UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

**FORM 10-Q**

[ X ] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2002

Commission file number 1-7349

**BALL CORPORATION**

State of Indiana 35-0160610

10 Longs Peak Drive, P.O. Box 5000
Broomfield, CO 80021-2510
303/469-3131

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

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

| Class | Outstanding at April 28, 2002 |
|---|---|
| Common Stock, without par value | 56,796,419 shares |

Ball Corporation and Subsidiaries
QUARTERLY REPORT ON FORM 10-Q
For the period ended March 31, 2002

INDEX



PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Ball Corporation and Subsidiaries
UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF EARNINGS
*($ in millions)*

| | Three Months Ended | |
|---|---|---|
| | March 31, 2002 | April 1, 2001 |

| | | |
|---|---|---|
| **Net sales** | **$ 875.9** | **$ 850.0** |
| Costs and expenses | | |
| Cost of sales (excluding depreciation and amortization) | 745.7 | 722.4 |
| Depreciation and amortization (Notes 7 and 8) | 35.7 | 38.3 |
| Selling and administrative | 36.4 | 34.3 |
| Receivable securitization fees and other (Note 9) | 0.9 | 3.0 |
| | 818.7 | 798.0 |
| **Earnings before interest and taxes** | **57.2** | **52.0** |
| Interest expense | 17.4 | 24.3 |
| Earnings before taxes | 39.8 | 27.7 |
| Provision for taxes | (13.9) | (9.7) |
| Minority interests | (0.2) | - |
| Equity in earnings of affiliates | 1.8 | 0.5 |
| Net earnings | 27.5 | 18.5 |
| Preferred dividends, net of tax | - | (0.6) |
| **Earnings attributable to common shareholders** | **$ 27.5** | **$ 17.9** |
| Earnings per common share (Note 11 and 13) | $ 0.49 | $ 0.33 |
| Diluted earnings per share (Note 11 and 13) | $ 0.48 | $ 0.31 |
| Cash dividends declared per common share | $ 0.09 | $ 0.075 |

See accompanying notes to unaudited condensed consolidated financial statements.

Ball Corporation and Subsidiaries
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
*($ in millions)*

| | March 31, 2002 | December 31, 2001 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and temporary investments | $ 21.9 | $ 83.1 |
| Accounts receivable, net | 251.1 | 172.0 |
| Inventories, net (Note 6) | 506.3 | 449.3 |
| Deferred income tax benefits and prepaid expenses | 81.8 | 89.1 |
| Total current assets | 861.1 | 793.5 |
| Property, plant and equipment, net (Note 7) | 905.9 | 904.4 |
| Goodwill (Note 8) | 348.9 | 357.8 |
| Intangibles and other assets (Note 8) | 275.1 | 257.9 |
| Total Assets | $ 2,391.0 | $ 2,313.6 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Short-term debt and current portion of long-term debt (Note 9) | $ 127.9 | $ 115.0 |
| Accounts payable | 300.6 | 258.5 |
| Accrued employee costs and other current liabilities | 170.4 | 201.2 |
| Total current liabilities | 598.9 | 574.7 |
| Long-term debt (Note 9) | 1,010.4 | 949.1 |
| Employee benefit obligations, deferred income taxes and other noncurrent liabilities | 281.2 | 276.0 |
| Total liabilities | 1,890.5 | 1,799.8 |

| | | |
|---|---|---|
| Contingencies (Note 12) | | |
| Minority interests | 8.4 | 9.7 |
| Common stock (76,415,483 shares issued - 2002; 75,707,774 shares issued - 2001) *(a)* | 492.8 | 478.9 |
| Retained earnings | 432.4 | 410.0 |
| Accumulated other comprehensive loss | (35.5) | (43.7) |
| Treasury stock, at cost (19,390,620 shares - 2002; 17,890,596 shares - 2001) *(a)* | (397.6) | (341.1) |
| Total shareholders' equity | 492.1 | 504.1 |
| Total Liabilities and Shareholders' Equity | $ 2,391.0 | $ 2,313.6 |

See accompanying notes to unaudited condensed consolidated financial statements.

*(a) Share amounts have been retroactivity restated for the two-for-one stock split discussed in Note 13.*

Ball Corporation and Subsidiaries
UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS
*($ in millions)*

| | Three Months Ended | |
|---|---|---|
| | March 31, 2002 | April 1, 2001 |
| Cash flows from operating activities | | |
| Net earnings | $ 27.5 | $ 18.5 |
| Noncash charges to net earnings: | | |
| Depreciation and amortization | 35.7 | 38.3 |
| Deferred income taxes | 9.6 | 6.0 |
| Other, net | (7.5) | (3.9) |
| Changes in working capital components | (115.3) | (199.5) |
| Net cash used in operating activities | (50.0) | (140.6) |
| Cash flows from investing activities | | |
| Additions to property, plant and equipment | (30.0) | (18.9) |
| Incentive loan receipts and other, net | (9.1) | 13.4 |
| Net cash used in investing activities | (39.1) | (5.5) |
| Cash flows from financing activities | | |
| Long-term borrowings | 85.0 | 145.0 |
| Repayments of long-term borrowings | (16.8) | (13.0) |
| Change in short-term borrowings | 7.9 | 44.8 |
| Common dividends | (5.1) | (4.1) |
| Net proceeds from issuance of common stock under various employee and shareholder plans | 13.3 | 9.6 |
| Acquisitions of treasury stock | (56.4) | (32.6) |
| Other, net | - | (1.2) |
| Net cash provided by financing activities | 27.9 | 148.5 |
| Net Change in Cash and Temporary Investments | (61.2) | 2.4 |
| Cash and Temporary Investments - Beginning of Period | 83.1 | 25.6 |
| Cash and Temporary Investments - End of Period | $ 21.9 | $ 28.0 |

See accompanying notes to unaudited condensed consolidated financial statements.

Ball Corporation and Subsidiaries
March 31, 2002

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**1. General**

The accompanying condensed consolidated financial statements include the accounts of Ball Corporation and its controlled affiliates (collectively Ball, the company, we or our) and have been prepared by the company without audit. Certain information and footnote disclosures, including significant accounting policies, normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. 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 and conditions. However, we believe that the financial statements reflect all adjustments, which are of a normal recurring nature and are necessary for a fair statement of the results for the interim period.

Results of operations for the periods shown are not necessarily indicative of results for the year, particularly in view of the seasonality in the packaging segment. We suggest that these unaudited condensed consolidated financial statements and accompanying notes be read in conjunction with the consolidated financial statements and the notes thereto included in our company's latest annual report.

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

**2. New Accounting Standards**

In August 2001 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement was effective for Ball beginning January 1, 2002. There was no impact upon adoption of this standard.

The FASB recently 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 will no longer be amortized but will be tested periodically for impairment. Resulting write-downs, if any, will be recognized in the statement of earnings. This statement became effective for Ball beginning January 1, 2002. We are evaluating the impact on the company's results from adopting SFAS No. 142. At this time, we do not anticipate any impairment charges and 2002 net earnings are expected to improve by $8 million with the cessation of amortization. The impact of not amortizing goodwill in the first three months of 2002 was four cents per diluted share and full-year earnings are expected to increase by fifteen cents per diluted share.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No. 138, an amendment of SFAS 133, require all derivatives to be recorded on the balance sheet at fair value and establish new accounting practices for hedge instruments. The adoption of these statements, which became effective for Ball on January 1, 2001, has not had a significant impact on the company's earnings or financial condition.

| **Summary of Business by Segment** *($ in millions)* | Three Months Ended | |
|---|---|---|
| | March 31, 2002 | April 1, 2001 |
| **Net Sales** | | |
| North American metal beverage | $ 505.7 | $ 504.1 |
| North American metal food | 131.3 | 133.9 |
| North American plastic containers | 81.0 | 64.4 |
| International | 35.3 | 50.3 |
| Total packaging | 753.3 | 752.7 |
| Aerospace and technologies | 122.6 | 97.3 |
| Consolidated net sales | $ 875.9 | $ 850.0 |
| **Operating Earnings** | | |
| Packaging | $ 55.8 | $ 51.9 |
| Aerospace and technologies | 9.8 | 6.0 |
| Segment earnings before interest and taxes | 65.6 | 57.9 |
| Corporate undistributed expenses, net | (8.4) | (5.9) |
| Earnings before interest and taxes | 57.2 | 52.0 |
| Interest expense | (17.4) | (24.3) |
| Provision for taxes on income | (13.9) | (9.7) |
| Minority interests | (0.2) | - |
| Equity in earnings of affiliates | 1.8 | 0.5 |
| Consolidated net earnings | $ 27.5 | $ 18.5 |

| | March 31, 2002 | December 31, 2001 |
|---|---|---|
| **Net Investment** | | |
| Packaging | $ 1,535.3 | $ 1,508.5 |
| Aerospace and technologies | 196.6 | 190.5 |
| Segment net investment | 1,731.9 | 1,699.0 |
| Corporate net investment and eliminations | (1,239.8) | (1,194.9) |
| Consolidated net equity | $ 492.1 | $ 504.1 |

**3. Business Segment Information**

Ball's operations are organized along its product lines and include two segments - the packaging segment and the aerospace and technologies segment. The accounting policies of the segments are the same as those in the unaudited condensed consolidated financial statements.

*Packaging*

The packaging segment includes the manufacture and sale of metal container products used primarily in beverage and food packaging and PET (polyethylene terephthalate) plastic container products used principally in beverage packaging. Our consolidated packaging operations are located in and serve North America (the U.S. and Canada) and Asia, primarily the People's Republic of China (PRC). We also have investments in packaging companies in the PRC, Brazil and Thailand, which are accounted for under the equity method, and, accordingly, those results are not included in segment earnings or assets.

*Aerospace and Technologies*

The aerospace and technologies segment includes defense systems, civil space systems and commercial space systems.

**4. Business Consolidation Costs, Acquisitions and Other**

In June 2001 Ball announced the reorganization of its PRC packaging business. As a part of the reorganization plan, we have exited the general line metal can business and have closed one PRC beverage can plant. We are in the process of closing another PRC beverage can plant and relocating production equipment. These remaining actions are expected to be completed during 2002. A $237.7 million pretax charge ($185 million after tax and minority interest impact) was recorded in connection with this reorganization. The charge was comprised of: (1) $90.3 million to write-down fixed assets and related spare parts held for sale to net realizable value, including estimated cost to sell; (2) $64.4 million of goodwill to estimated recoverable amounts; (3) $28.8 million for the acquisition of minority partner interests and write off of unrecoverable equity investments; (4) $24 million of accounts receivable deemed uncollectible and inventories deemed unsalable, both as a direct result of the exit plan; (5) $13 million of severance cost and other employee benefits and (6) $17.2 million of decommissioning costs, miscellaneous taxes and other exit costs. Based on current estimates, positive cash flow of approximately $29 million, including tax recoveries, is expected upon the completion of the reorganization plan.

Also in the second quarter of 2001, we ceased operations in two commercial developmental product lines in our aerospace and technologies segment. A pretax charge of $16 million ($9.7 million after tax) was recorded in the second quarter of 2001. The charge was comprised of: (1) $10 million of accounts receivable deemed uncollectible and inventories deemed unsalable, both as a direct result of the exit plan; (2) $2 million to write-down fixed assets held for sale to net realizable value, including estimated costs to sell; (3) $3.6 million of decommissioning and other exit costs and (4) $0.4 million of severance and other employee benefit costs.

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 and the company recorded a pre-tax charge of $24.7 million ($15 million after tax). The charge included: (1) $15.8 million for the write-down of fixed assets held for sale and related machinery spare parts inventory to estimated net realizable value, including estimated costs to sell; (2) $4.7 million for severance and other employee benefit costs; (3) $3.2 million for other assets and decommissioning costs; and (4) $1 million for contractual pension and retirement obligations which have been included in the appropriate liability accounts. Based on current estimates, positive cash flow of approximately $4 million, including tax recoveries, is expected upon completion of the plant closure. This charge was offset in part by the reversal of $7.2 million ($4.5 million after tax) of the June 2001 restructuring charge, primarily due to original estimates exceeding net actual costs as activities are concluded.

Severance and other benefit costs are associated with the termination of 1,592 employees, primarily manufacturing and administrative personnel substantially all of who have been terminated. The carrying value of fixed assets remaining for sale in connection with the 2001 charges is $1.1 million.

The following table summarizes the activity related to the 2001 restructuring and plant closing costs during 2002:

| *($ in millions)* | Pension/ Employee Costs | Other Assets/ Costs | Total |
|---|---|---|---|
| Balance at December 31, 2001 | $ 8.7 | $ 16.6 | $ 25.3 |
| Payments | (2.7) | (3.2) | (5.9) |
| Balance at March 31, 2002 | $ 6.0 | $ 13.4 | $ 19.4 |

In the second quarter of 2000, the company recorded an $83.4 million pre-tax charge ($55 million after-tax, minority interests and equity earnings impact) for packaging business consolidation and investment exit activities in North America and the PRC. The carrying value of fixed assets remaining for sale in connection with the 2000 business exit activities, as well as the remaining integration activities related to a 1998 acquisition, was approximately $6.1 million at March 31, 2002. The remaining accrued employee severance and other exit costs at March 31, 2002, were less than $1 million.

Subsequent changes to the estimated costs of the 2001 and 2000 business consolidation activities, if any, will be included in current-period earnings.

**5. Acquisition**

On December 28, 2001, Ball acquired substantially all of the assets of Wis-Pak Plastics, Inc. (Wis-Pak) for approximately $27.5 million. Additional payments of up to $10 million in total, including interest, are contingent upon the future performance of the acquired business through 2006. The contingent purchase price component will be recognized as the performance levels are achieved. 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 acquisition is not significant to the packaging segment's financial statements.

Subsequent increases in actual costs, if any, associated with the company's acquisitions will be included in current-period earnings while subsequent decreases, if any, will result in a reduction in goodwill.

**6. Inventories**

| *($ in millions)* | March 31, 2002 | December 31, 2001 |
|---|---|---|
| Raw materials and supplies | $ 152.5 | $ 148.9 |
| Work in process and finished goods | 353.8 | 300.4 |
| | $ 506.3 | $ 449.3 |

**7. Property, Plant and Equipment**

| *($ in millions)* | March 31, 2002 | December 31, 2001 |
|---|---|---|

| | | |
|---|---|---|
| Land | $ 48.9 | $ 49.5 |
| Buildings | 463.7 | 456.8 |
| Machinery and equipment | 1,406.5 | 1,398.5 |
| | 1,919.1 | 1,904.8 |
| Accumulated depreciation | (1,013.2) | (1,000.4) |
| | $ 905.9 | $ 904.4 |

Depreciation expense amounted to $34.8 million and $34.3 million for the three-month periods ended March 31, 2002, and April 1, 2001, respectively.

## 8. Goodwill, Intangibles and Other Assets

| *($ in millions)* | March 31, 2002 | December 31, 2001 |
|---|---|---|
| Goodwill (net of accumulated amortization of $65.2 at March 31, 2002, and $65.2 at December 31, 2001) | $ 348.9 | $ 357.8 |
| Prepaid pension | 100.7 | 101.0 |
| Investments in affiliates | 75.2 | 68.8 |
| Intangibles (net of accumulated amortization of $12.8 at March 31, 2002, and $11.9 at December 31, 2001) | 15.2 | 10.8 |
| Other | 84.0 | 77.3 |
| | $ 624.0 | $ 615.7 |

The change in goodwill relates to changes in the goodwill balance related to the Wis-Pak acquisition on December 28, 2001. Total amortization expense amounted to $0.9 million and $4.0 million for the three-month periods ended March 31, 2002, and April 1, 2001, respectively, of which $2.9 million related to the amortization of goodwill in the period ended April 1, 2001. Total annual intangible asset amortization expense will be approximately $3 to $4 million per year for the next five years.

The following table summarizes the earnings and per share impact of not amortizing goodwill for the first three months of 2002 and 2001.

| | March 31, 2002 | Basic EPS | Diluted EPS | April 1, 2001 | Basic EPS | Diluted EPS |
|---|---|---|---|---|---|---|
| Net earnings | $ 27.5 | $ 0.49 | $ 0.48 | $ 18.5 | $ 0.33 | $ 0.31 |
| Goodwill amortization, net of tax | - | - | - | 2.5 | 0.05 | 0.04 |
| Adjusted net earnings | $ 27.5 | $ 0.49 | $ 0.48 | $ 21.0 | $ 0.38 | $ 0.35 |

## 9. Debt and Receivables Sales Agreement

Debt includes $300 million of 7.75% Senior Notes due in 2006, $250 million of 8.25% Senior Subordinated Notes due in 2008 and borrowings under a Senior Credit Facility, which bear interest at variable rates. At March 31, 2002, approximately $509.3 million was available under the revolving credit facility portion of the Senior Credit Facility.

The Senior Notes, Senior Subordinated Notes and Senior Credit Facility agreements are guaranteed on a full, unconditional and joint and several basis by certain of the company's domestic wholly owned subsidiaries and contain certain covenants and restrictions including, among other things, limits on the incurrence of additional indebtedness and limits on the amount of restricted payments, such as dividends and share repurchases. Exhibit 20.1 contains condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries. 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.

A receivables sales agreement provides for the ongoing, revolving sale of a designated pool of trade accounts receivable of Ball's U.S. packaging operations, up to $125 million. Net funds received from the sale of the accounts receivable totaled $122.5 million at March 31, 2002, and April 1, 2001. Fees incurred in connection with the sale of accounts receivable totaled $0.7 million for the first quarter of 2002 and $1.8 for the same period in 2001.

The company was not in default of any loan agreement at March 31, 2002, and has met all payment obligations.

## 10. Shareholders' Equity

Accumulated other comprehensive loss of $35.5 million at March 31, 2002, and $43.7 million at December 31, 2001, includes the cumulative effect of foreign currency translation, additional minimum pension liability and unrealized gains and losses on derivative instruments receiving cash flow hedge accounting treatment.

The following table summarizes total comprehensive earnings for the first quarters of 2002 and 2001:

| | Three Months Ended | |
|---|---|---|
| *($ in millions)* | March 31, 2002 | April 1, 2001 |
| **Comprehensive Earnings** | | |
| Net earnings | $ 27.5 | $ 18.5 |
| Foreign currency translation adjustment | 0.6 | (4.3) |
| Effective financial derivatives | 7.6 | 0.0 |
| Minimum pension liability (net of tax) | (0.0) | (0.3) |
| Comprehensive earnings | $ 35.7 | $ 13.9 |

The company 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 have until March 2003 to acquire shares in order to receive the matching restricted share grants. 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, assuming the qualifying purchased shares are not sold or transferred prior to that time. There are a total of 562,000 shares available for grant under this program, of which 383,747 have been granted as of March 31, 2002. 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 $1.5 million and $0.2 million of expense in connection with this program in the first three months of 2002 and 2001, respectively.

**11. Earnings Per Share**

The following table provides additional information on the computation of earnings per share amounts:

| *($ in millions, except per share amounts)* | Three Months Ended | |
|---|---|---|
| | March 31, 2002 | April 1, 2001 |
| Earnings per Common Share | | |
| Net earnings | $ 27.5 | $ 18.5 |
| Preferred dividends, net of tax | - | (0.6) |
| Earnings attributable to common shareholders | $ 27.5 | $ 17.9 |
| Weighted average common shares *(000s)* | 56,552 | 54,658 |
| Earnings per common share | $ 0.49 | $ 0.33 |
| Diluted Earnings per Share | | |
| Net earnings | 27.5 | 18.5 |
| Adjustment for deemed ESOP cash contribution in lieu of the ESOP Preferred dividend | - | (0.5) |
| Earnings attributable to common shareholders | $ 27.5 | $ 18.0 |
| Weighted average common shares *(000s)* | 56,552 | 54,658 |
| Effect of dilutive stock options | 1,193 | 714 |
| Common shares issuable upon conversion of the ESOP Preferred stock | 0 | 3,344 |
| Weighted average shares applicable to diluted earnings per share | 57,745 | 58,716 |
| Diluted earnings per share | $ 0.48 | $ 0.31 |

**12. 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 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.

**13. Stock Split**

On January 23, 2002, the company's Board of Directors declared a two-for-one split of our stock, increased the quarterly dividend 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 related to earnings, options and outstanding shares have been retroactively restated as if the split had occurred as of January 1, 2001.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Management's discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying notes. Ball Corporation and subsidiaries are referred to collectively as Ball" or the "company" or "we" and "our" in the following discussion and analysis.*

**CONSOLIDATED SALES AND EARNINGS**

Ball's operations are organized along its product lines and include two segments - the packaging segment and the aerospace and technologies segment.

*Packaging Segment*

The packaging segment includes the manufacture and sale of metal containers used primarily in beverage and food packaging and PET (polyethylene terephthalate) plastic containers used principally in beverage packaging. Our consolidated packaging operations are located in and serve North America (the U.S. and Canada) and Asia, primarily the People's Republic of China (PRC). We also have investments in packaging companies in the PRC, Brazil and Thailand, which are accounted for under the equity method, and accordingly, those results are not included in segment earnings or assets. Packaging segment sales in the first quarter of 2002 were consistent with 2001. Operating margins improved from 6.9% for the first three months of 2001 to 7.4% for the same period in 2002 as a result of improved operating results in China largely due to the company's restructuring actions taken in 2001 and our PET operating results.

North American metal beverage container sales, which represented approximately 67 percent of segment sales in the first quarter of 2002, were consistent with the first quarter of 2001. Operating margins were lower due to higher cost inventories related to planned production curtailments taken during 2001 sold in the first quarter partially offset by improved sales prices. Operating margins are expected to improve throughout 2002 with lower manufacturing costs due to plants operating at near full capacity and continued improved sales prices.

We signed an agreement with Coors Brewing Company (Coors) for the manufacture and supply of essentially all of approximately 4.5 billion beverage cans and ends used by Coors annually of which approximately 3.5 to 3.6 billion will be produced in the joint venture plant and 900 million to 1.0 billion will be manufactured at our 100% owned facilities. Through a 50/50 joint venture, which is accounted for as an equity investment, Ball and Coors operate Coors' existing can and end facilities in Golden, Colorado. The joint venture and supply agreements commenced in January 2002 and had a minimal impact on first quarter results.

North American metal food container sales, which comprised approximately 17 percent of segment sales in 2002, were essentially flat compared to those in the first quarter of 2001 which were at record first quarter levels.

Plastic container sales, approximately 11 percent of segment sales in 2002, increased and were approximately 26 percent higher compared to the same period in 2001. The increased sales were driven by internal growth as well as the company's acquisition of Wis-Pak in December 2001. Operating margins improved with lower energy, freight and warehousing costs. Plastic bottle sales are predominantly to water and carbonated soft drink customers.

Sales were lower in the PRC due to the sale of general line business and other PRC restructuring efforts in the second half of 2001. However, operating margins improved due to the business consolidation actions taken there during 2001.

*Aerospace and Technologies Segment*

Sales in the aerospace and technologies segment were 26 percent higher for the first quarter, compared to the same period in 2001. The improvement in operating earnings for the first three months compared to the same period in 2001 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. Backlog at the end of the first quarter of 2002 was approximately $401 million compared to a backlog of $431 million at the end of 2001. Year-to-year comparisons of backlog are not necessarily indicative of the trend of future operations.

For additional information on our segment operations, see the Summary of Business by Segment in Note 3 accompanying the consolidated financial statements included within Item 1.

Interest and Taxes

Consolidated interest expense for the first quarter was $17.4 million compared to $24.3 million in 2001. Lower interest costs were attributable to lower interest rates and borrowings in 2002. The company's consolidated average borrowing rate decreased to 6.3% for first three months of 2002 versus 7.7% in the first three months of 2001. The effective income tax rates for 2002 and 2001, were both approximately 35 percent.

Results of Equity Affiliates

Equity in the net results of affiliates is largely attributable to our 50 percent ownership investment in Brazil and, to a lesser extent, our minority owned investments in the PRC and Thailand, the company's food joint venture with Conagra Foods and an aerospace business. Results were earnings of $1.8 million in the first three months of 2002, compared to earnings of $0.5 million for the same period in 2001. Earnings improvements were seen in all equity affiliates year over year.

Other Items

We took a number of actions in 2001 to address overcapacity in the industries in which we operate and to improve production efficiencies. In the first quarter of 2001, we began an extensive review of options available to us in connection with our investment in the PRC. Based upon that review, we announced in June 2001 a plan to exit the general line metal can business in the PRC and to further reduce our PRC beverage can manufacturing capacity by closing two plants. We have since sold the general line business, closed one beverage can plant and are in the process of closing the second. Based on current estimates, positive cash flow of approximately $29 million, including tax recoveries, is expected upon the completion of this reorganization plan. Also in June 2001, we ceased operations in two commercial developmental product lines in our aerospace and technologies business. In mid-December 2001 we closed our Moultrie, Georgia, beverage can plant. To affect these actions, pre-tax charges totaling $271.2 million were recorded in 2001.

The charges recorded were based on the estimates of Ball management and actuaries and other third 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 or as a reduction of goodwill. Additional details about our business consolidation and acquisition-related activities and associated costs are provided in Note 4 accompanying the consolidated financial statements.

**FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

Cash used in operations for the first quarter was $50 million, a significant improvement over the $141 million used during the same period in 2001. The improvement in 2002 reflected planned inventory reductions, a decrease in refundable income taxes, included in working capital, which are in part expected to be realized in 2002, partially offset by the larger seasonal increase in accounts receivable. Capital spending of $30.0 million in the first three months of 2002 was below depreciation expense of $34.8 million. We expect capital spending to be $160 million or less for the year.

Total debt increased to $1,138.3 million at March 31, 2002, compared to $1,064.1 million at December 31, 2001, partially the result of the seasonal working capital increase discussed above and the repurchase of our common shares. The debt-to-total capitalization ratio was 69 percent at March 31, 2002, compared to 67 percent at December 31, 2001. At March 31, 2002, approximately $509.3 million was available under the revolving credit facility portion of the Senior Credit Facility. Ball Asia Pacific Holdings Limited and its consolidated subsidiaries had short-term uncommitted credit facilities of approximately $85 million at the end of the first quarter, of which $41 million was outstanding.

A receivables sales agreement provides for the ongoing, revolving sale of a designated pool of trade accounts receivable of Ball's U.S. packaging operations, up to $125 million. Net funds received from the sale of the accounts receivable totaled $122.5 million at

March 31, 2002, and April 1, 2001.

The company was not in default of any loan agreement at March 31, 2002, and has met all payment obligations.

Additional details about the company's debt and receivables sales agreement are available in Note 9 accompanying the consolidated financial statements included within Item 1.

**CONTINGENCIES**

Details about the company's contingencies are available in Note 12 accompanying the consolidated financial statements included within Item 1.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 the company's common share repurchase program.

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 "band" pricing where there is an upper and lower limit, a fixed price or only 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. Outstanding contracts at the end of the first quarter expire in less than one year and up to three years. Included in shareholders' equity at March 31, 2002, within accumulated other comprehensive loss, is approximately $0.6 million of net gain associated with these contracts of which $6 million of loss is expected to be recognized in the consolidated statement of earnings during the remainder of 2002 that will be offset by higher revenue from fixed price sales contracts.

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. We manage this primarily through the use of cash flow hedges and, at times, derivatives that limit the cash flow impact but not necessarily the earnings impact in cases where they do not qualify for favorable accounting treatment. 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 March 31, 2002, included pay-floating and pay-fixed interest rate swaps and swaption contracts. Pay-fixed swaps effectively convert floating 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 five years. Although these instruments involve varying degrees of credit and interest risk, the counter parties to the agreements involve financial institutions, which are expected to perform fully under the terms of the agreements. Approximately $0.9 million of loss associated with these contracts is included in other accumulated comprehensive loss at March 31, 2002 all of which is expected to be recognized in the consolidated statement of earnings during the remainder of 2002.

Our objective in managing exposure to foreign currency fluctuations is to protect foreign cash flow and reduce earnings volatility associated with foreign exchange rate changes through the use of cash flow hedges. Our primary foreign currency risk exposures result from the strengthening of the U.S. dollar against the Hong Kong dollar, Canadian dollar, Chinese renminbi, Thai baht and Brazilian real. We face currency exposures in our global operations as a result of maintaining U.S. dollar debt and payables in these foreign countries. We use forward contracts to manage our foreign currency exposures and, as a result, gains and losses on these derivative positions offset, in part, the impact of currency fluctuations on the existing assets and liabilities. Contracts outstanding at the end of the first quarter expire in less than one year and their fair value was not significant.

In connection with the company's ongoing share repurchase program, from time to time we sell put options which give the purchaser 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. The put option contracts allow us to determine the method of settlement, either in cash or shares. As such, the contracts are considered equity instruments and changes in the fair value are not recognized in our financial statements. Our objective in selling put options is to lower the average purchase price of acquired shares in connection with the share repurchase program. At March 31, 2002, there were put option contracts outstanding for 375,000 shares at an average price of $30.77 per share. Also in connection with the ongoing share repurchase program, in 2001 we entered into a forward share repurchase agreement to purchase shares of the company's common stock. In January 2002, we purchased 736,800 shares under this agreement at an average price of $33.58 per share. We also entered into a share repurchase agreement during 2000 under which we purchased the remaining 1,021,000 shares in January 2001 at an average price of $17.58 per share.

Effective January 1, 2001, we adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS No. 138, an amendment of SFAS No. 133. These statements establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. All derivative instruments, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. The effective portions of changes in the fair value of derivative instruments designated as cash flow hedges are recorded in other comprehensive earnings and are recognized in earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in current period earnings. The adoption of this standard did not have a significant impact on the company's earnings or financial position.

The company has estimated its 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 analyses as of March 31, 2002, did not differ materially from the amounts reported as of December 31, 2001. Actual changes in market prices or rates may differ from hypothetical changes.

**FORWARD-LOOKING STATEMENTS**

The company has made or implied certain forward-looking statements in this quarterly report. These forward-looking statements represent the company's goals and could vary materially from those expressed or implied. 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 growth and demand; 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; 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; 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 inability to continue the purchase 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; federal and state legislation; increases in interest rates; labor strikes; increases in various employee benefits and labor costs; boycotts; litigation involving antitrust; intellectual property, consumer and other issues; maintenance and capital expenditures; goodwill impairment; local economic conditions; the authorization, funding and availability of government contracts and the nature and continuation of those contracts and related services provided thereunder; international business and market risks such as the devaluation of international currencies; terrorist activity or war that disrupts the company's production or supply, or pricing of raw materials used in the production of the company's goods and services, 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. If the company is unable to achieve its goals, then the company's actual performance could vary materially from those goals expressed in the forward-looking statements.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

There were no events required to be reported under Item 1 for the quarter ending March 31, 2002.

### Item 2. Changes in Securities

There were no events required to be reported under Item 2 for the quarter ended March 31, 2002.

### Item 3. Defaults Upon Senior Securities

There were no events required to be reported under Item 3 for the quarter ended March 31, 2002.

### Item 4. Submission of Matters to a Vote of Security Holders

There were no events required to be reported under Item 4 for the quarter ended March 31, 2002.

### Item 5. Other Information

There were no events required to be reported under Item 5 for the quarter ended March 31, 2002.

### Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

| | |
|---|---|
| 3.ii | Bylaws of Ball Corporation as amended on April 24, 2002 |
| 20.1 | Subsidiary Guarantees of Debt |
| 99.1 | Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995, as amended |

(b) Reports on Form 8-K

There were no Current Reports on Form 8-K filed during the quarter ended March 31, 2002.

## SIGNATURE

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

Ball Corporation
(Registrant)

By: /s/ Raymond J. Seabrook
Raymond J. Seabrook
Senior Vice President and
Chief Financial Officer

Date: May 15, 2002

Ball Corporation and Subsidiaries
QUARTERLY REPORT ON FORM 10-Q
March 31, 2002

## EXHIBIT INDEX

| Description | Exhibit |
|---|---|
| Bylaws of Ball Corporation as amended on April 24, 2002 (Filed herewith) | EX-3.ii |
| Subsidiary Guarantees of Debt (Filed herewith.) | EX-20.1 |
| Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995, as amended (Filed herewith.) | EX-99.1 |

EXHIBIT 3.ii

**Bylaws of Ball Corporation**
**(As of April 24, 2002)**

**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.

**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 nine 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.

**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.

**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.

(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.

EXHIBIT 20.1

**Subsidiary Guarantees of Debt**

The company's Senior Notes, Senior Subordinated Notes and Senior Credit Facility agreements are guaranteed on a full, unconditional and joint and several basis by certain of the company's wholly owned domestic subsidiaries. The following is condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries, as of March 31, 2002, and December 31, 2001 (in millions of dollars). The presentation of certain prior-year amounts has been changed 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

March 31, 2002

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and temporary investments | $ 2.3 | $ 0.6 | $ 19.0 | $ - | $ 21.9 |
| Accounts receivable, net | 1.5 | 223.5 | 26.1 | - | 251.1 |
| Inventories, net | - | 425.8 | 80.5 | - | 506.3 |
| Deferred income tax benefits and prepaid expenses | 175.7 | 142.0 | 1.3 | (237.2) | 81.8 |
| Total current assets | 179.5 | 791.9 | 126.9 | (237.2) | 861.1 |
| Property, plant and equipment, at cost | 25.6 | 1,642.1 | 251.4 | - | 1,919.1 |
| Accumulated depreciation | (13.5) | (889.1) | (110.6) | - | (1,013.2) |
| | 12.1 | 753.0 | 140.8 | - | 905.9 |
| Investments in subsidiaries | 1,670.8 | 59.0 | 9.8 | (1,739.6) | - |
| Investments in affiliates | 7.3 | 20.7 | 47.2 | - | 75.2 |
| Goodwill, net | - | 317.5 | 31.4 | - | 348.9 |
| Other assets | 112.7 | 69.6 | 17.6 | - | 199.9 |
| Total Assets | $ 1,982.4 | $ 2,011.7 | $ 373.7 | $ (1,976.8) | $ 2,391.0 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Short-term debt and current portion of long-term debt | $ 87.0 | $ - | $ 40.9 | $ - | $ 127.9 |
| Accounts payable | 12.7 | 248.4 | 39.5 | - | 300.6 |
| Salaries and wages | 9.1 | 57.8 | 3.5 | - | 70.4 |
| Other current liabilities | 38.8 | 256.6 | 41.8 | (237.2) | 100.4 |
| Total current liabilities | 147.6 | 562.8 | 125.7 | (237.2) | 598.9 |
| Long-term debt | 1,000.3 | 10.1 | - | - | 1,010.4 |
| Intercompany borrowings | 225.6 | 377.0 | 96.3 | (698.9) | - |
| Employee benefit obligations, deferred income taxes and other | 116.8 | 108.6 | 55.8 | - | 281.2 |
| Total liabilities | 1,490.3 | 1,058.5 | 277.8 | (936.1) | 1,890.5 |
| Contingencies | - | - | - | - | - |
| Minority interests | - | - | 8.4 | - | 8.4 |
| Shareholders' Equity: | | | | | |
| Series B ESOP Convertible Preferred Stock | - | - | - | - | - |
| Convertible preferred stock | - | - | 179.6 | (179.6) | - |
| Unearned compensation - ESOP | - | - | - | - | - |
| Preferred shareholders' equity | - | - | 179.6 | (179.6) | - |
| Common stock | 492.8 | 724.4 | 239.3 | (963.7) | 492.8 |
| Retained earnings (deficit) | 432.4 | 233.7 | (302.8) | 69.1 | 432.4 |
| Accumulated other comprehensive loss | (35.5) | (4.9) | (28.6) | 33.5 | (35.5) |
| Treasury stock, at cost | (397.6) | - | - | - | (397.6) |
| Common shareholders' equity (deficit) | 492.1 | 953.2 | (92.1) | (861.1) | 492.1 |
| Total shareholders' equity | 492.1 | 953.2 | 87.5 | (1,040.7) | 492.1 |
| Total Liabilities and Shareholders' Equity | $ 1,982.4 | $ 2,011.7 | $ 373.7 | $ (1,976.8) | $ 2,391.0 |

CONSOLIDATED BALANCE SHEET

December 31, 2001

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and temporary investments | $ 52.7 | $ 0.4 | $ 30.0 | $ - | $ 83.1 |
| Accounts receivable, net | 1.6 | 142.6 | 27.8 | - | 172.0 |
| Inventories, net | - | 375.5 | 73.8 | - | 449.3 |
| Deferred income tax benefits and prepaid expenses | 183.3 | 126.2 | 1.6 | (222.0) | 89.1 |
| Total current assets | 237.6 | 644.7 | 133.2 | (222.0) | 793.5 |
| Property, plant and equipment, at cost | 25.9 | 1,620.2 | 258.7 | - | 1,904.8 |
| Accumulated depreciation | (13.8) | (870.8) | (115.8) | - | (1,000.4) |
| | 12.1 | 749.4 | 142.9 | - | 904.4 |
| Investments in subsidiaries | 1,637.8 | 57.9 | 9.8 | (1,705.5) | - |
| Investments in affiliates | 7.4 | 15.3 | 46.1 | - | 68.8 |
| Goodwill, net | - | 326.6 | 31.2 | - | 357.8 |
| Other assets | 106.2 | 65.5 | 17.4 | - | 189.1 |
| Total Assets | $ 2,001.1 | $ 1,859.4 | $ 380.6 | $ (1,927.5) | $ 2,313.6 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Short-term debt and current portion of long-term debt | $ 67.0 | $ - | $ 48.0 | $ - | $ 115.0 |
| Accounts payable | 4.1 | 215.7 | 38.7 | - | 258.5 |
| Salaries and wages | 8.9 | 76.5 | 5.6 | - | 91.0 |
| Other current liabilities | 45.5 | 248.4 | 38.3 | (222.0) | 110.2 |
| Total current liabilities | 125.5 | 540.6 | 130.6 | (222.0) | 574.7 |
| Long-term debt | 939.0 | 10.1 | - | - | 949.1 |
| Intercompany borrowings | 308.2 | 291.7 | 98.9 | (698.8) | - |
| Employee benefit obligations, deferred income taxes and other | 124.3 | 95.4 | 56.3 | - | 276.0 |
| Total liabilities | 1,497.0 | 937.8 | 285.8 | (920.8) | 1,799.8 |
| Contingencies | | | | | |
| Minority interests | - | - | 9.7 | - | 9.7 |
| Shareholders' Equity: | | | | | |
| Convertible preferred stock | - | - | 179.6 | (179.6) | - |
| Preferred shareholders' equity | - | - | 179.6 | (179.6) | - |
| Common stock | 478.9 | 724.5 | 239.2 | (963.7) | 478.9 |
| Retained earnings (deficit) | 410.0 | 207.8 | (304.7) | 96.9 | 410.0 |
| Accumulated other comprehensive loss | (43.7) | (10.7) | (29.0) | 39.7 | (43.7) |
| Treasury stock, at cost | (341.1) | - | - | - | (341.1) |
| Common shareholders' equity | 504.1 | 921.6 | (94.5) | (827.1) | 504.1 |
| Total shareholders' equity | 504.1 | 921.6 | 85.1 | (1,006.7) | 504.1 |
| Total Liabilities and Shareholders' Equity | $ 2,001.1 | $ 1,859.4 | $ 380.6 | $ (1,927.5) | $ 2,313.6 |

CONSOLIDATED STATEMENT OF EARNINGS

For the Three months Ended March 31, 2002

| Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Net sales | $ - | $ 840.6 | $ 80.6 | $ (45.3) | $ 875.9 |
| Costs and expenses | | | | | |
| Cost of sales (excluding depreciation and amortization) | - | 722.4 | 68.6 | (45.3) | 745.7 |
| Depreciation and amortization | 0.5 | 31.0 | 4.2 | - | 35.7 |
| Selling and administrative | 7.1 | 24.6 | 4.7 | - | 36.4 |
| Receivable securitization fees and other | - | 1.0 | (0.1) | - | 0.9 |
| Interest expense | 6.8 | 8.7 | 1.9 | - | 17.4 |
| Equity in net results of subsidiaries | (27.8) | - | - | 27.8 | - |
| Corporate allocations | (12.6) | 12.6 | - | - | - |
| | (26.0) | 800.3 | 79.3 | (17.5) | 836.1 |
| Earnings (loss) before taxes | 26.0 | 40.3 | 1.3 | (27.8) | 39.8 |
| Provision for taxes | 1.6 | (14.9) | (0.6) | - | (13.9) |
| Minority interests | - | - | (0.2) | - | (0.2) |
| Equity in net results of affiliates | (0.1) | 0.5 | 1.4 | - | 1.8 |
| Earnings (loss) attributable to common shareholders | $ 27.5 | $ 25.9 | $ 1.9 | $ (27.8) | $ 27.5 |

CONSOLIDATED STATEMENT OF EARNINGS

For the Three months Ended April 1, 2001

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Net sales | $ - | $ 799.7 | $ 95.6 | $ (45.3) | $ 850.0 |
| Costs and expenses | | | | | |
| Cost of sales (excluding depreciation and amortization) | - | 685.1 | 82.6 | (45.3) | 722.4 |
| Depreciation and amortization | 0.5 | 31.9 | 5.9 | - | 38.3 |
| Selling and administrative | 3.7 | 24.2 | 6.4 | - | 34.3 |
| Receivable securitization fees and other | - | 3.1 | (0.1) | - | 3.0 |
| Interest expense | 14.7 | 8.2 | 1.4 | - | 24.3 |
| Equity in net results of subsidiaries | (20.7) | - | - | 20.7 | - |
| Corporate allocations | (12.3) | 12.3 | - | - | - |
| | (14.1) | 764.8 | 96.2 | (24.6) | 822.3 |
| Earnings (loss) before taxes | 14.1 | 34.9 | (0.6) | (20.7) | 27.7 |
| Provision for taxes | 4.4 | (13.3) | (0.8) | - | (9.7) |
| Minority interests | - | - | - | - | - |
| Equity in net results of affiliates | - | (0.1) | 0.6 | - | 0.5 |
| Net earnings (loss) | 18.5 | 21.5 | (0.8) | (20.7) | 18.5 |
| Preferred dividends, net of tax | (0.6) | - | - | - | (0.6) |
| Earnings (loss) attributable to common shareholders | $ 17.9 | $ 21.5 | $ (0.8) | $ (20.7) | $ 17.9 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three months Ended March 31, 2002

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Cash Flows from Operating Activities | | | | | |
| Net earnings (loss) | $ 27.5 | $ 25.9 | $ 1.9 | $ (27.8) | $ 27.5 |
| Noncash charges to net earnings: | | | | | |
| Depreciation and amortization | 0.5 | 31.0 | 4.2 | - | 35.7 |
| Deferred income taxes | 0.3 | 9.7 | (0.4) | - | 9.6 |
| Equity in net results of subsidiaries | (27.7) | (0.5) | (1.2) | 27.8 | (1.6) |
| Other, net | 2.5 | (8.9) | 0.5 | - | (5.9) |
| Changes in working capital components | (2.8) | (110.4) | (2.1) | - | (115.3) |
| Net cash provided by (used in) operating activities | 0.3 | (53.2) | 2.9 | - | (50.0) |
| Cash Flows from Investing Activities | | | | | |
| Additions to property, plant and equipment | (0.5) | (27.0) | (2.5) | - | (30.0) |
| Investments in and advances to affiliates, net of dividends | (82.6) | 85.2 | (2.6) | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Incentive loan receipts and other, net | (2.6) | (4.8) | (1.7) | - | (9.1) |
| Net cash provided by (used in) investing activities | (85.7) | 53.4 | (6.8) | - | (39.1) |
| Cash Flows from Financing Activities | | | | | |
| Long-term borrowings | 85.0 | - | - | - | 85.0 |
| Repayments of long-term borrowings | (16.8) | - | - | - | (16.8) |
| Change in short-term borrowings | 15.0 | - | (7.1) | - | 7.9 |
| Common dividends | (5.1) | - | - | - | (5.1) |
| Proceeds from issuance of common stock under various employee and shareholder plans | 13.3 | - | - | - | 13.3 |
| Acquisitions of treasury stock | (56.4) | - | - | - | (56.4) |
| Net cash provided by (used in) financing activities | 35.0 | - | (7.1) | - | 27.9 |
| Net Change in Cash and Temporary Investments | (50.4) | 0.2 | (11.0) | - | (61.2) |
| Cash and Temporary Investments - Beginning of Period | 52.7 | 0.4 | 30.0 | - | 83.1 |
| Cash and Temporary Investments - End of Period | $ 2.3 | $ 0.6 | $ 19.0 | $ - | $ 21.9 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three months Ended April 1, 2001

| | Ball Corporation | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminating Adjustments | Consolidated Total |
|---|---|---|---|---|---|
| Cash Flows from Operating Activities | | | | | |
| Net earnings (loss) | $ 18.5 | $ 21.5 | $ (0.8) | $ (20.7) | $ 18.5 |
| Noncash charges to net earnings: | | | | | |
| Depreciation and amortization | 0.5 | 31.9 | 5.9 | - | 38.3 |
| Deferred income taxes | (6.3) | 12.2 | 0.1 | | 6.0 |
| Equity in net results of subsidiaries | (20.7) | - | - | 20.7 | - |
| Other, net | 1.7 | (5.9) | 0.3 | - | (3.9) |
| Changes in working capital components | (12.2) | (163.2) | (24.1) | - | (199.5) |
| Net cash provided by (used in) operating activities | (18.5) | (103.5) | (18.6) | - | (140.6) |
| Cash Flows from Investing Activities | | | | | |
| Additions to property, plant and equipment | (0.2) | (14.1) | (4.6) | - | (18.9) |
| Investments in and advances to affiliates, net of dividends | (110.4) | 104.9 | 5.5 | - | - |
| Incentive loan receipts and other, net | 0.4 | 12.8 | 0.2 | - | 13.4 |
| Net cash provided by (used in) investing activities | (110.2) | 103.6 | 1.1 | - | (5.5) |
| Cash Flows from Financing Activities | | | | | |
| Long-term borrowings | 145.0 | - | - | - | 145.0 |
| Repayments of long-term borrowings | (13.0) | - | - | - | (13.0) |
| Change in short-term borrowings | 19.0 | - | 25.8 | - | 44.8 |
| Common and preferred dividends | (4.1) | - | - | - | (4.1) |
| Proceeds from issuance of common stock under various employee and shareholder plans | 9.6 | - | - | - | 9.6 |
| Acquisitions of treasury stock | (32.6) | - | - | - | (32.6) |
| Other, net | (1.1) | - | (0.1) | - | (1.2) |
| Net cash provided by (used in) financing activities | 122.8 | - | 25.7 | - | 148.5 |
| Net Change in Cash and Temporary Investments | (5.9) | 0.1 | 8.2 | - | 2.4 |
| Cash and Temporary Investments - Beginning of Period | 12.3 | 0.2 | 13.1 | - | 25.6 |
| Cash and Temporary Investments - End of Period | $ 6.4 | $ 0.3 | $ 21.3 | $ - | $ 28.0 |

EXHIBIT 99.1

**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 news conferences hosted by the company, public presentations at industry, investor and credit conferences, the company's Annual Report and in annual and periodic communications with investors. Management's Discussion and Analysis of Financial Condition and Results of Operations may contain forward-looking statements, and many of these statements are contained in Part I, Item 1, "Business." 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 growth and demand, including loss of major customers; manufacturing overcapacity; lack of productivity improvement or production cost reductions; weather; vegetable and fishing yields; regulatory action; federal, state and local law, such as recycling or mandatory deposit laws; interest rates; labor strikes and work stoppages; boycotts; litigation involving antitrust, intellectual property, consumer and other issues; maintenance and capital expenditures; capital availability; economic conditions and acts of war, terrorism 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.

- 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 pricing 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 containers and the effect of changes in the cost of warehousing the company's products and anticipated increases in various employee benefits and labor costs.

- The ability or inability to pass on to customers changes in raw material cost, particularly resin, steel and aluminum.

- International business and market risks, particularly in foreign developing countries such as China and Brazil, including political and economic instability in foreign markets, restrictive trade practices of foreign governments, sudden policy changes by foreign governments, the imposition of duties, taxes or other government charges by the United States or foreign governments, foreign exchange rate risk, exchange controls and national or regional labor strikes or work stoppages and terrorist activity or war.

- Terrorist activity or war that disrupts the company's production or supply, or pricing of raw materials used in the production of the company's goods and services, and/or disrupts the company's ability to obtain adequate credit resources for the foreseeable financing requirements of the company's businesses.

- The ability or inability to purchase 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.

- The failure to make cash payments and satisfy other debt obligations.

- The ability or inability to achieve technological and product extensions or new technological and product advances in the company's businesses.

- The technical risks associated with aerospace products and services, the success or lack of success of satellite launches and the businesses and governments associated with aerospace products and services and the launches.

- The authorization, funding and availability of government contracts and the nature and continuation of those contracts and related services, 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.