welded cans. In connection with the closure, a charge of $1.9 million ($1.2 million after tax), partially offset by a $0.5 million gain ($0.3 million after tax) on the sale of a Canadian plant that was included in a restructuring charge taken in 2000, was recorded in the first quarter of 2003. The Blytheville plant was closed during the second quarter of 2003 and its operations were consolidated into the Springdale, Arkansas, plant. The remaining actions are expected to be completed in 2004. The $1.9 million charge included $0.8 million for employee severance and benefit costs and $1.1 million for decommissioning costs and an impairment charge on fixed assets. Payments and asset write-downs to reflect estimated realizable values totaling $1 million were made related to these charges during 2003.

*2002*

In December 2002 Ball announced it would relocate its plastics office and research and development facility from Atlanta, Georgia, to Colorado. In connection with the relocation, a pretax charge of $1.6 million ($1 million after tax) was recorded in the fourth quarter of 2002, including $0.8 million for employee severance and benefit costs and $0.8 million for decommissioning costs and the impairment of leasehold improvements. The office relocation was completed during 2003 and the R&D facility relocation is expected to be completed by the end of 2004. Relocation costs of $2.7 million were incurred in 2003 and charged to continuing operations. Also in December 2002, income of $0.8 million was recorded related to 2001 restructuring activities primarily related to proceeds on asset dispositions and employee benefit and severance accruals no longer required.

*2001*

In November 2001 Ball announced the closure of its Moultrie, Georgia, plant to address overcapacity in the aluminum beverage can industry in North America. The plant was closed in December 2001 and the company recorded a charge of $24.7 million ($15 million after tax). Details of the charge are summarized in the table below.

**International Packaging**

The company recorded $3.3 million of earnings in the third quarter of 2003, $5.1 million in December 2002 and $5 million in the fourth quarter of 2001 related to the reversal of portions of a charge taken in June 2001 for the PRC business consolidation activities as a result of the realization on asset dispositions in excess of estimated realizable values, as well as employee benefit and severance accruals no longer required as exit activities were completed. In June 2001 Ball announced the reorganization of its PRC packaging business, which included

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exiting the general line metal can business and closing two PRC beverage can plants. A $237.7 million pretax charge ($185 million after tax and minority interest impact) was recorded in connection with this reorganization. Details of the charge are included in the table below. The charge for other assets and costs was comprised of $24 million of accounts receivable deemed uncollectible and inventories deemed unsaleable, both as a direct result of the exit plan, and $17.2 million of decommissioning costs, miscellaneous taxes and other exit costs. The restructuring activities in the PRC have been substantially completed with the liquidation of certain investments and the sale of certain assets still in process at December 31, 2003.

**Aerospace and Technologies**

Earnings were recorded of $0.2 million in the third quarter of 2003, $2 million in December 2002 and $2.2 million in December 2001 related to the reversal of portions of a second quarter 2001 aerospace charge as a result of exit costs no longer required due to the sale of one of the exited product lines. Also in the fourth quarter of 2002, we recorded a $2.5 million after-tax charge to write off an equity investment in an aerospace company. In the second quarter of 2001, we ceased operations in two commercial developmental product lines in our aerospace and technologies business. A pretax charge of $16 million ($9.7 million after tax) was recorded in the second quarter of 2001. Details of the charge are included in the table below. The charge for other assets and costs was comprised of $10 million of accounts receivable deemed uncollectible and inventories deemed unsaleable, both as a direct result of the exit plan, and $3.6 million of decommissioning and other exit costs. These actions were substantially completed by the end of 2002.

Severance and other benefit costs related to the above actions in the PRC and the U.S. are associated with 1,640 former employees, primarily manufacturing and administrative personnel. The following table summarizes the activity related to the restructuring and plant closing activities for 2001 through 2003:

| *($ in millions)* | Fixed Assets/ Spare Parts | Goodwill | Minority Interests and Equity Investments | Pension/ Employee Costs | Other Assets/ Costs | Total |
|---|---|---|---|---|---|---|
| Charge to earnings in 2001: | | | | | | |
| PRC | $ 83.1 | $ 64.4 | $ 27.9 | $ 9.5 | $ 47.8 | $ 232.7 |
| North America packaging | 15.8 | -- | -- | 5.7 | 3.2 | 24.7 |
| Aerospace and technologies | 1.9 | -- | -- | 0.1 | 11.8 | 13.8 |
| | 100.8 | 64.4 | 27.9 | 15.3 | 62.8 | 271.2 |
| Payments | -- | -- | (10.4) | (5.6) | (3.6) | (19.6) |
| Transfers to assets to reflect estimated realizable values | (100.8) | (64.4) | (19.4) | -- | (40.3) | (224.9) |
| Transfers to liabilities | -- | -- | 1.9 | (1.0) | (2.3) | (1.4) |
| Balance at December 31, 2001 | -- | -- | -- | 8.7 | 16.6 | 25.3 |
| Charge (income) in 2002: | | | | | | |
| PRC | 0.1 | -- | -- | (1.4) | (3.8) | (5.1) |
| North America packaging | (0.8) | -- | -- | 0.8 | 0.8 | 0.8 |
| Aerospace and technologies | -- | -- | 2.5 | -- | (2.0) | 0.5 |
| | (0.7) | -- | 2.5 | (0.6) | (5.0) | (3.8) |
| Cash proceeds (payments) | 0.4 | -- | -- | (4.0) | (2.7) | (6.3) |
| Transfers to assets to reflect estimated realizable values | 0.3 | -- | (2.5) | -- | 0.8 | (1.4) |
| Transfers to liabilities | -- | -- | -- | -- | (2.2) | (2.2) |
| Balance at December 31, 2002 | -- | -- | -- | 4.1 | 7.5 | 11.6 |
| Charge (income) in 2003: | | | | | | |
| PRC | (1.3) | -- | (0.3) | -- | (1.7) | (3.3) |
| North America packaging | 0.3 | -- | -- | -- | -- | 0.3 |
| Aerospace and technologies | -- | -- | -- | -- | (0.2) | (0.2) |

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| | | | | | | |
|---|---|---|---|---|---|---|
| | (1.0) | -- | (0.3) | -- | (1.9) | (3.2) |
| Cash proceeds (payments) | 1.9 | -- | 0.3 | (1.4) | (0.3) | 0.5 |
| Transfers to assets to reflect estimated realizable values | (0.9) | -- | -- | -- | 0.4 | (0.5) |
| Balance at December 31, 2003 | $ -- | $ -- | $ -- | $ 2.7 | $ 5.7 | $ 8.4 |

Balances remaining at December 31, 2003, will be used as employee and other costs are paid and as the related companies are liquidated. The carrying value of fixed assets remaining for sale in connection with the business consolidation activities was approximately $1.6 million at December 31, 2003. The remaining accrued employee severance and other exit costs for business consolidation activities commenced prior to 2001 were approximately $0.6 million at December 31, 2003, including an additional charge in 2002 of $1.5 million for the further write down to net realizable value of assets remaining for sale. Subsequent changes to the estimated costs of the company' s business consolidation activities, if any, will be included in current-period earnings.

## 5. Accounts Receivable

Accounts receivable are net of an allowance for doubtful accounts of $15.4 million at December 31, 2003, and $13.6 million at December 31, 2002.

A receivables sales agreement provides for the ongoing, revolving sale of a designated pool of trade accounts receivable of Ball' s North American packaging operations, up to $175 million. The agreement qualifies as off-balance sheet financing under the provisions of SFAS No. 140. Net funds received from the sale of the accounts receivable totaled $175 million at December 31, 2003, and $122.5 million at December 31, 2002, and are reflected as a reduction of accounts receivable in the consolidated balance sheets. Fees incurred in connection with the sale of accounts receivable, which are reported as part of selling and administrative expenses, totaled $2.5 million in 2003, $3 million in 2002 and $5.5 million in 2001. The fees were progressively lower over the three-year period due largely to decreases in interest rates.

Net accounts receivable under long-term contracts, due primarily from agencies of the U.S. government and their prime contractors, were $102.7 million and $86.3 million at December 31, 2003 and 2002, respectively, and include unbilled amounts representing revenue earned but contractually not yet billable of $13 million and $30.8 million, respectively. The average length of the long-term contracts is approximately three years and the average length remaining on those contracts at December 31, 2003, was approximately 15 months. Approximately $2.9 million of unbilled receivables at December 31, 2003, is expected to be collected after one year and is related to fees and cost withholds that will be paid upon completion of milestones or other contract terms, as well as final overhead rate settlements.

## 6. Inventories

| | December 31, | |
|---|---|---|
| *($ in millions)* | **2003** | **2002** |
| Raw materials and supplies | $ 199.6 | $ 183.0 |
| Work in process and finished goods | 346.6 | 369.5 |
| | $ 546.2 | $ 552.5 |

Approximately 29 percent and 32 percent of total inventories at December 31, 2003 and 2002, respectively, were valued using the LIFO method of accounting. Inventories at December 31, 2003 and 2002 would have been $1.4 million higher and $2.4 million lower, respectively, than the reported amounts if the FIFO method of accounting, which approximates replacement cost, had been used for those inventories.

## 7. Property, Plant and Equipment

**December 31,**

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| ($ in millions) | 2003 | 2002 |
|---|---|---|
| Land | $ 75.0 | $ 69.9 |
| Buildings | 681.0 | 609.5 |
| Machinery and equipment | 1,980.9 | 1,847.9 |
| | 2,736.9 | 2,527.3 |
| Accumulated depreciation | (1,265.8) | (1,081.4) |
| | $ 1,471.1 | $ 1,445.9 |

Property, plant and equipment are stated at historical cost. Depreciation expense amounted to $193 million, $145.3 million and $137.9 million for the years ended December 31, 2003, 2002 and 2001, respectively. The increase in property, plant and equipment during 2003 is the result of planned capital spending projects as well as the effects of foreign exchange rates.

During 2003 the company entered into capital leases totaling $6.7 million. These capital leases are noncash transactions and, accordingly, have been excluded from the consolidated statement of cash flows.

## 8. Goodwill

| ($ in millions) | North American Packaging | International Packaging | Total |
|---|---|---|---|
| Balance at December 31, 2002 | $ 327.4 | $ 820.7 | $ 1,148.1 |
| Business acquisition | 17.4 | -- | 17.4 |
| Purchase price and other adjustments | 2.4 | 3.6 | 6.0 |
| Effects of foreign exchange rates | 8.4 | 157.0 | 165.4 |
| Balance at December 31, 2003 | $ 355.6 | $ 981.3 | $ 1,336.9 |

In accordance with SFAS No. 142, which Ball adopted on January 1, 2002, goodwill is no longer amortized but rather tested periodically for impairment. There was no impairment of goodwill in 2003 or 2002. Total amortization expense of goodwill amounted to $10.7 million for the year ended December 31, 2001.

The following table summarizes the pro forma earnings and per share impact if goodwill had not been amortized during 2001:

| ($ in millions, except per share amounts) | 2003 | 2002 | 2001 |
|---|---|---|---|
| Net earnings (loss) as reported | $ 229.9 | $ 156.1 | $ (99.2) |
| Add back goodwill amortization, net of tax | -- | -- | 9.1 |
| Pro forma net earnings (loss) | $ 229.9 | $ 156.1 | $ (90.1) |
| Basic earnings per share: | | | |
| Basic earnings (loss) per share as reported | $ 4.12 | $ 2.77 | $ (1.85) |
| Add back goodwill amortization, net of tax | -- | -- | 0.17 |
| Pro forma basic earnings (loss) per share | $ 4.12 | $ 2.77 | $ (1.68) |
| Diluted earnings per share: | | | |
| Diluted earnings (loss) per share as reported | $ 4.02 | $ 2.71 | $ (1.85) |
| Add back goodwill amortization, net of tax | -- | -- | 0.15 |
| Pro forma diluted earnings (loss) per share | $ 4.02 | $ 2.71 | $ (1.70) |

## 9. Intangibles and Other Assets

December 31,

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| *($ in millions)* | 2003 | 2002 |
|---|---|---|
| Intangibles and Other Assets: | | |
| Investments in affiliates | $ 92.8 | $ 78.3 |
| Prepaid pension and related intangible asset | 91.2 | 88.9 |
| Other intangibles (net of accumulated amortization of $30.1 and $16.6 at December 31, 2003 and 2002, respectively) | 66.7 | 65.6 |
| Deferred financing costs | 32.5 | 35.9 |
| Other | 54.9 | 45.2 |
| | $338.1 | $313.9 |

Total amortization expense of other intangible assets amounted to $12.5 million, $3.9 million and $3.9 million for the years ended December 31, 2003, 2002 and 2001, respectively. The change in other intangibles from 2002 to 2003 included a reduction of $12.5 million for amortization expense and an increase of $13.6 million due to foreign exchange rates. Based on intangible assets and foreign exchange rates as of December 31, 2003, total annual intangible asset amortization expense is expected to be between $9.3 million and $11.2 million in each of the next five years.

## 10. Debt and Interest Costs

Short-term debt at December 31, 2003, includes $39.3 million outstanding under uncommitted bank facilities totaling $179.6 million. At December 31, 2002, $47.1 million was outstanding under uncommitted bank facilities totaling $80 million. The weighted average interest rate of the outstanding short-term facilities was 3.24 percent at December 31, 2003, and 4.7 percent at December 31, 2002. Also included in 2002 was $20.9 million of debt associated with Ball Packaging Europe' s accounts receivable securitization program with a year-end weighted average interest rate of 3.5 percent. The European program was discontinued during 2003.

Long-term debt at December 31 consisted of the following:

| | 2003 | | 2002 | |
|---|---|---|---|---|
| *(in millions)* | In Local Currency | In U.S. $ | In Local Currency | In U.S. $ |
| **Notes Payable** | | | | |
| 7.75% Senior Notes due August 2006 | $ 300.0 | $ 300.0 | $ 300.0 | $ 300.0 |
| 6.875% Senior Notes due December 2012 (excluding premium of $4.8 million in 2003) | $ 550.0 | 550.0 | $ 300.0 | 300.0 |
| 8.25% Senior Subordinated Notes due August 2008 | -- | -- | $ 250.0 | 250.0 |
| **Senior Credit Facilities** | | | | |
| Term Loan A, Euro denominated due December 2007 (2003 - 4.14%; 2002 - 5.25%) | 96.0 | 120.8 | 120.0 | 126.0 |
| Term Loan A, British sterling denominated due December 2007 (2003 - 6.04%; 2002 - 6.30%) | £ 63.2 | 112.9 | £ 79.0 | 127.2 |
| Term Loan B, Euro denominated due December 2009 (2003 - 4.64%; 2002 - 5.75%) | 266.1 | 334.7 | 294.0 | 308.7 |
| Term Loan B, U.S. dollar denominated due December 2009 (2003 - 2.92%; 2002 - 3.66%) | $ 186.9 | 186.9 | $ 350.0 | 350.0 |
| Multi-currency revolver, U.S. dollar equivalent (3.50% weighted average at year end 2002) | -- | -- | $ 10.0 | 10.0 |

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| | | | | |
|---|---|---|---|---|
| Multi-currency revolver, Euro equivalent (4.97% weighted average at year end 2002) | -- | -- | 86.0 | 90.3 |
| **Industrial Development Revenue Bonds** | | | | |
| Floating rates due through 2011 (2003 - 1.20% to 1.35%; 2002 - 1.60%) | $ 27.1 | 27.1 | $ 27.1 | 27.1 |
| **Other** | | 15.2 | | 23.7 |
| | | 1,647.6 | | 1,913.0 |
| Less: Current portion of long-term debt | | (68.3) | | (59.0) |
| | | $1,579.3 | | $1,854.0 |

The senior credit facilities bear interest at variable rates and are comprised of the following: (1) Term Loan A, denominated in euros and British pounds, due in installments through December 2007; (2) Term Loan B, denominated in euros, due in installments through December 2009; (3) Term Loan B, denominated in U.S. dollars, due in installments through December 2009; (4) a multi-currency long-term revolving credit facility which provides the company with up to the equivalent of $415 million; and (5) a Canadian long-term revolving credit facility which provides the company with up to the equivalent of $35 million. Both revolving credit facilities expire in 2007. At December 31, 2003, approximately $404 million was available under the revolving credit facilities.

During the fourth quarter of 2003, Ball repaid $160 million of the U.S. dollar denominated Term Loan B and 25 million of the euro denominated Term Loan B. At the time of the early repayment, the interest rate on the U.S. portion of the Term Loan B was reduced by 50 basis points. A pretax charge of $2.9 million ($1.9 million after tax) was recorded as interest expense during the fourth quarter of 2003 for the write off of the unamortized deferred financing costs associated with the repaid portion of the Term B loans.

On August 8, 2003, Ball refinanced its 8.25% Senior Subordinated Notes due in 2008 through the private placement of $250 million of its 6.875% Senior Notes due in 2012 at a price of 102% of the principal amount. The 6.875% interest rate on the notes will be offset by the amortization over the life of the notes of the $5 million issue premium paid to Ball on the issuance of the notes, resulting in an effective yield to maturity of 6.58% for the new notes. In connection with the refinancing of the higher interest debt, in the third quarter of 2003, a pretax charge of $15.2 million ($9.9 million after tax) was recorded as interest expense, which consisted of the payment of a $10.3 million call premium and the write off of $4.9 million of unamortized financing costs.

In connection with the acquisition of Ball Packaging Europe on December 19, 2002, Ball refinanced $389 million of its existing debt and wrote off to interest expense $5.2 million ($3.2 million after tax) of unamortized financing costs.

Financing costs incurred with the placement of the senior credit facilities and senior notes totaled $5.2 million in 2003 and $28.1 million in 2002, of which $2.9 million was written off in 2003 in connection with early debt repayments. The remaining unamortized financing costs are included in other assets on the consolidated balance sheet and are being amortized to earnings on a straight-line basis over the remaining lives of the related facilities.

The company exchanged the 6.875% Senior Notes due 2012 for new notes that are substantially the same in all respects (including principal amount, interest rate, maturity, ranking and covenant restrictions) to the terms of the notes for which they were exchanged, except that the new notes are registered under the Securities Act of 1933, as amended, and therefore are not subject to certain restrictions on transfer which applied to the previous privately placed notes.

Maturities of all fixed long-term debt obligations outstanding at December 31, 2003, are $68.3 million, $73.2 million, $365.2 million, $72.2 million and $9.6 million for the years ending December 31, 2004 through 2008, respectively, and $1,054.3 million thereafter.

Ball issues letters of credit in the ordinary course of business to secure liabilities recorded in connection with industrial development revenue bonds and insurance arrangements, of which $45.6 million and $41.2 million were outstanding at December 31, 2003 and 2002, respectively.

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The company was not in default of any loan agreement at December 31, 2003, and has met all payment obligations. The U.S. note agreements, bank credit agreement and industrial development revenue bond agreements contain certain restrictions relating to dividends, share repurchases, investments, financial ratios, guarantees and the incurrence of additional indebtedness.

A summary of total interest cost paid and accrued follows:

| *($ in millions)* | 2003 | 2002 | 2001 |
|---|---|---|---|
| Interest costs | $ 144.2 | $ 83.2 | $ 89.7 |
| Amounts capitalized | (3.1) | (2.4) | (1.4) |
| Interest expense | $ 141.1 | $ 80.8 | $ 88.3 |
| Interest paid during the year | $ 139.2 | $ 74.3 | $ 89.0 |

**Subsidiary Guarantees of Debt**

The notes payable and senior credit facilities are guaranteed on a full, unconditional and joint and several basis by certain of the company' s domestic wholly owned subsidiaries. Certain tranches of the senior credit facilities are similarly guaranteed by certain of the company' s wholly owned foreign subsidiaries. The senior credit facilities are secured by: (1) a pledge of 100 percent of the stock owned by the company in its material direct and indirect majority-owned domestic subsidiaries and (2) a pledge of the company' s stock, owned directly or indirectly, of certain foreign subsidiaries, which equals 65 percent of the stock of each such foreign subsidiary. The following is condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries, as of December 31, 2003 and 2002, and for the years ended December 31, 2003, 2002 and 2001 (in millions of dollars). Certain prior-year amounts have been reclassified in order to conform to the current year presentation. Separate financial statements for the guarantor subsidiaries and the non-guarantor subsidiaries are not presented because management has determined that such financial statements would not be material to investors.

| | CONSOLIDATED BALANCE SHEET | | | | |
|---|---|---|---|---|---|
| | December 31, 2003 | | | | |
| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | $ 8.8 | $ 0.9 | $ 26.8 | $ -- | $ 36.5 |
| Accounts receivable, net | 1.2 | 107.4 | 141.5 | -- | 250.1 |
| Inventories, net | -- | 363.7 | 182.5 | -- | 546.2 |
| Deferred taxes and prepaid expenses | (22.2) | 446.2 | 16.9 | (350.2) | 90.7 |
| Total current assets | (12.2) | 918.2 | 367.7 | (350.2) | 923.5 |
| Property, plant and equipment, at cost | 36.5 | 1,836.5 | 863.9 | -- | 2,736.9 |
| Accumulated depreciation | (16.0) | (1,048.4) | (201.4) | -- | (1,265.8) |
| | 20.5 | 788.1 | 662.5 | -- | 1,471.1 |
| Investment in subsidiaries | 1,855.8 | 511.2 | 8.5 | (2,375.5) | -- |
| Investment in affiliates | 4.3 | 28.6 | 59.9 | -- | 92.8 |
| Goodwill, net | -- | 339.7 | 997.2 | -- | 1,336.9 |
| Other assets | 37.9 | 104.1 | 103.3 | -- | 245.3 |
| | $1,906.3 | $2,689.9 | $2,199.1 | $(2,725.7) | $4,069.6 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Short-term debt and current portion | | | | | |

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| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| of long-term debt | $ 1.9 | $ 4.5 | $ 101.2 | $ -- | $ 107.6 |
| Accounts payable | 11.1 | 178.0 | 160.6 | -- | 349.7 |
| Accrued employee costs | 15.7 | 134.5 | 30.4 | -- | 180.6 |
| Income taxes payable | -- | 379.9 | 45.3 | (350.2) | 75.0 |
| Other current liabilities | 44.4 | 26.6 | 77.2 | -- | 148.2 |
| Total current liabilities | 73.1 | 723.5 | 414.7 | (350.2) | 861.1 |
| Long-term debt | 1,056.9 | 11.5 | 510.9 | -- | 1,579.3 |
| Intercompany borrowings | 147.7 | 515.0 | 36.2 | (698.9) | -- |
| Employee benefit obligations | 120.6 | 152.3 | 428.8 | -- | 701.7 |
| Deferred taxes and other liabilities | (299.8) | 298.3 | 115.0 | -- | 113.5 |
| Total liabilities | 1,098.5 | 1,700.6 | 1,505.6 | (1,049.1) | 3,255.6 |
| Contingencies | | | | | |
| Minority interests | -- | -- | 6.2 | -- | 6.2 |
| Shareholders' equity | | | | | |
| Convertible preferred stock | -- | -- | 179.6 | (179.6) | -- |
| Preferred shareholders' equity | -- | -- | 179.6 | (179.6) | -- |
| Common stock | 567.3 | 726.0 | 687.6 | (1,413.6) | 567.3 |
| Retained earnings | 748.8 | 380.4 | (263.8) | (116.6) | 748.8 |
| Accumulated other comprehensive loss | (1.4) | (117.1) | 83.9 | 33.2 | (1.4) |
| Treasury stock, at cost | (506.9) | -- | -- | -- | (506.9) |
| Common shareholders' equity | 807.8 | 989.3 | 507.7 | (1,497.0) | 807.8 |
| Total shareholders' equity | 807.8 | 989.3 | 687.3 | (1,676.6) | 807.8 |
| | $1,906.3 | $2,689.9 | $2,199.1 | $(2,725.7) | $4,069.6 |

**CONSOLIDATED BALANCE SHEET**

**December 31, 2002**

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | $ 47.6 | $ 0.3 | $ 211.3 | $ -- | $ 259.2 |
| Accounts receivable, net | 0.8 | 155.3 | 189.8 | -- | 345.9 |
| Inventories, net | -- | 362.1 | 190.4 | -- | 552.5 |
| Deferred taxes and prepaid expenses | 247.3 | 137.4 | 1.6 | (319.4) | 66.9 |
| Total current assets | 295.7 | 655.1 | 593.1 | (319.4) | 1,224.5 |
| Property, plant and equipment, at cost | 33.4 | 1,749.9 | 744.0 | -- | 2,527.3 |
| Accumulated depreciation | (15.0) | (945.2) | (121.2) | -- | (1,081.4) |
| | 18.4 | 804.7 | 622.8 | -- | 1,445.9 |
| Investment in subsidiaries | 1,736.9 | 380.8 | 9.8 | (2,127.5) | -- |
| Investment in affiliates | 5.8 | 18.6 | 53.9 | -- | 78.3 |
| Goodwill, net | -- | 319.9 | 828.2 | -- | 1,148.1 |
| Other assets | 38.5 | 112.1 | 85.0 | -- | 235.6 |
| | $2,095.3 | $2,291.2 | $2,192.8 | $(2,446.9) | $ 4,132.4 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Short-term debt and current portion of long-term debt | $ 3.5 | $ -- | $ 123.5 | $ -- | $ 127.0 |

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| | | | | | |
|---|---|---|---|---|---|
| Accounts payable | 9.9 | 252.3 | 177.4 | -- | 439.6 |
| Accrued employee costs | 15.5 | 109.3 | 22.3 | -- | 147.1 |
| Income taxes payable | -- | 307.9 | 65.6 | (319.4) | 54.1 |
| Other current liabilities | 49.1 | 35.2 | 216.8 | -- | 301.1 |
| Total current liabilities | 78.0 | 704.7 | 605.6 | (319.4) | 1,068.9 |
| Long-term debt | 1,317.9 | 10.1 | 526.0 | -- | 1,854.0 |
| Intercompany borrowings | 112.3 | 390.5 | 196.1 | (698.9) | -- |
| Employee benefit obligations | 121.8 | 173.8 | 350.9 | -- | 646.5 |
| Deferred taxes and other liabilities | (27.6) | (1.3) | 93.4 | -- | 64.5 |
| Total liabilities | 1,602.4 | 1,277.8 | 1,772.0 | (1,018.3) | 3,633.9 |
| Contingencies | | | | | |
| Minority interests | -- | -- | 5.6 | -- | 5.6 |
| Shareholders' equity | | | | | |
| Convertible preferred stock | -- | -- | 179.6 | (179.6) | -- |
| Preferred shareholders' equity | -- | -- | 179.6 | (179.6) | -- |
| Common stock | 530.8 | 724.6 | 563.2 | (1,287.8) | 530.8 |
| Retained earnings | 545.7 | 364.9 | (293.6) | (71.3) | 545.7 |
| Accumulated other comprehensive loss | (138.3) | (76.1) | (34.0) | 110.1 | (138.3) |
| Treasury stock, at cost | (445.3) | -- | -- | -- | (445.3) |
| Common shareholders' equity | 492.9 | 1,013.4 | 235.6 | (1,249.0) | 492.9 |
| Total shareholders' equity | 492.9 | 1,013.4 | 415.2 | (1,428.6) | 492.9 |
| | $2,095.3 | $2,291.2 | $2,192.8 | $(2,446.9) | $ 4,132.4 |

**CONSOLIDATED STATEMENT OF EARNINGS**

**For the Year Ended December 31, 2003**

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Net sales | $ -- | $3,849.3 | $1,378.5 | $ (250.8) | $4,977.0 |
| Costs and expenses | | | | | |
| Cost of sales (excluding depreciation and amortization) | -- | 3,272.0 | 1,071.6 | (250.8) | 4,092.8 |
| Depreciation and amortization | 2.6 | 131.4 | 71.5 | -- | 205.5 |
| Business consolidation (gains) costs | -- | 0.1 | (3.8) | -- | (3.7) |
| Selling and administrative | 30.0 | 129.2 | 62.4 | -- | 221.6 |
| Interest expense | 48.7 | 47.1 | 45.3 | -- | 141.1 |
| Equity in earnings of subsidiaries | (242.0) | -- | -- | 242.0 | -- |
| Corporate allocations | (63.1) | 57.2 | 5.9 | -- | -- |
| | (223.8) | 3,637.0 | 1,252.9 | (8.8) | 4,657.3 |
| Earnings (loss) before taxes | 223.8 | 212.3 | 125.6 | (242.0) | 319.7 |
| Provision for taxes | 6.1 | (75.1) | (31.1) | -- | (100.1) |
| Minority interests | -- | -- | (1.0) | -- | (1.0) |
| Equity in earnings of affiliates | -- | 1.4 | 9.9 | -- | 11.3 |
| Net earnings (loss) | $ 229.9 | $ 138.6 | $ 103.4 | $ (242.0) | $ 229.9 |

**CONSOLIDATED STATEMENT OF EARNINGS**

**For the Year Ended December 31, 2002**

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Net sales | $ -- | $3,726.7 | $ 366.2 | $ (234.0) | $3,858.9 |

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| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Costs and expenses | | | | | |
| Cost of sales (excluding depreciation and amortization) | -- | 3,150.2 | 314.2 | (234.0) | 3,230.4 |
| Depreciation and amortization | 2.1 | 128.8 | 18.3 | -- | 149.2 |
| Business consolidation (gains) costs | -- | 0.6 | (2.9) | -- | (2.3) |
| Selling and administrative | 29.5 | 120.0 | 21.1 | -- | 170.6 |
| Interest expense | 56.4 | 14.4 | 10.0 | -- | 80.8 |
| Equity in earnings of subsidiaries | (168.2) | -- | -- | 168.2 | -- |
| Corporate allocations | (61.4) | 61.4 | -- | -- | -- |
| | (141.6) | 3,475.4 | 360.7 | (65.8) | 3,628.7 |
| Earnings (loss) before taxes | 141.6 | 251.3 | 5.5 | (168.2) | 230.2 |
| Provision for taxes | 14.7 | (95.8) | (0.8) | -- | (81.9) |
| Minority interests | -- | -- | (1.5) | -- | (1.5) |
| Equity in earnings (losses) of affiliates | (0.2) | 1.6 | 7.9 | -- | 9.3 |
| Net earnings (loss) | $ 156.1 | $ 157.1 | $ 11.1 | $ (168.2) | $ 156.1 |

**CONSOLIDATED STATEMENT OF EARNINGS**

**For the Year Ended December 31, 2001**

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Net sales | $ -- | $ 3,523.2 | $ 415.1 | $ (252.2) | $ 3,686.1 |
| Costs and expenses | | | | | |
| Cost of sales (excluding depreciation and amortization) | -- | 3,037.3 | 357.1 | (252.2) | 3,142.2 |
| Depreciation and amortization | 2.0 | 128.3 | 22.2 | -- | 152.5 |
| Business consolidation costs and other | -- | 38.7 | 232.5 | -- | 271.2 |
| Selling and administrative | 20.8 | 100.5 | 24.3 | -- | 145.6 |
| Interest expense | 42.8 | 39.9 | 5.6 | -- | 88.3 |
| Equity in earnings of subsidiaries | 106.6 | -- | -- | (106.6) | -- |
| Corporate allocations | (59.9) | 59.9 | -- | -- | -- |
| | 112.3 | 3,404.6 | 641.7 | (358.8) | 3,799.8 |
| Earnings (loss) before taxes | (112.3) | 118.6 | (226.6) | 106.6 | (113.7) |
| Provision for taxes | 13.4 | 1.1 | (4.8) | -- | 9.7 |
| Minority interests | -- | -- | 0.8 | -- | 0.8 |
| Equity in earnings (losses) of affiliates | (0.3) | (0.2) | 4.5 | -- | 4.0 |
| Net earnings (loss) | (99.2) | 119.5 | (226.1) | 106.6 | (99.2) |
| Preferred dividends, net of tax | (2.0) | -- | -- | -- | (2.0) |
| Earnings (loss) attributable to common shareholders | $ (101.2) | $ 119.5 | $ (226.1) | $ 106.6 | $ (101.2) |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2003**

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Cash flows from operating activities | | | | | |
| Net earnings (loss) | $ 229.9 | $ 138.6 | $ 103.4 | $ (242.0) | $ 229.9 |
| Noncash charges to net earnings: | | | | | |
| Depreciation and amortization | 2.6 | 131.4 | 71.5 | -- | 205.5 |
| Business consolidation | | | | | |

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| | | | | | |
|---|---|---|---|---|---|
| costs, net of related equity and minority interest effects | -- | -- | (3.3) | -- | (3.3) |
| Deferred taxes | (7.0) | 32.6 | (7.8) | -- | 17.8 |
| Contributions to defined benefit plans | (5.8) | (20.2) | (8.1) | -- | (34.1) |
| Equity earnings of subsidiaries | (242.0) | -- | -- | 242.0 | -- |
| Other, net | 20.4 | 2.2 | 6.6 | -- | 29.2 |
| Debt refinancing costs: | | | | | |
| Debt prepayment costs | 10.3 | -- | -- | -- | 10.3 |
| Noncash write off of unamortized deferred financing costs | 4.9 | -- | -- | -- | 4.9 |
| Noncash write off of unamortized deferred financing costs related to early payments of term loans | 2.5 | -- | 0.4 | -- | 2.9 |
| Withholding tax payment related to European acquisition | -- | -- | (138.3) | -- | (138.3) |
| Changes in working capital components | (5.3) | 46.2 | (1.7) | -- | 39.2 |
| Net cash provided by operating activities | 10.5 | 330.8 | 22.7 | -- | 364.0 |
| Cash flows from investing activities | | | | | |
| Additions to property, plant and equipment | (5.2) | (108.2) | (23.8) | -- | (137.2) |
| Business acquisitions, net of cash acquired | -- | (28.0) | -- | -- | (28.0) |
| Purchase price adjustments | -- | -- | 39.8 | -- | 39.8 |
| Investments in and advances to affiliates | 295.0 | (199.0) | (96.0) | -- | -- |
| Other, net | (9.6) | 5.0 | 6.2 | -- | 1.6 |
| Net cash provided by (used in) investing activities | 280.2 | (330.2) | (73.8) | -- | (123.8) |
| Cash flows from financing activities | | | | | |
| Long-term borrowings | 4.8 | -- | 0.5 | -- | 5.3 |
| Repayments of long-term borrowings | (264.1) | -- | (103.3) | -- | (367.4) |
| Change in short-term borrowings | -- | -- | (31.6) | -- | (31.6) |
| Debt prepayment costs | (10.3) | -- | -- | -- | (10.3) |
| Debt issuance costs | (5.2) | -- | -- | -- | (5.2) |
| Common and preferred dividends | (26.8) | -- | -- | -- | (26.8) |
| Proceeds from issuance of common stock under various employee and shareholder plans | 35.5 | -- | -- | -- | 35.5 |
| Acquisitions of treasury stock | (63.4) | -- | -- | -- | (63.4) |
| Net cash used in financing activities | (329.5) | -- | (134.4) | -- | (463.9) |
| Effect of exchange rate changes on cash | -- | -- | 1.0 | -- | 1.0 |
| Net change in cash and cash equivalents | (38.8) | 0.6 | (184.5) | -- | (222.7) |
| Cash and cash equivalents - beginning of year | 47.6 | 0.3 | 211.3 | -- | 259.2 |
| Cash and cash equivalents - end of | | | | | |

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| year | $ 8.8 | $ 0.9 | $ 26.8 | $ -- | $ 36.5 |
|---|---|---|---|---|---|

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2002**

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Cash flows from operating activities | | | | | |
| Net earnings (loss) | $ 156.1 | $ 157.1 | $ 11.1 | $ (168.2) | $ 156.1 |
| Noncash charges to net earnings: | | | | | |
| Depreciation and amortization | 2.1 | 128.8 | 18.3 | -- | 149.2 |
| Business consolidation costs, net of related equity and minority interest effects | -- | 0.6 | 1.5 | -- | 2.1 |
| Noncash write off of unamortized deferred financing costs | 5.2 | -- | -- | -- | 5.2 |
| Deferred taxes | 11.4 | 15.4 | (1.2) | -- | 25.6 |
| Contributions to defined benefit plans | -- | (54.2) | (2.2) | -- | (56.4) |
| Equity earnings of subsidiaries | (168.2) | -- | -- | 168.2 | -- |
| Other, net | 20.5 | (1.0) | (6.4) | -- | 13.1 |
| Changes in working capital components | 8.0 | 116.3 | 33.1 | -- | 157.4 |
| Net cash provided by operating activities | 35.1 | 363.0 | 54.2 | -- | 452.3 |
| Cash flows from investing activities | | | | | |
| Additions to property, plant and equipment | (8.7) | (140.6) | (9.1) | -- | (158.4) |
| Business acquisitions, net of cash acquired | -- | (813.8) | -- | -- | (813.8) |
| Acquisitions of previously leased assets | -- | (43.1) | -- | -- | (43.1) |
| Investments in and advances to affiliates | (232.6) | 613.9 | (381.3) | -- | -- |
| Other, net | (2.2) | 20.5 | (24.2) | -- | (5.9) |
| Net cash used in investing activities | (243.5) | (363.1) | (414.6) | -- | (1,021.2) |
| Cash flows from financing activities | | | | | |
| Long-term borrowings | 748.4 | -- | 552.1 | -- | 1,300.5 |
| Repayments of long-term borrowings | (439.1) | -- | (1.3) | -- | (440.4) |
| Change in short-term borrowings | -- | -- | (1.3) | -- | (1.3) |
| Debt issuance costs | (16.5) | -- | (11.6) | -- | (28.1) |
| Common and preferred dividends | (20.4) | -- | -- | -- | (20.4) |
| Proceeds from issuance of common stock under various employee and shareholder plans | 35.0 | -- | -- | -- | 35.0 |
| Acquisitions of treasury stock | (104.1) | -- | -- | -- | (104.1) |
| Other, net | -- | -- | 0.2 | -- | 0.2 |
| Net cash provided by financing activities | 203.3 | -- | 538.1 | -- | 741.4 |
| Effect of exchange rate changes on cash | -- | -- | 3.6 | -- | 3.6 |

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| | | | | | |
|---|---|---|---|---|---|
| Net change in cash and cash equivalents | (5.1) | (0.1) | 181.3 | -- | 176.1 |
| Cash and cash equivalents - beginning of year | 52.7 | 0.4 | 30.0 | -- | 83.1 |
| Cash and cash equivalents - end of year | $ 47.6 | $ 0.3 | $ 211.3 | $ -- | $ 259.2 |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2001**

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Cash flows from operating activities | | | | | |
| Net earnings (loss) | $ (99.2) | $ 119.5 | $(226.1) | $ 106.6 | $ (99.2) |
| Noncash charges to net earnings: | | | | | |
| Depreciation and amortization | 2.0 | 128.3 | 22.2 | -- | 152.5 |
| Business consolidation costs, net of related equity and minority interest effects | -- | 38.7 | 230.0 | -- | 268.7 |
| Deferred taxes | (71.0) | 69.6 | 3.9 | -- | 2.5 |
| Contributions to defined benefit plans | (4.1) | (52.0) | (1.7) | -- | (57.8) |
| Equity earnings of subsidiaries | 106.6 | -- | -- | (106.6) | -- |
| Other, net | 14.5 | (3.0) | (0.3) | -- | 11.2 |
| Changes in working capital components | 54.4 | (4.0) | (7.5) | -- | 42.9 |
| Net cash provided by operating activities | 3.2 | 297.1 | 20.5 | -- | 320.8 |
| Cash flows from investing activities | | | | | |
| Additions to property, plant and equipment | (3.2) | (52.7) | (12.6) | -- | (68.5) |
| Acquisitions of previously leased assets and a PET manufacturing business | -- | (77.9) | -- | -- | (77.9) |
| Investments in and advances to affiliates | 168.2 | (184.8) | 16.6 | -- | -- |
| Other, net | 2.1 | 18.5 | 2.9 | -- | 23.5 |
| Net cash provided by (used in) investing activities | 167.1 | (296.9) | 6.9 | -- | (122.9) |
| Cash flows from financing activities | | | | | |
| Repayments of long-term borrowings | (52.0) | -- | -- | -- | (52.0) |
| Change in short-term borrowings | -- | -- | (10.3) | -- | (10.3) |
| Common and preferred dividends | (20.4) | -- | -- | -- | (20.4) |
| Proceeds from issuance of common stock under various employee and shareholder plans | 32.1 | -- | -- | -- | 32.1 |
| Acquisitions of treasury stock | (85.9) | -- | -- | -- | (85.9) |
| Other, net | (3.7) | -- | (0.2) | -- | (3.9) |
| Net cash used in financing activities | (129.9) | -- | (10.5) | -- | (140.4) |
| Net change in cash and | | | | | |

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| | | | | | |
|---|---|---|---|---|---|
| cash equivalents | 40.4 | 0.2 | 16.9 | -- | 57.5 |
| Cash and cash equivalents - beginning of year | 12.3 | 0.2 | 13.1 | -- | 25.6 |
| Cash and cash equivalents - end of year | $ 52.7 | $ 0.4 | $ 30.0 | $ -- | $ 83.1 |

## 11. Leases

The company leases warehousing and manufacturing space and certain equipment, primarily within the packaging segments, and office and technical space, primarily within the aerospace and technologies segment. During 2003 we entered into a lease which qualifies as an operating lease for book purposes and a capital lease for tax purposes. Under this lease arrangement, Ball has the option to purchase the leased equipment at the end of the lease term, or if we elect not to do so, to compensate the lessor for the difference between a guaranteed minimum residual value of $12.2 million and the fair market value of the asset, if less. The company had similar lease arrangements prior to 2003. During 2001 we purchased some of these leased assets for a total of $50.5 million and during 2002 we purchased all of the remaining assets for $43.1 million. Certain of the company' s leases in effect at December 31, 2003, include renewal options and/or escalation clauses for adjusting lease expense based on various factors.

Total noncancellable operating leases in effect at December 31, 2003, require rental payments of $44.1 million, $34.6 million, $23.6 million, $16.6 million and $11.2 million for the years 2004 through 2008, respectively, and $30.8 million combined for all years thereafter. Lease expense for all operating leases was $64.8 million, $50.7 million and $58.1 million in 2003, 2002 and 2001, respectively.

## 12. Taxes on Income

The amounts of earnings (losses) before income taxes by national jurisdiction follow:

| *($ in millions)* | 2003 | 2002 | 2001 |
|---|---|---|---|
| U.S. | $ 187.8 | $ 224.4 | $ 112.8 |
| Foreign | 131.9 | 5.8 | (226.5) |
| | $ 319.7 | $ 230.2 | $ (113.7) |

The provision for income tax expense (benefit) was as follows:

| *($ in millions)* | 2003 | 2002 | 2001 |
|---|---|---|---|
| Current | | | |
| U.S | $ 35.5 | $ 47.4 | $ (5.3) |
| State and local | 7.9 | 6.8 | (7.7) |
| Foreign | 38.9 | 2.1 | 0.8 |
| Total current | 82.3 | 56.3 | (12.2) |
| Deferred | | | |
| U.S | 22.9 | 23.4 | (8.2) |
| State and local | 2.7 | 3.4 | 6.9 |
| Foreign | (7.8) | (1.2) | 3.8 |
| Total deferred | 17.8 | 25.6 | 2.5 |
| Provision for income taxes | $ 100.1 | $ 81.9 | $ (9.7) |

The 2001 current and deferred U.S. benefits above include the offsetting effects of a $34 million minimum tax credit reclassified from current to deferred since full realization is not expected before 2005.

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The income tax provision recorded within the consolidated statements of earnings differs from the provision determined by applying the U.S. statutory tax rate to pretax earnings as a result of the following:

| *($ in millions)* | 2003 | 2002 | 2001 |
|---|---|---|---|
| Statutory U.S. federal income tax | $ 111.9 | $ 80.6 | $ (39.8) |
| Increase (decrease) due to: | | | |
| Foreign tax holiday | (8.4) | -- | -- |
| Company-owned life insurance | (4.8) | (2.5) | (2.9) |
| Tax rate differences | (5.5) | -- | -- |
| Research and development tax credits | (1.5) | (1.3) | (1.3) |
| U.S. tax effects of China restructuring and nondeductible goodwill | -- | -- | 28.6 |
| State and local taxes, net | 6.9 | 6.8 | 2.8 |
| Other, net | 1.5 | (1.7) | 2.9 |
| Provision for taxes | $ 100.1 | $ 81.9 | $ (9.7) |
| Effective tax rate expressed as a percentage of pretax earnings | 31.3% | 35.6% | (8.6)% |

In 1995, Ball Packaging Europe' s Polish subsidiary was granted a tax holiday. Under the terms of the holiday, an exemption was granted on manufacturing earnings for up to 39.5 million of income tax. At December 31, 2003, the remaining tax holiday available to reduce future Polish tax liability was 14.8 million.

Provision has not been made for additional U.S. or foreign taxes on undistributed earnings of controlled foreign corporations where such earnings will continue to be reinvested. It is not practicable to estimate the additional taxes, including applicable foreign withholding taxes, that might become payable upon the eventual remittance of the foreign earnings for which no provision has been made.

Net income tax payments were $28.4 million, $16.2 million and $0.2 million for 2003, 2002 and 2001, respectively.

The significant components of deferred tax assets and liabilities at December 31 were:

| *($ in millions)* | 2003 | 2002 |
|---|---|---|
| Deferred tax assets: | | |
| Deferred compensation | $ (42.9) | $ (43.5) |
| Accrued employee benefits | (64.0) | (62.1) |
| Plant closure costs | (33.4) | (43.7) |
| Alternative minimum tax credits | (31.5) | (34.0) |
| Accrued pensions | (42.0) | (26.7) |
| Other | (67.6) | (44.0) |
| Total deferred tax assets | (281.4) | (254.0) |
| Deferred tax liabilities: | | |
| Depreciation | 278.9 | 237.5 |
| Goodwill and other intangible assets | 38.0 | 13.6 |
| Other | 23.4 | 19.6 |
| Total deferred tax liabilities | 340.3 | 270.7 |
| Net deferred tax liability | $ 58.9 | $ 16.7 |

The net change in deferred taxes during 2003 is primarily attributable to accelerated (including bonus) depreciation, the effects of foreign exchange rates and an increase in accrued pension liabilities.

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At December 31, 2003, the company, excluding Ball Packaging Europe, had capital loss carryforwards, expiring in 2004, of $20.5 million with a related tax benefit of $8 million. That benefit has been fully offset by a valuation allowance as the company currently does not anticipate capital gains in the carryforward period to allow realization of the tax benefit.

At December 31, 2003, Ball Packaging Europe and subsidiaries had net operating loss carryforwards, with no expiration date, of $72.8 million with a related tax benefit of $23.2 million. That benefit has been offset by a valuation allowance of $15.1 million due to the uncertainty of ultimate realization. Any realization of the valuation allowance will be recognized as a reduction in goodwill.

## 13. Employee Benefit Obligations

| ($ in millions) | December 31, 2003 | December 31, 2002 |
|---|---|---|
| Total defined benefit pension liability | $ 470.8 | $ 417.6 |
| Less current defined benefit pension liability | (24.6) | (10.3) |
| Long-term defined benefit pension liability | 446.2 | 407.3 |
| Retiree medical and other postemployment benefits | 119.6 | 111.3 |
| Deferred compensation plan | 117.8 | 100.9 |
| Other | 18.1 | 27.0 |
| | $ 701.7 | $ 646.5 |

*Defined Benefit Pension Plans*

The company' s pension plans cover substantially all U.S., Canadian and European employees meeting certain eligibility requirements. The defined benefit plans for salaried employees, as well as those for hourly employees in Germany and the United Kingdom, provide pension benefits based on employee compensation and years of service. In addition, the plan covering salaried employees in Canada includes a defined contribution feature. Plans for North American hourly employees provide benefits based on fixed rates for each year of service. The German plans are not funded but the company maintains book reserves and annual additions to the reserves are generally tax deductible. With the exception of the German plans, our policy is to fund the plans on a current basis to the extent deductible under existing tax laws and regulations and in amounts at least sufficient to satisfy statutory funding requirements. Plan assets consist primarily of common stocks and fixed income securities. We also have defined benefit pension obligations in France and Austria, the assets and liabilities of which are insignificant.

An analysis of the change in benefit accruals for 2003 and 2002 follows:

| | 2003 | | | 2002 | | |
|---|---|---|---|---|---|---|
| ($ in millions) | U.S. | Foreign | Total | U.S. | Foreign | Total |
| **Change in projected benefit obligation:** | | | | | | |
| Projected benefit obligation at prior measurement date | $ 550.1 | $ 430.8 | $ 980.9 | $ 441.9 | $ 68.5 | $ 510.4 |
| Service cost | 18.8 | 7.7 | 26.5 | 15.7 | 0.4 | 16.1 |
| Interest cost | 36.3 | 26.0 | 62.3 | 32.7 | 5.1 | 37.8 |
| Benefits paid | (27.0) | (28.0) | (55.0) | (31.9) | (5.7) | (37.6) |
| Net actuarial loss | 31.0 | 8.1 | 39.1 | 85.4 | 4.6 | 90.0 |
| Acquisition of Ball Packaging Europe | -- | -- | -- | -- | 357.0 | 357.0 |
| Effect of foreign exchange rates | -- | 81.9 | 81.9 | -- | 0.9 | 0.9 |
| Ball Packaging Europe opening balance sheet adjustments and other | 3.6 | 17.4 | 21.0 | 6.3 | -- | 6.3 |
| Projected benefit obligation at year end | 612.8 | 543.9 | 1,156.7 | 550.1 | 430.8 | 980.9 |
| **Change in plan assets:** | | | | | | |
| Fair value of assets at prior | | | | | | |

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| | | | | | | |
|---|---|---|---|---|---|---|
| measurement date | 405.2 | 122.2 | 527.4 | 351.9 | 64.0 | 415.9 |
| Actual return on plan assets | 83.1 | 17.7 | 100.8 | (1.0) | 2.9 | 1.9 |
| Employer contributions | 26.7 | 7.4 | 34.1 | 86.2 | 2.9 | 89.1 |
| Benefits paid | (27.0) | (9.0) | (36.0) | (31.9) | (5.7) | (37.6) |
| Acquisition of Ball Packaging Europe | -- | -- | -- | -- | 57.4 | 57.4 |
| Effect of foreign exchange rates | -- | 21.4 | 21.4 | -- | 0.7 | 0.7 |
| Ball Packaging Europe opening balance sheet adjustments and other | -- | (1.3) | (1.3) | -- | -- | -- |
| Fair value of assets at end of year | 488.0 | 158.4 | 646.4 | 405.2 | 122.2 | 527.4 |
| **Funded status** | (124.8) | (385.5)*(a)* | (510.3) | (144.9) | (308.6)*(a)* | (453.5) |
| Unrecognized net actuarial loss | 221.9 | 29.6 | 251.5 | 240.8 | 24.0 | 264.8 |
| Unrecognized prior service cost | 30.7 | 4.8 | 35.5 | 30.0 | 1.3 | 31.3 |
| Prepaid (accrued) benefit cost | $ 127.8 | $(351.1) | $ (223.3) | $ 125.9 | $(283.3) | $(157.4) |

*(a)* *The German plans are unfunded and, therefore, the liability is included in the sponsor company's balance sheet and benefits are paid by the company to the participants. The German plans represented $323.2 million and $250.6 million of the total unfunded status at December 31, 2003 and 2002, respectively. The increase from 2002 to 2003 is primarily the result of foreign exchange rates.*

Amounts recognized in the balance sheet at December 31 consisted of:

| | **2003** | | | **2002** | | |
|---|---|---|---|---|---|---|
| ***($ in millions)*** | **U.S.** | **Foreign** | **Total** | **U.S.** | **Foreign** | **Total** |
| Prepaid benefit cost | $ 54.7 | $ 1.2 | $ 55.9 | $ 56.8 | $ 0.9 | $ 57.7 |
| Accrued benefit liability | (86.8) | (384.0) | (470.8) | (110.1) | (307.5) | (417.6) |
| Intangible asset | 30.4 | 4.9 | 35.3 | 30.0 | 1.2 | 31.2 |
| Deferred tax benefit associated with accumulated other comprehensive loss | 51.1 | 12.1 | 63.2 | 58.8 | 7.6 | 66.4 |
| Accumulated other comprehensive loss, net of tax effect | 78.4 | 14.7 | 93.1 | 90.4 | 14.5 | 104.9 |
| Net amount recognized | $127.8 | $(351.1) | $(223.3) | $ 125.9 | $(283.3) | $(157.4) |

The accumulated benefit obligation for all U.S. defined benefit pension plans was $569.4 million and $511.8 million at December 31, 2003 and 2002, respectively. The accumulated benefit obligation for all foreign defined benefit pension plans was $506.2 million and $378.7 million at December 31, 2003 and 2002, respectively. Following is the information for defined benefit plans with an accumulated benefit obligation in excess of plan assets at December 31:

| | **2003** | | | **2002** | | |
|---|---|---|---|---|---|---|
| ***($ in millions)*** | **U.S.** | **Foreign** | **Total** | **U.S.** | **Foreign** | **Total** |
| Projected benefit obligation | $ 422.9 | $ 515.7 | $ 938.6 | $ 389.5 | $ 406.6 | $ 796.1 |
| Accumulated benefit obligation | 410.1 | 477.9 | 888.0 | 376.3 | 354.6 | 730.9 |
| Fair value of plan assets | 323.2 | 129.0 | 452.2 | 266.2 | 97.4 | 363.6 |

Components of net periodic benefit cost were:

| | **2003** | | | | |
|---|---|---|---|---|---|
| ***($ in millions)*** | **U.S.** | **Foreign** | **Total** | **2002*(a)*** | **2001*(a)*** |
| Service cost | $ 18.8 | $ 7.7 | $ 26.5 | $ 16.1 | $ 13.1 |
| Interest cost | 36.3 | 26.0 | 62.3 | 37.8 | 34.4 |
| Expected return on plan assets | (42.4) | (10.1) | (52.5) | (46.7) | (45.1) |

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| | | | | | |
|---|---|---|---|---|---|
| Amortization of prior service cost | 2.9 | 0.1 | 3.0 | 2.8 | 1.4 |
| Amortization of transition asset | -- | -- | -- | -- | (0.6) |
| Curtailment loss | -- | -- | -- | 0.2 | 0.4 |
| Recognized net actuarial loss | 9.1 | 1.0 | 10.1 | 0.8 | 0.4 |
| Net periodic benefit cost | $ 24.7 | $ 24.7 | $ 49.4 | $ 11.0 | $ 4.0 |

(a) *Net periodic benefit cost for the U.S. and foreign plans have been aggregated prior to 2003 since the cost associated with the foreign plans was insignificant prior to the acquisition of Ball Packaging Europe on December 19, 2002.*

Weighted average assumptions used to determine benefit obligations for the North American plans at December 31 using the measurement dates of December 31, 2003, December 31, 2002, and September 30, 2001, for 2003, 2002 and 2001, respectively, were:

| | U.S. | | | Canada | | |
|---|---|---|---|---|---|---|
| | **2003** | **2002** | **2001** | **2003** | **2002** | **2001** |
| Discount rate | 6.25% | 6.75% | 7.50% | 6.20% | 6.37% | 6.68% |
| Rate of compensation increase | 3.33% | 3.33% | 3.33% | 3.50% | 3.50% | 3.50% |

Weighted average assumptions used to determine benefit obligations for the European pension plans at December 31 using the measurement dates of December 31, 2003, and December 31, 2002, for 2003 and 2002, respectively, were:

| | United Kingdom | | Germany | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| Discount rate | 5.50% | 5.50% | 5.25% | 5.50% |
| Rate of compensation increase | 4.00% | 4.00% | 3.00% | 3.25% |
| Pension increases | 2.50% | 2.50% | 2.00% | 2.00% |

Weighted average assumptions used to determine net periodic benefit cost for the North American plans for the years ended December 31 were:

| | U.S. | | | Canada | | |
|---|---|---|---|---|---|---|
| | **2003** | **2002** | **2001** | **2003** | **2002** | **2001** |
| Discount rate | 6.75% | 7.50% | 8.00% | 6.37% | 6.68% | 6.68% |
| Rate of compensation increase | 3.33% | 3.33% | 3.33% | 3.50% | 3.50% | 3.50% |
| Expected long-term rates of return on assets | 8.50% | 9.00% | 9.88% | 7.69% | 8.00% | 9.50% |

Weighted average assumptions used to determine net periodic benefit cost for the European pension plans for the years ended December 31 were:

| | United Kingdom | | Germany | |
|---|---|---|---|---|
| | **2003** | **2002** | **2003** | **2002** |
| Discount rate | 5.50% | 5.50% | 5.50% | 5.50% |
| Rate of compensation increase | 4.00% | 4.00% | 3.25% | 3.25% |
| Pension increases | 2.50% | 2.50% | 2.00% | 2.00% |
| Expected long-term rates of return on assets | 7.00% | 7.00% | N/A | N/A |

The assumption related to the expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested to provide for the benefits over the life of the plans. The assumption is based upon Ball' s pension plan asset allocations, investment strategies and the views of investment managers and other large pension plan sponsors. Some reliance was placed on historical asset returns for our plans. An asset-return generation model was used to project future asset returns using simulation and asset class correlation. The

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analysis includes expected future risk premiums, forward looking return expectations derived from the yield on long-term bonds and the price earnings ratios of major stock market indexes, expected inflation and real risk-free interest rate assumptions, and the fund' s expected asset allocation.

The expected long-term rates of return on assets are calculated by applying the expected rate of return to a market related value of plan assets at the beginning of the year, adjusted for the weighted average expected contributions and benefit payments. For the North American plans, the market related value of plan assets used to calculate expected return was $570.4 million for 2003, $501.6 million for 2002 and $479.8 million for 2001. For the United Kingdom plan, the fair market value of plan assets was used to calculate the expected long-term rates of return on assets at December 31, 2003 and 2002.

During 2002 the measurement date for determining the fair value of plan assets and obligations was changed from September 30 to December 31 for several reasons: (1) December 31 better reflects the company' s financial position at year end; (2) the European plans have historically had a December 31 measurement date; and (3) reliable trustee information is now available in a more timely manner. The change in measurement date was not significant to Ball' s net earnings but resulted in a $41 million reduction of the required minimum pension liability adjustment, including the effect of a fourth quarter contribution of $37 million, which brought one of the company' s defined benefit plans into a fully funded status. The additional minimum pension liability, less related intangible asset, was recognized net of tax benefits as a component of shareholders' equity within accumulated other comprehensive loss. Included in other comprehensive earnings, net of related tax effect, was a decrease in the minimum liability of $11.8 million in 2003 and increases of $99.2 million and $3.8 million in 2002 and 2001, respectively.

For pension plans, accumulated gains and losses in excess of a 10 percent corridor, the prior service cost and the transition asset are being amortized on a straight-line basis from the date recognized over the average remaining service period of active participants.

*Defined Benefit Pension Plan Assets*

Investment policies and strategies for the plan assets in the U.S., Canada and the United Kingdom are established by committees in each country and include the following common themes: (1) to invest the funds in accordance with applicable standards; (2) to provide for long-term growth of principal income without undue exposure to risk; (3) to minimize contributions to the plans; (4) to minimize and stabilize pension expense; and (5) to achieve a rate of return which is above the market average for each asset class over the long term. The investment committees are required to regularly, but no less frequently than once annually, review asset mix and asset performance, as well as the performance of the investment managers. Based on their reviews, which are generally conducted quarterly, investment policies and strategies are revised as appropriate.

Target asset allocations are set using a minimum and maximum range for each asset category as a percent of the total funds market value. Following are the ranges established for the U.S. and Canadian plans as of December 31, 2003:

| | **U.S.** | **Canada** |
|---|---|---|
| Cash and cash equivalents | 0-10% | 0-10% |
| Equity securities | 30-75% *(a)* | 15-35% *(c)* |
| Canadian equity securities | -- | 30-50% |
| Fixed income securities | 25-60% *(b)* | 25-45% |
| Alternative investments | 0-10% | -- |

*(a) Equity securities may consist of up to 20 percent foreign equity securities.*
*(b) Debt securities may include up to 20 percent high yield non-investment grade bonds.*
*(c) The percentage of foreign equity securities must remain within the Canadian tax law for foreign property limits.*

The United Kingdom plan does not establish target asset allocations but relies on the advice of third-party investment managers and consultants. None of Ball' s defined benefit pension plans allow for investment in Ball common stock.

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The actual weighted average asset allocations for Ball' s defined benefit pension plans, which are within the established targets for each country, were as follows at December 31:

| | 2003 | 2002 |
|---|---|---|
| Cash and cash equivalents | 1% | 9%*(a)* |
| Equity securities | 66% | 58% |
| Fixed income securities | 32% | 32% |
| Other | 1% | 1% |
| | 100% | 100% |

*(a) Includes a $37 million cash contribution made on December 31, 2002.*

Contributions to the company' s defined benefit pension plans, not including the unfunded German plans, are expected to be between $35 million and $40 million in 2004. This estimate may change based on plan asset performance.

*Other Postemployment Benefits*

The company sponsors defined benefit and defined contribution postretirement health care and life insurance plans for substantially all U.S. and Canadian employees. Employees may also qualify for long-term disability, medical and life insurance continuation and other postemployment benefits upon termination of active employment prior to retirement. All of the Ball-sponsored postretirement health care and life insurance plans are unfunded and, with the exception of life insurance benefits, are self-insured.

In Canada, the company provides supplemental medical and other benefits in conjunction with Canadian provincial health care plans. Most U.S. salaried employees who retired prior to 1993 are covered by noncontributory defined benefit medical plans with capped lifetime benefits. Ball provides a fixed subsidy toward each retiree' s future purchase of medical insurance for U.S. salaried and substantially all nonunion hourly employees retiring after January 1, 1993. Life insurance benefits are noncontributory. Ball has no commitments to increase benefits provided by any of the postemployment benefit plans.

An analysis of the change in other postemployment benefit accruals for 2003 and 2002 follows:

| | 2003 | 2002 |
|---|---|---|
| **Change in projected benefit obligation:** | | |
| Projected benefit obligation at prior measurement date | $ 135.3 | $ 111.3 |
| Service cost | 2.1 | 1.8 |
| Interest cost | 9.0 | 8.2 |
| Benefits paid | (7.9) | (10.0) |
| Net actuarial loss | 20.7 | 23.8 |
| Effect of foreign exchange rates | 3.4 | 0.2 |
| Projected benefit obligation at year end | 162.6 | 135.3 |
| **Change in plan assets:** | | |
| Fair value of assets at prior measurement date | -- | -- |
| Employer contributions | 7.9 | 10.0 |
| Benefits paid | (7.9) | (10.0) |
| Fair value of assets at end of year | -- | -- |
| **Funded status** | (162.6) | (135.3) |
| Unrecognized net actuarial loss | 40.1 | 20.7 |
| Unrecognized prior service cost | 2.9 | 3.3 |
| Accrued benefit cost | $(119.6) | (111.3) |

Components of net periodic benefit cost were:

| ***($ in millions)*** | 2003 | 2002 | 2001 |
|---|---|---|---|
| Service cost | $ 2.1 | $ 1.8 | $ 2.4 |

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| | | | |
|---|---|---|---|
| Interest cost | 9.0 | 8.2 | 7.6 |
| Amortization of prior service cost | 0.4 | 0.4 | 0.4 |
| Recognized net actuarial loss (gain) | 2.0 | 0.2 | (0.9) |
| Net periodic benefit cost | $ 13.5 | $ 10.6 | $ 9.5 |

The assumptions used for the determination of benefit obligations and net periodic benefit cost were the same as used for the U.S. and Canadian defined benefit pension plans (included above). For other postemployment benefits, accumulated gains and losses, the prior service cost and the transition asset are being amortized over the average remaining service period of active participants.

For the U.S. health care plans at December 31, 2003, an 8.5 percent health care cost trend rate was used for pre-65 and post-65 benefits, and trend rates were assumed to decrease by one-half of one percent per year until 2011 when they reach 5 percent and remain level thereafter. For the Canadian plans, an 8.5 percent health care cost trend rate was used, which was assumed to decrease to 4.5 percent by 2008 and remain at that level in subsequent years.

Health care cost trend rates can have an effect on the amounts reported for the health care plan. A one-percentage point change in assumed health care cost trend rates would increase or decrease the total of service and interest cost by approximately $0.3 million and the postemployment benefit obligation by approximately $5 million.

*Other Benefit Plans*

Prior to the payment of the ESOP loan by the trust on December 14, 2001 (discussed in Note 14), substantially all U.S. salaried employees and certain U.S. nonunion hourly employees who participate in Ball' s 401(k) salary conversion plan automatically participated in the company' s ESOP through an employer matching contribution. Cash contributions to the ESOP trust, including preferred dividends, were used to service the ESOP debt and were $11.4 million in 2001. Interest paid by the ESOP trust for its borrowings was $0.7 million for 2001. Subsequent to the payment of the ESOP loan by the trust on December 14, 2001, the company began matching employee contributions to the company' s 401(k) with shares of Ball common stock beginning on January 1, 2002. Matching contributions are limited to 50 percent of up to 6 percent of a participant' s annual salary. The expense associated with the company match amounted to $11.7 million and $10.9 million for the years ended December 31, 2003 and 2002, respectively.

In addition, substantially all employees within the company' s aerospace and technologies segment who participate in Ball' s 401(k) salary conversion plan receive a performance-based matching cash contribution of up to 4 percent of base salary. The company recognized $6 million and $4.8 million of additional compensation expense related to this program for the years 2003 and 2002, respectively.

## 14. Shareholders' Equity

At December 31, 2003, the company had 240 million shares of common stock and 15 million shares of preferred stock authorized, both without par value. Preferred stock includes 600,000 authorized but unissued shares designated as Series A Junior Participating Preferred Stock.

On January 23, 2002, the company' s board of directors declared a two-for-one split of our stock and authorized the repurchase of additional common shares. The stock split was effective February 22, 2002, for all shareholders of record on February 1, 2002. As a result of the stock split, all amounts prior to the split related to earnings, options and outstanding shares have been retroactively restated as if the split had occurred as of January 1, 2001.

In accordance with plan provisions, effective December 14, 2001, the ESOP loan was paid by the trust and each related preferred share was converted into 1.1552 common shares, which were issued out of treasury stock. These common shares were transferred to the company' s 401(k) plan under which the employees have the option to convert them to other investments.

Under the company' s successor Shareholder Rights Plan, one Preferred Stock Purchase Right (Right) is attached to each outstanding share of Ball Corporation common stock. Subject to adjustment, each Right entitles the registered holder to purchase from the company one

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one-thousandth of a share of Series A Junior Participating Preferred Stock of the company at an exercise price of $130 per Right. If a person or group acquires 15 percent or more of the company' s outstanding common stock (or upon occurrence of certain other events), the Rights (other than those held by the acquiring person) become exercisable and generally entitle the holder to purchase shares of Ball Corporation common stock at a 50 percent discount. The Rights, which expire in 2006, are redeemable by the company at a redemption price of one cent per Right and trade with the common stock. Exercise of such Rights would cause substantial dilution to a person or group attempting to acquire control of the company without the approval of Ball' s board of directors. The Rights would not interfere with any merger or other business combinations approved by the board of directors.

Common shares were reserved at December 31, 2003, for future issuance under the employee stock purchase, stock option, dividend reinvestment and restricted stock plans.

In connection with the employee stock purchase plan, the company contributes 20 percent of up to $500 of each participating employee' s monthly payroll deduction toward the purchase of Ball Corporation common stock. Company contributions for this plan were approximately $2.5 million in 2003, $1.9 million in 2002 and $1.8 million in 2001.

*Accumulated Other Comprehensive Loss*

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

| *($ in millions)* | Foreign Currency Translation | Minimum Pension Liability (net of tax) | Effective Financial Derivatives(a) | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|
| December 31, 2000 | $ (27.8) | $ (1.9) | $ -- | $ (29.7) |
| 2001 change | (2.1) | (3.8) | (8.1) | (14.0) |
| December 31, 2001 | (29.9) | (5.7) | (8.1) | (43.7) |
| 2002 change | 7.0 | (99.2) | (2.4) | (94.6) |
| December 31, 2002 | (22.9) | (104.9) | (10.5) | (138.3) |
| 2003 change | 103.6 | 11.8 | 21.5 | 136.9 |
| December 31, 2003 | $ 80.7 | $ (93.1) | $ 11.0 | $ (1.4) |

*(a) Please refer to Note 16 for a discussion of the company' s use of derivative financial instruments.*

The minimum pension liability component of other comprehensive loss increased significantly in 2002 due to poor stock market performance causing lower than expected pension plan assets and the use of a lower discount rate in the determination of benefit obligations (presented in further detail in Note 13). The change in the minimum pension liability is presented net of related tax expense of $7.7 million for the year ended December 31, 2003, and net of related tax benefit of $63.3 million and $2.1 million for the years ended December 31, 2002 and 2001, respectively. No tax benefit has been provided on the foreign currency translation loss component for any period, as the undistributed earnings of the company' s foreign investments will continue to be reinvested.

*Stock Options and Restricted Shares*

The company has several stock option plans under which options to purchase shares of common stock have been granted to officers and key employees at the market value of the stock at the date of grant. Payment must be made at the time of exercise in cash or with shares of stock owned by the option holder, which are valued at fair market value on the date exercised. Options issued through December 31, 2003, terminate 10 years from date of grant. Tier A options are exercisable in four equal installments commencing one year from date of grant, with the exception of certain Tier A options granted in 1998, which became exercisable in October 2001 after the company' s common stock price reached $30 or greater for 10 consecutive days.

Ball adopted a Deposit Share Program in March 2001 that, by matching purchased shares with restricted shares, encourages certain senior management employees and outside directors to invest in Ball stock. Participants in the initial award had until March 2003 to acquire shares in

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order to receive the matching restricted shares grants. Also, in general, restrictions on the matching shares lapse at the end of four years from date of grant, or earlier if established share ownership guidelines are met and if the qualifying purchased shares are not sold or transferred prior to that time. As of December 31, 2003, a total of 532,209 shares were granted under this program and 49,816 were forfeited. This plan is accounted for as a variable plan where expense is recorded based upon the current market price of the company' s common stock until restrictions lapse. The company recorded $10.5 million, $6 million and $1.3 million of expense in connection with this program in 2003, 2002 and 2001, respectively. The variations in 2003 compared to 2002 and 2001 are the result of the timing of the share grants as well as the higher price of Ball stock. Ball guarantees loans made by a third party bank to certain participants in the deposit share program, of which $4.1 million was outstanding at December 31, 2003. In the event of a participant default, Ball would pursue payment from the participant.

A summary of stock option activity for the years ended December 31 follows (retroactively restated for the two-for-one stock split):

| | **2003** | | **2002** | | **2001** | |
|---|---|---|---|---|---|---|
| | **Number of Shares** | **Weighted Average Exercise Price** | **Number of Shares** | **Weighted Average Exercise Price** | **Number of Shares** | **Weighted Average Exercise Price** |
| Outstanding at beginning of year | 3,208,747 | $24.565 | 3,783,538 | $19.252 | 4,308,510 | $17.297 |
| Tier A options exercised | (581,651) | 19.704 | (864,670) | 18.521 | (1,186,986) | 15.513 |
| Tier B options exercised | -- | -- | (161,000) | 12.188 | (215,000) | 12.188 |
| Tier A options granted | 377,200 | 55.196 | 559,350 | 47.490 | 976,684 | 21.960 |
| Tier A options canceled | (73,293) | 27.534 | (108,471) | 24.000 | (99,670) | 20.857 |
| Outstanding at end of year | 2,931,003 | 29.398 | 3,208,747 | 24.565 | 3,783,538 | 19.252 |
| Exercisable at end of year | 1,613,163 | 21.970 | 1,581,302 | 19.033 | 1,951,746 | 17.567 |
| Reserved for future grants | 1,170,920 | | 1,647,279 | | 2,315,876 | |

Additional information regarding options outstanding at December 31, 2003, follows:

| | **Exercise Price Range** | | | |
|---|---|---|---|---|
| | **$12.188-$17.969** | **$21.225-27.563** | **$47.49-56.31** | **Total** |
| Number of options outstanding | 988,799 | 1,040,817 | 901,387 | 2,931,003 |
| Weighted average exercise price | $ 16.705 | $ 23.022 | $ 50.685 | $ 29.398 |
| Weighted average remaining contractual life | 4.91 years | 6.52 years | 8.75 years | 6.66 years |
| Number of shares exercisable | 854,984 | 625,117 | 133,062 | 1,613,163 |
| Weighted average exercise price | $ 16.732 | $ 23.701 | $ 47.49 | $ 21.97 |

These options cannot be traded in any equity market. However, based on the Black-Scholes option pricing model, adapted for use in valuing compensatory stock options in accordance with SFAS No. 123, options granted in 2003, 2002 and 2001 have estimated weighted average fair values at the date of grant of $17.25 per share, $16.57 per share and $7.80 per share, respectively. The actual value an employee may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. Consequently, there is no assurance that the value realized by an employee will be at or near the value estimated. The fair values were estimated using the following weighted average assumptions:

| | **2003 Grants** | **2002 Grants** | **2001 Grants** |
|---|---|---|---|
| Expected dividend yield | 0.84% | 0.70% | 0.91% |
| Expected stock price volatility | 35.38% | 34.92% | 33.75% |
| Risk-free interest rate | 2.87% | 4.57% | 4.84% |
| Expected life of options | 4.75 years | 4.75 years | 5.25 years |

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Ball accounts for its stock-based employee compensation programs using the intrinsic value method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." If we had elected to recognize compensation based upon the calculated fair value of the options granted after 1994, pro forma net earnings and earnings per share would have been:

| *($ in millions, except per share amounts)* | Years ended December 31, 2003 | 2002 | 2001 |
|---|---|---|---|
| Stock-based compensation as reported, net of tax | $ 7.6 | $ 4.2 | $ 2.4 |
| Pro forma effect of fair value based method | 1.2 | 3.8 | 3.6 |
| Stock-based compensation as reported, net of tax | $ 8.8 | $ 8.0 | $ 6.0 |
| Net earnings as reported | $ 229.9 | $ 156.1 | $ (99.2) |
| Pro forma effect of fair value based method | (1.2) | (3.8) | (3.6) |
| Pro forma net earnings | $ 228.7 | $ 152.3 | $ (102.8) |
| Basic earnings per share as reported | $ 4.12 | $ 2.77 | $ (1.85) |
| Pro forma basic earnings per share | 4.10 | 2.71 | (1.92) |
| Diluted earnings per share as reported | $ 4.02 | $ 2.71 | $ (1.85) |
| Pro forma diluted earnings per share | 4.00 | 2.64 | (1.92) |

## 15. Earnings per Share

The following table provides additional information on the computation of earnings per share amounts. Share and per share information have been retroactively restated for the two-for-one stock split discussed in Note 14.

| *($ in millions, except per share amounts)* | Years ended December 31, 2003 | 2002 | 2001 |
|---|---|---|---|
| **Diluted Earnings per Share:** | | | |
| Net earnings (loss) | $ 229.9 | $ 156.1 | $ (99.2) |
| Adjustments for deemed ESOP cash contribution in lieu of the ESOP Preferred dividend | -- | -- | (1.4) |
| Net earnings (loss) attributable to common shareholders | $ 229.9 | $ 156.1 | $ (100.6) |
| Weighted average common shares (000s) | 55,855 | 56,317 | 54,880 |
| Effect of dilutive securities: | | | |
| Dilutive effect of stock options and restricted shares | 1,282 | 1,221 | --*(a)* |
| Common shares issuable upon conversion of the ESOP Preferred stock | -- | -- | --*(a)* |
| Weighted average shares applicable to diluted earnings per share | 57,137 | 57,538 | 54,880*(a)* |
| Diluted earnings (loss) per share | $ 4.02 | $ 2.71 | $ (1.85)*(a)* |

*(a)* *The diluted loss per share and diluted weighted average common shares outstanding are the same as the basic measures because the assumed exercise of stock options and conversion of Ball's employee stock ownership plan preferred stock would have been antidilutive.*

The following options have been excluded for the respective years from the computation of the diluted earnings per share calculation since they were anti-dilutive (i.e., the exercise price exceeded the average closing market price of common stock for the year):

| Exercise Price | Expiration | 2003 | 2002 | 2001 |
|---|---|---|---|---|
| $ 27.563 | 2009 | -- | -- | 403,470 |
| 47.490 | 2012 | -- | 547,500 | -- |

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| | | | | |
|---|---|---|---|---|
| 56.310 | 2013 | 319,700 | -- | -- |
| Total | | 319,700 | 547,500 | 403,470 |

**16. Financial Instruments and Risk Management**

*Policies and Procedures*

In the ordinary course of business, we employ established risk management policies and procedures to reduce our exposure to commodity price changes, changes in interest rates, fluctuations in foreign currencies and fluctuations in prices of the company' s common stock in regard to common share repurchases. Although the instruments utilized involve varying degrees of credit and interest risk, the counter parties to the agreements are financial institutions, which are expected to perform fully under the terms of the agreements.

*Commodity Price Risk*

We manage our North American commodity price risk in connection with market price fluctuations of aluminum primarily by entering into can and end sales contracts, which include aluminum-based pricing terms that consider price fluctuations under our commercial supply contracts for aluminum purchases. The terms include a fixed price or an upper limit to the aluminum component pricing. This matched pricing affects substantially all of our North American metal beverage container net sales. We also, at times, use certain derivative instruments such as option and forward contracts as cash flow hedges of commodity price risk.

North American food can sales contracts incorporate annually negotiated steel costs, and North American plastic container sales include provisions to pass through resin cost changes. As a result, we believe we have minimal, if any, exposure related to changes in the costs of these commodities.

In Europe and Asia, the company manages the aluminum and steel raw commodity price risks through annual contracts for the purchase of the materials, as well as the sale of cans and ends, that reduce the company' s exposure to fluctuations in commodity prices within the current year. These purchase and sales contracts include fixed price, floating and pass through pricing arrangements. The company additionally uses forward and option contracts as cash flow hedges to manage future aluminum price risk and foreign exchange exposures for those sales contracts where there is not a pass through arrangement to minimize the company' s exposure to significant price changes.

At December 31, 2003, the company had aluminum forward contracts with notional amounts of $115.6 million hedging its aluminum purchase contracts. These forward contract agreements expire within one year. Included in shareholders' equity at December 31, 2003, within accumulated other comprehensive loss, is a net gain of $6.4 million associated with these contracts, $5.6 million of which is expected to be recognized in the consolidated statement of earnings during 2004. The majority of the gains on these derivative contacts will be offset by lower revenue from fixed price sales contracts. At December 31, 2002, the company had aluminum forward contracts with notional amounts of $321 million hedging the aluminum in the aluminum purchase contracts.

The company' s equity joint ventures also had aluminum forward contracts with notional amounts of $25 million hedging aluminum purchase contracts at December 31, 2002. There were no forward contract agreements at December 31, 2003.

*Interest Rate Risk*

Our objective in managing our exposure to interest rate changes is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we use a variety of interest rate swaps, collars and options to manage our mix of floating and fixed-rate debt. Interest rate instruments held by the company at December 31, 2003, included pay-floating and pay-fixed interest rate swaps. Pay-fixed swaps effectively convert variable rate obligations to fixed rate instruments. Pay-floating swaps effectively convert fixed-rate obligations to variable rate instruments. Swap agreements expire at various times up to three years.

Interest rate swap agreements outstanding at December 31, 2003, had notional amounts of $50 million at a floating rate and $139.6 million at a fixed rate, or a net fixed position of $89.6 million. Approximately $3.1 million of net gain associated with these contracts

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is included in accumulated other comprehensive loss at December 31, 2003, of which approximately $0.8 million is expected to be recognized in the consolidated statement of earnings during 2004. The company also had an interest rate cap on Eurolibor interest rates with a notional amount of  50 million. The fair value was not material at December 31, 2003 or 2002. At December 31, 2002, the agreements had notional amounts of $75 million at a floating rate and $185 million at a fixed rate, or a net fixed position of $110 million.

The fair value of all non-derivative financial instruments approximates their carrying amounts with the exception of long-term debt. Rates currently available to the company for loans with similar terms and maturities are used to estimate the fair value of long-term debt based on discounted cash flows. The fair value of derivatives generally reflects the estimated amounts that we would pay or receive upon termination of the contracts at December 31, 2003 and 2002, taking into account any unrealized gains and losses on open contracts.

| | 2003 | | 2002 | |
|---|---|---|---|---|
| ***($ in millions)*** | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| Long-term debt, including current portion | $ 1,647.6 | $ 1,696.2 | $ 1,913.0 | $ 1,943.4 |
| Unrealized net gain (loss) on derivative contracts relating to debt | -- | (0.4) | -- | 1.4 |

*Foreign Currency Exchange Rate Risk*

Our objective in managing exposure to foreign currency fluctuations is to protect foreign cash flows and earnings associated with foreign exchange rate changes through the use of cash flow hedges. In addition, we manage foreign earnings translation volatility through the use of foreign currency options. Our foreign currency translation risk results from the European euro, British pound, Canadian dollar, Polish zloty and Chinese renminbi. We face currency exposures in our global operations as a result of purchasing raw materials in U.S. dollars. Sales contracts are negotiated with customers to reflect cost changes and, where there is not a foreign exchange pass-through arrangement, the company uses forward and option contracts to manage foreign currency exposures. Contracts outstanding at December 31, 2003, expire in less than one year and their fair value was a loss of $9.7 million.

*Common Share Repurchases*

In connection with the company' s ongoing share repurchases, the company sells put options which give the purchasers of those options the right to sell shares of the company' s common stock to the company on specified dates at specified prices upon the exercise of those options. Our objective in selling put options is to lower the average purchase price of acquired shares. The put option contracts allow us to determine the method of settlement, either in cash or shares. As such, prior to the adoption of SFAS No. 150 during the second quarter of 2003, the contracts were considered equity instruments and changes in the fair value were not recognized in our financial statements. Since the adoption of this accounting standard, which is required on a prospective basis, changes in the fair value are recognized in our net earnings. The impact on the 2003 consolidated financial statements since the adoption of SFAS No. 150 was not significant. There were no put option contracts outstanding at December 31, 2003. At December 31, 2002, there were put option contracts outstanding for 100,000 shares at an average price of $46.50 per share, all of which expired without value during 2003. During 2002 we received $0.7 million in premiums for option contracts, which were recorded as a reduction in treasury stock.

In 2001 we entered into a forward share repurchase agreement to purchase shares of the company' s common stock. Under this agreement, we purchased 736,800 shares in January 2002 an average price of $33.58 per share; 313,400 shares in April 2002 at an average price of $38.95 per share; 195,600 shares in July 2002 at an average price of $45.49 per share and 189,900 shares in December 2002 at an average price of $45.67 per share.

## 17. Quarterly Results of Operations (Unaudited)

The company' s fiscal quarters end on the Sunday nearest the calendar quarter end. The fiscal years end on December 31.

*2003 Quarterly Information*

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The acquisition of Ball Packaging Europe in December 2002 significantly increased the revenues and added to the net earnings during all four quarters of 2003 compared to 2002. Other items affecting comparability included a gain of $1.6 million recorded in the fourth quarter of 2003 in connection with the sale of the Moultrie, Georgia, plant that was closed in late 2001, as well as the completion of the Moultrie business consolidation activities. In the third quarter of 2003, the company recorded $3.5 million of earnings related to the PRC and aerospace consolidation activities commenced in 2001. The third quarter also included after-tax debt refinancing costs of $9.9 million. In February 2003 Ball announced plans to close its Blytheville, Arkansas, metal food container plant to address decreased demand for three-piece welded cans. In connection with the closure, a charge of $1.9 million ($1.2 million after tax), partially offset by a $0.5 million gain ($0.3 million after tax) on the sale of a Canadian plant that was included in a restructuring charge taken in 2002, was recorded in the first quarter of 2003.

*2002 Quarterly Information*

The fourth quarter of 2002 included income of $2.3 million related to business consolidation activities and after-tax debt refinancing costs of $3.2 million. Other than these two items, fluctuations in sales and earnings for the quarters in 2002 reflected the normal seasonality of the business as well as the number of days in each fiscal quarter.

| ***($ in millions except per share amounts)*** | **First Quarter** | **Second Quarter** | **Third Quarter** | **Fourth Quarter** | **Total** |
|---|---|---|---|---|---|
| **2003** | | | | | |
| Net sales | $ 1,070.9 | $ 1,353.3 | $ 1,359.3 | $ 1,193.5 | $ 4,977.0 |
| Gross profit*(a)* | 136.9 | 202.6 | 207.3 | 157.8 | 704.6 |
| Net earnings | $ 31.5 | $ 74.3 | $ 68.8 | $ 55.3 | $ 229.9 |
| Basic earnings per share | $ 0.56 | $ 1.33 | $ 1.24 | $ 0.99 | $ 4.12 |
| Diluted earnings per share | $ 0.55 | $ 1.30 | $ 1.21 | $ 0.97 | $ 4.02 |
| *2002* | | | | | |
| Net sales | $ 875.9 | $ 1,034.2 | $ 1,038.6 | $ 910.2 | $ 3,858.9 |
| Gross profit*(a)* | 97.3 | 137.0 | 138.4 | 118.2 | 490.9 |
| Net earnings | $ 27.5 | $ 49.9 | $ 50.0 | $ 28.7 | $ 156.1 |
| Basic earnings per share | $ 0.49 | $ 0.89 | $ 0.89 | $ 0.51 | $ 2.77 |
| Diluted earnings per share | $ 0.48 | $ 0.87 | $ 0.87 | $ 0.87 | $ 2.71 |

*(a)* *Gross profit is shown after depreciation and amortization related to cost of sales of $179.6 million and $137.6 million for the years ended December 31, 2003 and 2002, respectively.*

Earnings per share calculations for each quarter are based on the weighted average shares outstanding for that period. As a result, the sum of the quarterly amounts may not equal the annual earnings per share amount.

## 18. Research and Development

Research and development costs are expensed as incurred in connection with the company' s internal programs for the development of products and processes. Costs incurred in connection with these programs, the majority of which are included in cost of sales, amounted to $20.5 million, $18.8 million and $14.9 million for the years 2003, 2002 and 2001, respectively. The majority of these costs were incurred in the company' s aerospace and technologies segment.

## 19. Contingencies

The company is subject to various risks and uncertainties in the ordinary course of business due, in part, to the competitive nature of the industries in which we participate, our operations in developing markets outside the U.S., changing commodity prices for the materials used in

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the manufacture of our products and changing capital markets. Where practicable, we attempt to reduce these risks and uncertainties through the establishment of risk management policies and procedures, including, at times, the use of certain derivative financial instruments.

From time to time, the company is subject to routine litigation incident to its business. Additionally, the U.S. Environmental Protection Agency has designated Ball as a potentially responsible party, along with numerous other companies, for the cleanup of several hazardous waste sites. Our information at this time does not indicate that these matters will have a material adverse effect upon the liquidity, results of operations or financial condition of the company.

On January 1, 2003, Germany imposed a refundable mandatory deposit on one-way metal, PET and glass beverage containers (for beer, carbonated soft drinks and water). Due to political and legal uncertainties in Germany, no nationwide system for returning the containers was in place at the time the mandatory deposit was imposed and many retailers stopped carrying beverages in non-refillable containers. The situation is not expected to improve until the deposit is eliminated by once again meeting the mandatory refill quotas or until it is resolved by various courts, intervention by the European Union or by new legislative action. We have responded by reducing beverage can production at our German plants, implementing aggressive cost reduction measures, entering into price increase negotiations and increasing exports from Germany to other European nations. We also closed one of our plants in the United Kingdom, delayed capital investment projects in France and Poland and are converting one of our steel can production lines in Germany to aluminum in order to facilitate additional can exports.

**20. Indemnifications and Guarantees**

During the normal course of business, the company or the appropriate consolidated direct or indirect subsidiary have made certain indemnities, commitments and guarantees under which the specified entity may be required to make payments in relation to certain transactions. These indemnities, commitments and guarantees include indemnities to the customers of the subsidiaries in connection with the sales of their packaging and aerospace products and services, guarantees to suppliers of direct or indirect subsidiaries of the company guaranteeing the performance of the respective entity under a purchase agreement, indemnities for liabilities associated with the infringement of third party patents, trademarks or copyrights under various types of agreements, indemnities to various lessors in connection with facility, equipment, furniture, and other personal property leases for certain claims arising from such leases, indemnities pursuant to agreements relating to the company' s domestic and foreign joint ventures, indemnities in connection with the purchase or sale of businesses or substantially all of the assets and specified liabilities of the businesses, indemnities in connection with the sale of facilities no longer needed by the company and indemnities to directors, officers and employees of the company to the extent permitted under the laws of the State of Indiana and the United States of America. The duration of these indemnities, commitments and guarantees varies, and in certain cases, is indefinite. In addition, the majority of these indemnities, commitments and guarantees do not provide for any limitation of the maximum potential future payments the company could be obligated to make. As such, the company is unable to reasonably estimate its potential exposure under these items. The company has not recorded any liability for these indemnities, commitments and guarantees in the accompanying consolidated balance sheets. The company does, however, accrue for losses for any known contingent liability, including those that may arise from indemnifications, commitments and guarantees, when future payment is both reasonably determinable and probable. Finally, the company carries specific and general liability insurance policies and has obtained indemnities, commitments and guarantees from third party purchasers, sellers and other contracting parties, which the company believes would, in many circumstances, provide recourse to any claims arising from these indemnifications, commitments and guarantees.

The company' s senior notes and senior credit facilities are guaranteed on a full, unconditional and joint and several basis by certain of the company' s wholly owned domestic subsidiaries. Certain tranches of the senior credit facilities are similarly guaranteed by certain of the company' s wholly owned foreign subsidiaries. These guarantees were required in support of the notes and credit facilities referred to above, are co-terminous with the terms of the respective note indentures and credit agreement and would require performance upon certain events of default referred to in the respective guarantees. The maximum potential amounts which could be required to be paid under the guarantees is essentially equal to the then outstanding principal and interest under the respective notes and credit agreement, or under the applicable tranche. The company is not in default under the above notes or credit facilities.

Ball Capital Corp. II is a separate, wholly owned corporate entity created for the purchase of receivables from certain of the company' s wholly owned subsidiaries. Ball Capital Corp. II' s assets will be available first and foremost to satisfy the claims of its creditors. The company has provided an undertaking to Ball Capital Corp. II in support of the sale of receivables to a commercial lender or lenders and

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would require performance upon certain events of default referred to in the undertaking. The maximum potential amount which could be paid is equal to the outstanding amounts due under the accounts receivable financing (discussed in the first paragraph of Note 5). The company, the appropriate subsidiaries and Ball Capital Corp. II are not in default under the above credit arrangement.

From time to time, the company is subject to claims arising in the ordinary course of business. In the opinion of management, no such matter, individually or in the aggregate, exists which is expected to have a material adverse effect on the company' s consolidated results of operations, financial position or cash flows.

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**Five-Year Review of Selected Financial Data**

**Ball Corporation and Subsidiaries**

| ($ in millions, except per share amounts) | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|---|---|---|---|---|
| Net sales | $4,977.0 | $3,858.9 | $ 3,686.1 | $3,664.7 | $ 3,707.2 |
| Net earnings (loss) *(1)* | 229.9 | 156.1 | (99.2) | 68.2 | 104.2 |
| Preferred dividends, net of tax | -- | -- | (2.0) | (2.6) | (2.7) |
| Earnings (loss) attributable to common shareholders *(1)* | $ 229.9 | $ 156.1 | $ (101.2) | $ 65.6 | $ 101.5 |
| Return on average common shareholders' equity | 35.4% | 31.3% | (17.7)% | 10.1% | 16.2% |
| Basic earnings (loss) per share *(1)(2)* | $ 4.12 | $ 2.77 | $ (1.85) | $ 1.13 | $ 1.68 |
| Weighted average common shares outstanding(000s) *(2)* | 55,855 | 56,317 | 54,880 | 58,080 | 60,340 |
| Diluted earnings (loss) per share *(1)(2)* | $ 4.02 | $ 2.71 | $ (1.85) | $ 1.07 | $ 1.58 |
| Diluted weighted average common shares outstanding (000s) *(2)* | 57,137 | 57,538 | 54,880 | 62,034 | 64,900 |
| Property, plant and equipment additions | $ 137.2 | $ 158.4 | $ 68.5 | $ 98.7 | $ 107.0 |
| Depreciation and amortization | $ 205.5 | $ 149.2 | $ 152.5 | $ 159.1 | $ 162.9 |
| Total assets | $4,069.6 | $4,132.4 | $ 2,313.6 | $2,649.8 | $ 2,732.1 |
| Total interest bearing debt and capital lease obligations | $1,686.9 | $1,981.0 | $ 1,064.1 | $1,137.3 | $ 1,196.7 |
| Common shareholders' equity | $ 807.8 | $ 492.9 | $ 504.1 | $ 639.6 | $ 655.2 |
| Market capitalization *(3)* | $3,359.1 | $2,904.8 | $ 2,043.8 | $1,292.0 | $ 1,174.0 |
| Net debt to market capitalization *(3)* | 49.1% | 59.3% | 48.0% | 86.0% | 98.9% |
| Cash dividends *(2)* | $ 0.48 | $ 0.36 | $ 0.30 | $ 0.30 | $ 0.30 |
| Book value *(2)* | $ 14.33 | $ 8.69 | $ 8.72 | $ 11.40 | $ 10.99 |
| Market value *(2)* | $ 59.57 | $ 51.19 | $ 35.35 | $ 23.03 | $ 19.69 |
| Annual return to common shareholders *(4)* | 17.4% | 46.0% | 55.3% | 19.2% | (12.7)% |
| Working capital | $ 62.4 | $ 155.6 | $ 218.8 | $ 310.2 | $ 225.7 |
| Current ratio | 1.07 | 1.15 | 1.38 | 1.47 | 1.34 |

*(1)* *Includes business consolidation costs and other items affecting comparability between years of pretax income of $3.7 million and $2.3 million in 2003 and 2002, respectively, and pretax expense of $271.2 million and $76.4 million in 2001 and 2000, respectively.*

*(2)* *Amounts have been retroactively restated for a two-for-one stock split, which was effective on February 22, 2002.*

*(3)* *Market capitalization is defined as the number of common shares outstanding at year end multiplied by the year-end closing price of Ball common stock. Net debt is total debt less cash and cash equivalents.*

*(4)* *Change in stock price plus dividend yield assuming reinvestment of dividends.*

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**Quarterly Stock Prices and Dividends**

Quarterly prices for the company’ s common stock, as reported on the composite tape, and quarterly dividends in 2003 and 2002 were:

| | 2003 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | 2002 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|---|---|---|---|---|---|---|---|
| High | $56.57 | $58.31 | $54.50 | $59.57 | $48.05 | $51.89 | $54.40 | $53.09 |
| Low | 48.95 | 45.75 | 42.58 | 53.61 | 32.60 | 38.85 | 32.82 | 44.88 |
| Dividends per share | 0.09 | 0.09 | 0.15 | 0.15 | 0.09 | 0.09 | 0.09 | 0.09 |

Amounts have been retroactivity restated for a two-for-one stock split, which was effective on February 22, 2002.

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Exhibit 21.1

# SUBSIDIARIES OF BALL CORPORATION

At December 31, 2003

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

| Name | State or Country of Incorporation or Organization | Percentage Ownership (2) |
|---|---|---|
| Ball Packaging Corp. | Colorado | 100% |
| Ball Capital Corp. II | Delaware | 100% |
| Ball Asia Services Limited | Delaware | 100% |
| Ball Metal Food Container Corp. | Delaware | 100% |
| Ball Metal Packaging Sales Corp. | Colorado | 100% |
| Ball Plastic Container Corp. | Colorado | 100% |
| Ball Metal Beverage Container Corp. | Colorado | 100% |
| Latas de Aluminio Ball, Inc. | Delaware | 100% |
| Metal Packaging International, Inc. | Colorado | 100% |
| Ball Asia Pacific Holdings Limited | Hong Kong | 97% |
| Ball Asia Pacific Limited | Hong Kong | 97% |
| Ball Asia Pacific Beijing Metal Container Limited (formerly Beijing FTB Packaging Ltd.) | PRC | 97% |
| Hemei Containers (Tianjin) Co. Ltd. | PRC | 67% |
| Ball Asia Pacific Hubei Metal Container Limited (formerly Hubei FTB Packaging Ltd.) | PRC | 87% |
| Ball Asia Pacific Shenzhen Metal Container Limited (formerly Shenzhen MC Packaging Ltd.) | PRC | 97% |
| Zhongfu (Taicang) Plastics Products Co. Ltd. | PRC | 67% |
| Ball Pan-European Holdings, Inc. | Delaware | 100% |
| Ball Holdings, S.a.r.l. | Luxembourg | 100% |
| Ball European Holdings, S.a.r.l. | Luxembourg | 100% |
| Ball (Luxembourg) Finance, S.a.r.l. | Luxembourg | 100% |
| Ball Investment Holdings, S.a.r.l. | Luxembourg | 100% |
| Ball (UK) Holdings, Ltd. | England | 100% |
| Ball Europe Ltd. | England | 100% |
| Ball Company Ltd. | England | 100% |
| Ball Packaging Europe Holding Ltd. | England | 100% |
| Ball Packaging Europe UK Ltd. | England | 100% |
| Ball Packaging Europe Managing GmbH | Germany | 100% |
| Ball Packaging Europe Holding GmbH & Co. KG | Germany | 100% |
| Ball Packaging Europe GmbH | Germany | 100% |
| Ball Packaging Europe Unterstützungskasse GmbH | Germany | 100% |
| Ball Packaging Europe Verwaltungs GmbH | Germany | 100% |
| Ball Packaging Europe Hermsdorf GmbH | Germany | 100% |
| Ball Packaging Europe Belgrade d.o.o. | Serbia | 100% |
| Ball Packaging Europe Handelsgesellschaft mbH | Austria | 100% |
| Ball Packaging Europe Radomsko Sp.z o.o. | Poland | 100% |

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| | | |
|---|---|---|
| Ball (France) Holdings, SAS | France | 100% |
| Ball (France) Investment Holdings, SAS | France | 100% |
| Ball Packaging Europe Bierne SAS | France | 100% |
| Ball Packaging Europe La Ciotat SAS | France | 100% |
| Ball (The Netherlands) Holdings, BV | Netherlands | 100% |
| Ball Packaging Europe Holding BV | Netherlands | 100% |
| Ball Packaging Europe Oss BV | Netherlands | 100% |
| Ball Packaging Europe Trading Sp.z o.o. | Poland | 100% |
| Ball Aerospace & Technologies Corp. | Delaware | 100% |
| Ball Solutions Group | Australia | 100% |
| Ball Products Solutions PTY LTD | Australia | 100% |
| Ball Services Solutions PTY LTD | Australia | 100% |
| Ball Systems Solutions PTY LTD | Australia | 100% |
| Ball Advanced Imaging and Management Solutions PTY LTD | Australia | 100% |
| Ball AIMS (Malaysia) SDN BHD | Malaysia | 100% |
| Ball Technology Services Corporation | California | 100% |
| Ball North America Corp. | Canada | 100% |
| Ball Atlantic Enterprises, Inc. | Canada | 100% |
| Ball Nova Scotia Holdings LLP | Canada | 100% |
| Ball Packaging Products Canada Corp. | Canada | 100% |

The following is a list of affiliates of Ball Corporation included in the financial statements under the equity or cost accounting methods:

| | | |
|---|---|---|
| Ball Western Can Company, LLC | Delaware | 50% |
| Rocky Mountain Metal Container, LLC | Colorado | 50% |
| Vexcel Corporation | Colorado | 50% |
| DigitalGlobe, Inc. | Delaware | 6% |
| Jamabalaya S.A. | Uruguay | 50% |
| Lam Soon-Ball Yamamura | Taiwan | 8% |
| Latapack-Ball Embalagens Ltda | Brazil | 50% |
| Recal Organizacja Odzysku S.A | Poland | 50% |
| Sanshui Jianlibao FTB Packaging Limited | PRC | 34% |
| Thai Beverage Can Ltd. | Thailand | 7% |

(1) In accordance with Regulation S-K, Item 601(b)(21)(ii), the names of certain subsidiaries have been omitted from the foregoing lists. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary, as defined in Regulation S-X, Rule 1-02(w).

(2) Represents the Registrant' s direct and/or indirect ownership in each of the subsidiaries' voting capital share.

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Exhibit 23.1

**Consent of Independent Accountants**

We hereby consent to the incorporation by reference in each Amendment No. 1 to the Registration Statements on Form S-3 to Form S-16 (Registration Nos. 2-62247 and 2-65638) and in each Registration Statement on Form S-3 (Registration Nos. 33-3027, 33-16674, 33-19035, 33-40196 and 33-58741) and in each Registration Statement on Form S-8 (Registration Nos. 33-21506, 33-40199, 33-37548, 33-28064, 33-15639, 33-61986, 33-51121, 333-26361, 333-32393, 333-84561, 333-52862, 333-62550, 333-67180 and 333-67284) of Ball Corporation of our report dated February 23, 2004 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
March 12, 2004

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Exhibit 24.1

**FORM 10-K**

**LIMITED POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS that the undersigned directors and officers of Ball Corporation, an Indiana corporation, hereby constitute and appoint R. David Hoover, Raymond J. Seabrook and Douglas K. Bradford, and any one or all of them, the true and lawful agents and attorneys-in-fact of the undersigned with full power and authority in said agents and attorneys-in-fact, and in any one or more of them, to sign for the undersigned and in their respective names as directors and officers of the Corporation the Form 10-K of the Corporation to be filed with the Securities and Exchange Commission, Washington, D.C., under the Securities Exchange Act of 1934, as amended, and to sign any amendment to such Form 10-K, hereby ratifying and confirming all acts taken by such agents and attorneys-in-fact or any one of them, as herein authorized.

Date: March 12, 2004

| | | | |
|---|---|---|---|
| /s/ R. David Hoover | | /s/ Frank A. Bracken | |
| R. David Hoover | Officer | Frank A. Bracken | Director |
| /s/ Raymond J. Seabrook | | /s/ Howard M. Dean | |
| Raymond J. Seabrook | Officer | Howard M. Dean | Director |
| /s/ Douglas K. Bradford | | /s/ Hanno C. Fiedler | |
| Douglas K. Bradford | Officer | Hanno C. Fiedler | Director |
| | | /s/ R. David Hoover | |
| | | R. David Hoover | Chairman of the Board and Director |
| | | /s/ John F. Lehman | |
| | | John F. Lehman | Director |
| | | /s/ Jan Nicholson | |
| | | Jan Nicholson | Director |
| | | /s/ George A. Sissel | |
| | | George A. Sissel | Director |
| | | /s/ Theodore M. Solso | |
| | | Theodore M. Solso | Director |
| | | /s/ William P. Stiritz | |
| | | William P. Stiritz | Director |
| | | /s/ Stuart A. Taylor II | |
| | | Stuart A. Taylor II | Director |
| | | /s/ Erik H. van der Kaay | |
| | | Erik H. van der Kaay | Director |

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Exhibit 31

**Certification**

I, R. David Hoover, certify that:

1. I have reviewed this annual report on Form 10-K of Ball Corporation;

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

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

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 quarterly report is being prepared;

   b) 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

   c) 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 registrant' s board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: March 12, 2004

/s/ R. David Hoover
R. David Hoover
Chairman, President & Chief Executive Officer

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**Certification**

I, Raymond J. Seabrook, certify that:

1. I have reviewed this annual report on Form 10-K of Ball Corporation;

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

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

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 quarterly report is being prepared;

   b) 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

   c) 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 registrant' s board of directors (or persons performing the equivalent function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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 controls over financial reporting.

Date: March 12, 2004

/s/ Raymond J. Seabrook
Raymond J. Seabrook
Senior Vice President & Chief Financial Officer

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Exhibit 32

**Certification of Chief Executive Officer**

**Pursuant to 18 U.S.C. Section 1350**

**and Rule 13a-14(b) or Rule 15d-14(b)**

My name is R. David Hoover and I am the Chairman of the Board, President and Chief Executive Officer of Ball Corporation.

Please accept this as the certification required of the Chief Executive Officer of Ball Corporation pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002 that to the best of my knowledge and belief:

(1) Annual Report on Form 10-K for the year ended December 31, 2003, filed with the U.S. Securities and Exchange Commission on March 12, 2004 ("Report") fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of Ball Corporation as of, and for, the periods presented in the Report.

/s/ R. David Hoover
R. David Hoover
Chairman of the Board, President and Chief Executive Officer
Ball Corporation

Date: March 12, 2004

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Exhibit 32 (continued)

**Certification of Chief Financial Officer**

**Pursuant to 18 U.S.C. Section 1350**

**and Rule 13a-14(b) or Rule 15d-14(b)**

My name is Raymond J. Seabrook and I am the Senior Vice President and Chief Financial Officer of Ball Corporation.

Please accept this as the certification required of the Chief Financial Officer of Ball Corporation pursuant to 18 U.S.C. Section 1350 as adopted by Section 906 of the Sarbanes-Oxley Act of 2002 that to the best of my knowledge and belief:

(1) Annual Report on Form 10-K for the year ended December 31, 2003, filed with the U.S. Securities and Exchange Commission on March 12, 2004 ("Report") fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of Ball Corporation as of, and for, the periods presented in the Report.

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/s/ Raymond J. Seabrook

Raymond J. Seabrook

Senior Vice President and Chief Financial Officer

Ball Corporation

Date: March 12, 2004

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Exhibit 99.2

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES**

**LITIGATION REFORM ACT OF 1995**

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the Reform Act), Ball is hereby filing cautionary statements identifying important factors that could cause Ball' s actual results to differ materially from those projected in forward-looking statements of Ball. Forward-looking statements may be made in several different contexts; for example, in the quarterly and annual earnings news releases, the quarterly earnings conference calls hosted by the company, public presentations at investor and credit conferences, the company' s Annual Report and in annual and periodic communications with investors. The Form 10-K may contain forward-looking statements. As time passes, the relevance and accuracy of forward-looking statements may change. The company currently does not intend to update any particular forward-looking statement except, as it deems necessary at quarterly or annual release of earnings. You are advised, however, to consult any further disclosures Ball makes on related subjects in our 10-Q, 8-K and 10-K reports to the Securities and Exchange Commission. The Reform Act defines forward-looking statements as statements that express or imply an expectation or belief and contain a projection, plan or assumption with regard to, among other things, future revenues, income, earnings per share, cash flow or capital structure. Such statements of future events or performance involve estimates, assumptions and uncertainties, and are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause Ball' s actual results to differ materially from those contained in forward-looking statements made by or on behalf of Ball.

Some important factors that could cause Ball' s actual results or outcomes to differ materially from those expressed or implied and discussed in forward-looking statements include, but are not limited to:

- Fluctuation in customer and consumer growth and demand, particularly during the months when the demand for metal beverage beer and soft drink cans is heaviest; loss of major customers; manufacturing overcapacity or under capacity; lack of productivity improvement or production cost reductions; weather; fruit, vegetable and fishing yields; interest rates, particularly on the floating rate debt of the company; labor strikes and work stoppages; boycotts; litigation; antitrust, intellectual property, consumer and other issues; level of maintenance and capital expenditures; capital availability; economic conditions; and acts of war, terrorists or catastrophic events.
- Competition in pricing and the possible decrease in, or loss of, sales resulting therefrom; loss of profitability and plant closures, as well as the impact of price increases on financial results.
- The timing and extent of regulation or deregulation; competition in each line of business; product development and introductions; and technology changes.
- Ball' s ability or inability to have available sufficient production capacity in a timely manner.
- Overcapacity in foreign and domestic metal and plastic container industry production facilities and its impact on pricing and financial results.
- Regulatory action or federal, state, local or foreign laws, including restrictive packaging legislation such as recycling laws or the German mandatory deposit legislation, and environmental and workplace safety regulations.
- Regulatory action or laws including those related to corporate governance and financial reporting, regulations and standards, including changes in generally accepted accounting principles or their interpretation.

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- Difficulties in obtaining raw materials, supplies, energy such as gas and electric power, and natural resources needed for the production of metal and plastic containers as well as aerospace products.

- The cost and increased cost of raw materials, supplies, power and natural resources needed for the production of metal and plastic containers as well as aerospace products; pricing and ability or inability to sell scrap associated with the production of metal and plastic containers; the effect of changes in the cost of warehousing the company' s products; and increases and trends in various employee benefits and labor costs, including pension, medical and health care costs incurred in the countries in which Ball has operations; and rates of return projected and earned on assets and discount rates used to measure future obligations and expenses of the company' s defined retirement plans.

- The ability or inability to pass on to customers changes in raw material cost, particularly resin, steel and aluminum.

- International business and market risks (including foreign exchange rates and tax rates), particularly in the United States, Europe, and in foreign developing countries such as China and Brazil; political and economic instability in foreign markets; restrictive trade practices of the United States or foreign governments; sudden policy changes by the United States or foreign governments; the imposition of duties, taxes or other government charges by the United States or foreign governments; exchange controls; national or regional labor strikes or work stoppages; and terrorist activity or war.

- Foreign exchange rate of the U.S. dollar against the European euro, British pound, Polish zloty, Hong long dollar, Canadian dollar, Chinese renminbi and Brazilian real.

- Terrorist activity or war that disrupts the company' s production, supply, pricing or availability of the company' s goods and services, including raw materials and energy costs, and/or disrupts the company' s ability to obtain adequate credit resources for the foreseeable financing requirements of the company' s businesses.

- The number and timing of the purchases of the company' s common shares or obtain adequate credit resources for foreseeable financing requirements of the company' s businesses.

- Undertaking successful and unsuccessful acquisitions, joint ventures and divestitures and the integration activities associated with acquisitions and joint ventures, including the integration and operation of Ball Packaging Europe.

- The ability or inability to achieve technological and product extensions or new technological and product advances in the company' s businesses.

- The technical uncertainty and schedule of performance risks associated with contracts for aerospace products and services, and the success or lack of success of satellite launches and the businesses and governments associated with aerospace products and services and the launches.

- The ability to invoice and collect accounts receivable related to aerospace contracts in the ordinary course of business.

- The authorization, funding and availability of government contracts and the nature and continuation of those contracts and related services provided thereunder, as well as the cancellation or termination of government contracts for the U.S. government, other customers or other government contractors.

- Actual vs. estimated business consolidation and investment exit costs and the estimated net realizable values of assets associated with such activities; and goodwill impairment.

- Fluctuation in the fiscal and monetary policy established by the U.S. government.

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