

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended April 4, 2004

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 NO

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

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

<u>Class</u>	<u>Outstanding at May 2, 2004</u>
Common Stock, without par value	56,359,161 shares

Ball Corporation and Subsidiaries
QUARTERLY REPORT ON FORM 10-Q
For the period ended April 4, 2004

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Ball Corporation and Subsidiaries
UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF EARNINGS
(\$ in millions, except per share amounts)

	<u>Three Months Ended</u>	
	<u>April 4, 2004</u>	<u>March 30, 2003</u>
-		
Net sales	\$ 1,231.5	\$ 1,070.9

Costs and expenses		
Cost of sales (excluding depreciation and amortization)	1,012.5	886.0
Depreciation and amortization (Notes 8 and 10)	53.8	49.9
Business consolidation costs (Note 5)	--	1.4
Selling and administrative	71.1	56.7
	<u>1,137.4</u>	<u>994.0</u>
Earnings before interest and taxes	94.1	76.9
Interest expense	28.3	32.0
Earnings before taxes	65.8	44.9
Tax provision	(21.5)	(15.7)
Minority interests	(0.3)	(0.3)
Equity in results of affiliates	2.8	2.6
Net earnings	\$ 46.8	\$ 31.5
Earnings per share (Notes 13 and 14):		
Basic	\$ 0.84	\$ 0.56
Diluted	0.82	0.55
Weighted average common shares outstanding (in thousands):		
Basic	55,674	56,163
Diluted	57,030	57,425
Cash dividends declared per common share	\$ 0.15	\$ 0.09

See accompanying notes to unaudited condensed consolidated financial statements.

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

	April 4, 2004	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	\$ 41.2	\$ 36.5
Receivables, net (Note 6)	372.8	250.1
Inventories, net (Note 7)	645.5	546.2
Deferred taxes and prepaid expenses	89.4	90.7
Total current assets	<u>1,148.9</u>	<u>923.5</u>
Property, plant and equipment, net (Note 8)	1,466.9	1,471.1
Goodwill (Note 9)	1,300.9	1,336.9
Other assets (Note 10)	336.4	338.1
Total Assets	\$ 4,253.1	\$ 4,069.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term debt and current portion of long-term debt (Note 11)	\$ 208.8	\$ 107.6
Accounts payable	400.8	349.7
Accrued employee costs	122.2	180.6
Income taxes payable	83.8	75.0
Other current liabilities	156.5	148.2
Total current liabilities	<u>972.1</u>	<u>861.1</u>
Long-term debt (Note 11)	1,632.4	1,579.3
Employee benefit obligations (Note 12)	700.8	701.7
Deferred taxes and other liabilities	118.6	113.5
Total liabilities	<u>3,423.9</u>	<u>3,255.6</u>
Contingencies (Note 15)		
Minority interests	6.3	6.2
Shareholders' equity (Note 13)		
Common stock (78,103,444 shares issued - 2004; 77,942,355 shares issued - 2003)	576.7	567.3
Retained earnings	787.3	748.8
Accumulated other comprehensive loss	(16.5)	(1.4)
Treasury stock, at cost (21,825,109 shares - 2004; 21,553,003 shares - 2003)	(524.6)	(506.9)
Total shareholders' equity	<u>822.9</u>	<u>807.8</u>

Total Liabilities and Shareholders' Equity	<u>\$ 4,253.1</u>	<u>\$ 4,069.6</u>
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See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended	
	April 4, 2004	March 30, 2003
Cash flows from operating activities		
Net earnings	\$ 46.8	\$ 31.5
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	53.8	49.9
Deferred taxes	8.3	5.8
Other	11.8	(2.4)
Withholding tax payment related to European acquisition	--	(138.3)
Other changes in other working capital components, excluding effects of acquisitions	(190.1)	(251.0)
Net cash used in operating activities	<u>(69.4)</u>	<u>(304.5)</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(34.9)	(30.3)
Business acquisitions, net of cash acquired (Note 4)	(30.0)	(28.0)
Other	(5.8)	(5.6)
Net cash used in investing activities	<u>(70.7)</u>	<u>(63.9)</u>
Cash flows from financing activities		
Long-term borrowings	121.4	160.7
Repayments of long-term borrowings	(55.2)	(16.3)
Change in short-term borrowings	102.1	17.7
Proceeds from issuance of common stock under various employee and shareholder plans	7.7	13.5
Acquisitions of treasury stock	(22.3)	(7.3)
Common dividends	(8.4)	(4.9)
Other	(0.4)	(1.2)
Net cash provided by financing activities	<u>144.9</u>	<u>162.2</u>
Effect of exchange rate changes on cash	(0.1)	1.1
Net Change in Cash and Cash Equivalents	4.7	(205.1)
Cash and Cash Equivalents - Beginning of Period	36.5	259.2
Cash and Cash Equivalents - End of Period	<u>\$ 41.2</u>	<u>\$ 54.1</u>

See accompanying notes to unaudited condensed consolidated financial statements.

Ball Corporation and Subsidiaries
April 4, 2004

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

The accompanying unaudited 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. As of January 1, 2004, the results of subsidiaries and equity affiliates in the People's Republic of China (PRC) are no longer reflected in the consolidated financial statements on a one-month lag. The change did not have a significant impact on the consolidated financial statements in the first quarter of 2004.

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 segments. These unaudited condensed consolidated financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and the notes thereto included in our company's latest annual report.

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 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.

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 \$3.6 million and \$2.3 million for the first three months of 2004 and 2003, respectively. If the fair-value-based method had been used, after-tax stock-based compensation would have been \$2.4 million and \$1.8 million for the same periods, respectively, and diluted earnings per share would have been higher by \$0.02 and \$0.01, respectively. Further details regarding the expense calculated under the fair-value-based method are provided in Note 13.

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

2. New Accounting Standards

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the 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.

3. 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 in the unaudited condensed consolidated financial statements. A discussion of the company's critical and significant accounting policies can be found in Ball's 2003 annual report.

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 PRC, includes the manufacture and sale of metal beverage containers 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.

Summary of Business by Segment

(\$ in millions)

	Three Months Ended	
	April 4, 2004	March 30, 2003
Net Sales		
North American metal beverage	\$ 549.3	\$ 502.0
North American metal food	145.1	121.8
North American plastic containers	93.0	87.0
Total North American packaging	787.4	710.8
Europe metal beverage	242.0	195.1
Asia metal beverage and plastic containers	41.8	33.5
Total international packaging	283.8	228.6
Aerospace and technologies	160.3	131.5
Consolidated net sales	\$ 1,231.5	\$ 1,070.9
Consolidated Net Earnings		
North American packaging	\$ 66.6	\$ 55.6
International packaging	27.6	14.3
Aerospace and technologies	11.2	16.1
Segment earnings before interest and taxes	105.4	86.0
Corporate undistributed expenses	(11.3)	(9.1)
Earnings before interest and taxes	94.1	76.9
Interest expense	(28.3)	(32.0)
Tax provision	(21.5)	(15.7)
Minority interests	(0.3)	(0.3)
Equity in results of affiliates	2.8	2.6
Consolidated net earnings	\$ 46.8	\$ 31.5

(\$ in millions)

April 4, 2004

December 31, 2003

Total Assets		
North American packaging	\$ 2,376.5	\$ 2,165.7
International packaging	2,013.4	2,027.8
Aerospace and technologies	256.8	278.6
Segment eliminations	(664.0)	(687.3)
Segment assets	3,982.7	3,784.8
Corporate assets net of eliminations	270.4	284.8
Consolidated assets	\$ 4,253.1	\$ 4,069.6

4. Acquisitions

Ball Western Can Company, LLC (Ball Western Can)

On March 17, 2004, we acquired ConAgra Grocery Products Company's (ConAgra) interest in Ball Western Can, which owns and operates a metal food container plant in Oakdale, California, for approximately \$30 million. Ball Western Can was established in 2000 as a 50/50 joint venture between Ball and ConAgra and, prior to the acquisition, was accounted for by Ball under the equity method of accounting. The acquisition has been accounted for as a purchase and, accordingly, has been included in our consolidated financial statements effective from the acquisition date. Contemporaneous with the acquisition, Ball and ConAgra's parent company, ConAgra Foods Inc., entered into a long-term agreement under which Ball will provide metal food cans to ConAgra manufacturing locations in California. The acquisition of Ball Western Can is not significant to the North American packaging segment.

Metal Packaging International, Inc. (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. 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. The acquisition of MPI is not significant to the North American packaging segment.

5. Business Consolidation Costs

In February 2003 we announced the closure of our Blytheville, Arkansas, metal food container plant to address decreased demand for three-piece welded food 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), 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, was recorded in the first quarter of 2003.

During the past several years, in addition to the closure of the Blytheville, Arkansas, plant discussed above, Ball has taken various actions to address overcapacity and decreased demand in its businesses, as well as to increase productivity. In the North American packaging segment, these actions included the closure of its Moultrie, Georgia, beverage can manufacturing plant in December 2001; the relocation of its plastics office from Georgia to Colorado in 2003; and the planned relocation of a research and development (R&D) facility from Georgia to Colorado, which is expected to be substantially completed during the second quarter of 2004. Significant activities in the PRC included exiting the general line metal can business and closing two PRC beverage can plants. In the aerospace and technologies segment, we ceased operations in two commercial developmental product lines during the second quarter of 2001 and wrote off an equity investment in an aerospace company in the fourth quarter of 2002.

The following table summarizes the 2004 activity in the remaining reserves related to business consolidation activities:

	Pension/ Employee Costs	Other Assets/ Costs	Total
<i>(\$ in millions)</i>			
Balance at December 31, 2003	\$ 2.7	\$ 5.7	\$ 8.4
Payments and other activity	(0.3)	(0.3)	(0.6)
Balance at April 4, 2004	\$ 2.4	\$ 5.4	\$ 7.8

Other than the relocation of the R&D facility from Georgia to Colorado, the restructuring activities in all regions have been substantially completed with severance and other benefit payments, the liquidation of certain investments and the sale of certain assets still in process at April 4, 2004. The balances remaining in the reserves at April 4, 2004, relate primarily to the liquidation of investments in the PRC, which will be completed as soon as the necessary PRC government approvals have been obtained. The carrying value of fixed assets remaining for sale in connection with business consolidation activities was approximately \$0.2 million at April 4, 2004.

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, was accounted for in the opening balance sheet of Ball Packaging Europe. These costs included €8.7 million for employee termination costs and €3.2 million for decommissioning costs, of which approximately €5 million have been paid. These actions are expected to be substantially completed by the end of 2004. The carrying value of fixed assets remaining for sale in connection with the European consolidation activities was €3 million.

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

6. Receivables

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 \$148.6 million at April 4, 2004, and \$175 million at December 31, 2003.

7. Inventories

	April 4, 2004	December 31, 2003
<i>(\$ in millions)</i>		
Raw materials and supplies	\$208.4	\$199.6
Work in process and finished goods	437.1	346.6
	<u>\$645.5</u>	<u>\$546.2</u>

8. Property, Plant and Equipment

	April 4, 2004	December 31, 2003
<i>(\$ in millions)</i>		
Land	\$ 78.3	\$ 75.0
Buildings	695.0	681.0
Machinery and equipment	1,991.4	1,980.9
	<u>2,764.7</u>	<u>2,736.9</u>
Accumulated depreciation	(1,297.8)	(1,265.8)
	<u>\$ 1,466.9</u>	<u>\$ 1,471.1</u>

Property, plant and equipment are stated at historical cost. Depreciation expense amounted to \$50.6 million for the three months ended April 4, 2004, and \$47.1 million for the three months ended March 30, 2003. The decrease in property, plant and equipment during 2004 is the result of budgeted capital spending projects, offset by depreciation and the effects of foreign exchange rates.

9. Goodwill

	North American Packaging	International Packaging	Total
<i>(\$ in millions)</i>			
Balance at December 31, 2003	\$ 355.6	\$ 981.3	\$ 1,336.9
Purchase accounting adjustments	(1.7)	--	(1.7)
Effects of foreign exchange rates	(0.6)	(33.7)	(34.3)
	<u>\$ 353.3</u>	<u>\$ 947.6</u>	<u>\$ 1,300.9</u>
Balance at April 4, 2004	\$ 353.3	\$ 947.6	\$ 1,300.9

In accordance with SFAS No. 142, goodwill is not amortized but rather tested annually for impairment. There has been no goodwill impairment since the adoption of SFAS No. 142 on January 1, 2002.

10. Other Assets

	April 4, 2004	December 31, 2003
<i>(\$ in millions)</i>		
Investments in affiliates	\$ 91.0	\$ 92.8
Prepaid pension and related intangible asset	83.2	91.2
Intangibles (net of accumulated amortization of \$32.9 at April 4, 2004, and \$30.1 at December 31, 2003)	61.6	66.7
Deferred financing costs	30.5	32.5
Other	70.1	54.9
	<u>\$336.4</u>	<u>\$338.1</u>

Total amortization expense of intangible assets amounted to \$3.2 million and \$2.8 million for the first three months of 2004 and 2003, respectively. Based on intangible assets and foreign exchange rates as of April 4, 2004, total annual intangible asset amortization expense is expected to be between approximately \$9 million and \$12 million in each of the next five years.

11. Debt

Long-term debt consisted of the following:

	April 4, 2004		December 31, 2003	
	In Local Currency	In U.S. \$	In Local Currency	In U.S. \$
<i>(in millions)</i>				
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 \$4.7 million in 2004 and \$4.8 million in 2003)	\$550.0	550.0	\$550.0	550.0
Senior Credit Facilities (at variable rates)				

Term Loan A, Euro denominated due December 2007	€ 90.0	109.2	€ 96.0	120.8
Term Loan A, British sterling denominated due December 2007	£ 59.3	108.5	£ 63.2	112.9
Term Loan A, British sterling denominated due December 2007	€234.4	284.4	€266.1	334.7
Term Loan B, U.S. dollar denominated due December 2009	\$186.4	186.4	\$186.9	186.9
Multi-currency revolver, U.S. dollar equivalent	\$108.5	\$ 108.5	--	--
Industrial Development Revenue Bonds				
Variable rates due through 2011	\$ 27.1	27.1	\$ 27.1	27.1
Other		27.6		15.2
		<u>1,701.7</u>		<u>1,647.6</u>
Less: Current portion of long-term debt		(69.3)		(68.3)
		<u>\$ 1,632.4</u>		<u>\$ 1,579.3</u>

At April 4, 2004, taking into account outstanding letters of credit, approximately \$296 million was available under the multi-currency revolving credit facilities, which provide for up to \$450 million in U.S. dollar equivalents. The company also had short-term uncommitted credit facilities of up to \$222 million at April 4, 2004, of which \$139.5 million was outstanding and due on demand.

During the first quarter of 2004, Ball repaid €31 million (\$38 million) of the euro denominated Term Loan B. Corresponding amounts were borrowed at lower interest rates under available short-term uncommitted lines of credit. At the time of the early repayment, the interest rate on the euro portion of the Term Loan B was reduced by 50 basis points. Interest expense during the first quarter of 2004 included \$0.5 million for the write off of the unamortized deferred financing costs associated with the repaid portion of the Term B loans.

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 notes payable and senior credit facilities 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.

The company was not in default of any loan agreement at April 4, 2004, and has met all debt payment obligations.

12. Employee Benefit Obligations

	April 4, 2004	December 31, 2003
<i>(\$ in millions)</i>		
Long-term defined benefit pension liability	\$447.9	\$446.2
Retiree medical and other postemployment benefits	120.2	119.6
Deferred compensation plans	109.1	103.7
Other	23.6	32.2
	<u>\$700.8</u>	<u>\$701.7</u>

Components of net periodic benefit cost associated with the company's defined benefit pension plans were:

	Three Months Ended					
	April 4, 2004			March 30, 2003		
	U.S.	Foreign	Total	U.S.	Foreign	Total
<i>(\$ in millions)</i>						
Service cost	\$ 5.5	\$ 2.2	\$ 7.7	\$ 4.7	\$ 1.9	\$ 6.6
Interest cost	9.4	7.2	16.6	9.1	6.5	15.6
Expected return on plan assets	(10.9)	(3.1)	(14.0)	(10.6)	(2.5)	(13.1)
Amortization of prior service cost	0.9	0.1	1.0	0.7	--	0.7
Recognized net actuarial loss	3.2	0.3	3.5	2.3	0.3	2.6
	<u>\$ 8.1</u>	<u>\$ 6.7</u>	<u>\$ 14.8</u>	<u>\$ 6.2</u>	<u>\$ 6.2</u>	<u>\$ 12.4</u>
Net periodic benefit cost						

Contributions to the company's defined benefit pension plans, not including the unfunded German plans, were \$5.2 million in the first quarter of 2004. The total contributions to these funded plans are expected to be between \$30 million and \$40 million for the full year. Actual contributions may vary upon revaluation of the plans' liabilities later in 2004. Payments to participants in the unfunded German plans were €4.1 million (\$5.1 million) in the first quarter of 2004 and are expected to be approximately €17 million for the full year (approximately \$21 million based on current foreign exchange rates).

13. Shareholders' Equity

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss includes the cumulative effect of foreign currency translation, additional minimum pension liability and unrealized gains and losses on derivative instruments receiving hedge accounting treatment.

	Foreign Currency Translation	Minimum Pension Liability(a) (net of tax)	Effective Financial Derivatives(b)	Accumulated Other Comprehensive Loss
<i>(\$ in millions)</i>				
December 31, 2003	\$ 80.7	\$ (93.1)	\$ 11.0	\$ (1.4)
Change	(27.0)	--	11.9	(15.1)
April 4, 2004	\$ 53.7	\$ (93.1)	\$ 22.9	\$ (16.5)

(a) The minimum pension liability is adjusted annually as of December 31 of each year.

(b) Refer to Item 3, "Quantitative and Qualitative Disclosures About Market Risk," for a discussion of the company's use of derivative financial instruments.

The following table summarizes total comprehensive earnings for the first three months of 2004 and 2003:

	Three Months Ended	
	April 4, 2004	March 30, 2003
<i>(\$ in millions)</i>		
Comprehensive Earnings		
Net earnings	\$ 46.8	\$ 31.5
Foreign currency translation adjustment	(27.0)	14.6
Effect of derivative instruments	11.9	5.4
Comprehensive earnings	\$ 31.7	\$ 51.5

Stock-Based Compensation Programs

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. 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, assuming the qualifying purchased shares are not sold or transferred prior to that time. This plan is accounted for as a variable plan where compensation expense is recorded based upon the current market price of the company's common stock until restrictions lapse. The company recorded \$5.3 million and \$3.6 million of expense in connection with this program in the first three months of 2004 and 2003, respectively. The variances in expense recorded are the result of the timing and vesting 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 \$3.3 million was outstanding at April 4, 2004. In the event of a participant default, Ball would pursue payment from the participant. The deposit share program was amended and restated in April 2004 and further awards of up to 150,000 have been made. Participants in this award have until April 2005 to acquire shares in order to receive the matching restricted share grants.

The company has stock option plans under which options to purchase shares of common stock have been granted to officers and employees at the market value of the stock at the date of grant. In general, options are exercisable in four equal installments commencing one year from the date of grant and terminate 10 years from the date of grant. At April 4, 2004, there were 2,793,205 options outstanding under these plans at a weighted average exercise price of \$29.85 per share, of which 1,618,260 were exercisable at a weighted average exercise price of \$22.08 per share.

Ball accounts for its stock-based 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, earnings and earnings per share would have been as follows:

	Three Months Ended	
	April 4, 2004	March 30, 2003
<i>(\$ in millions, except per share amounts)</i>		
Stock-based compensation as reported, net of tax	\$ 3.6	\$ 2.3
Pro forma effect of fair value based method	(1.2)	(0.5)
Pro forma stock-based compensation, net of tax	\$ 2.4	\$ 1.8
Net earnings as reported	\$ 46.8	\$ 31.5
Pro forma effect of fair value based method	1.2	0.5
Pro forma net earnings	\$ 48.0	\$ 32.0
Basic earnings per share as reported	\$ 0.84	\$ 0.56
Pro forma basic earnings per share	0.86	0.57
Diluted earnings per share as reported	\$ 0.82	\$ 0.55
Pro forma diluted earnings per share	0.84	0.56

14. Earnings Per Share

	Three Months Ended	
	April 4, 2004	March 30, 2003
<i>(\$ in millions, except per share amounts)</i>		
Diluted Earnings per Share:		
Net earnings	\$ 46.8	\$ 31.5
Weighted average common shares (000s)	55,674	56,163
Effect of dilutive stock options	1,356	1,262

Weighted average shares applicable
to diluted earnings per share

	57,030	57,425
	<hr/>	<hr/>
Diluted earnings per share	\$ 0.82	\$ 0.55
	<hr/>	<hr/>

All of the company's outstanding options have been included in the diluted earnings per share calculation for the first quarters of 2004 and 2003 since they were dilutive (i.e., the exercise price was lower than the average closing market price of common stock for the period).

Information needed to compute basic earnings per share is provided in the consolidated statements of earnings.

15. 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 countries 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.

Due to political and legal uncertainties in Germany, no nationwide system for returning containers was in place at the time a mandatory deposit was imposed in January 2003 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 one or more return systems covering all relevant market segments. 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 have converted one of our steel can production lines in Germany to aluminum in order to facilitate additional can exports from Germany.

16. Indemnifications and Guarantees

During the normal course of business, the company or the appropriate consolidated direct or indirect subsidiaries 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 on 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 known payments under promissory notes and other evidences of debt and 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 which 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 6). 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.

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.

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 approximately 50 plants around the world. We also supply aerospace and other technologies and services to commercial and governmental 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 rigid packaging industry in the U.S. and Canada is relatively mature and industry share is gained or lost among a relatively 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 European growth by building a new beverage can manufacturing plant in Belgrade, Serbia, which will service these rapidly growing regions.

Our revenues outside of North America account for more than 20 percent of consolidated net sales. Due to our acquisition of Ball Packaging Europe in December 2002, Ball's 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 Package 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 without having an adequate container return system in place. 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 and the first quarter of 2004. While we are hopeful this situation will improve in the future, in the interim we have taken actions that have improved our European sales and earnings.

The primary customers for the products and services provided by our aerospace and technologies segment are U.S. government agencies or their prime contractors. 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. However, the percentage of fixed price contracts is increasing. 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 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. The primary financial measures we use are earnings before interest and taxes (EBIT), earnings per share, return on invested capital, 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 backlog).

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 prudent 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 January 2004 we expanded our employee stock purchase program to Ball Packaging Europe employees in Germany.

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 People's Republic of China (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 accounted for 64 percent of consolidated net sales in the first quarter of 2004.

Metal Beverage Container Sales

North American metal beverage container sales, which represented approximately 70 percent of North American packaging segment sales in the first quarter of 2004, were 9 percent higher than in the first quarter of 2003. Contributing to the increase were six additional shipping days in the first quarter of 2004 compared to 2003, as well as a full quarter of Metal Packaging International, Inc. (MPI), a beverage can end business acquired in March 2003.

On March 11, 2003, we acquired MPI for \$28 million, net of cash acquired. MPI produced just over 2 billion beverage can ends per year, primarily for soft drink companies. The 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.

Metal Food Container Sales

North American metal food container sales, which comprised approximately 18 percent of segment sales in the first three months of 2004, were 19 percent above the first three months of 2003. Sales benefited from extra shipping days in the first quarter of 2004, the acquisition of our interest in Ball Western Can in March 2004 (discussed below) and higher volumes due at least partially to what we believe was customers pre-buying in advance of potential steel surcharges levied by North American steel producers. Helping us supply the increased demand was the new two-piece food can line in the Milwaukee plant, which became fully operational during the fourth quarter of 2003 and is capable of producing over one billion cans per year.

On March 17, 2004, we acquired ConAgra Grocery Products Company's (ConAgra) interest in Ball Western Can Company, LLC (Ball Western Can), which owns and operates a metal food container plant in Oakdale, California, for approximately \$30 million. Ball Western Can was established in 2000 as a 50/50 joint venture between Ball and ConAgra and, prior to the acquisition, was accounted for by Ball under the equity method of accounting. Ball and ConAgra's parent company, ConAgra Foods Inc., have signed a long-term agreement under which Ball will provide metal food containers to ConAgra manufacturing locations in California. The acquisition of Ball Western Can is expected to increase Ball's metal food can sales volume by approximately one billion units, or 20 percent, on an annualized basis. Ball Western Can's contribution to North American packaging segment earnings will not likely be significant in 2004, but is expected to improve in 2005.

Plastic Container Sales

Plastic container sales, which accounted for approximately 12 percent of segment sales in the first quarter of 2004, were 7 percent higher than in the first quarter of 2003. The increase in sales, which are predominantly to water and carbonated soft drink customers, was a combination of six additional shipping days in the first quarter of 2004 and the pass through to our customers of resin price increases. We continue to focus our development efforts in heat set and multi-layer products.

North American Packaging Segment Earnings

Segment earnings in the North American packaging segment were nearly 20 percent higher in the first quarter of 2004 than in the first quarter of 2003. Operating margins in 2004 improved nearly 9 percent as a result of our process control and cost reduction efforts, as well as higher sales volumes. In addition, the 2003 first quarter was negatively affected by start-up costs associated with the new food can line in Milwaukee. Partially offsetting these improvements were pricing pressures on plastic container sales and an increase in cost of sales due to rising raw material costs under the LIFO (last-in-first-out) method of accounting.

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. A pretax charge of \$1.4 million was recorded in the first quarter of 2003, primarily for the cost of the Blytheville plant closure.

Additional details about our business consolidation and acquisition-related activities and associated costs are provided in Notes 4 and 5 accompanying the unaudited condensed consolidated financial statements within Item 1 of this report.

International Packaging

International packaging includes the manufacture of metal beverage containers in Europe and Asia as well as the manufacture of plastic containers in Asia. This segment accounted for 23 percent of consolidated net sales in the first quarter of 2004.

Ball Packaging Europe, which represents approximately one-third of the European metal beverage can manufacturing capacity, has manufacturing plants located in Germany, the United Kingdom, France, the Netherlands and Poland. European sales in the first quarter of 2004 improved 24 percent over 2003, due to a stronger euro, higher sales volumes and six additional shipping days in the first quarter of 2004. The January 1, 2003, imposition of a mandatory deposit on most one-way containers (including beer, carbonated soft drinks and water) in Germany is continuing to negatively affect sales to German customers from our European plants. During the first quarter of 2004, we completed the conversion of one line in Germany from steel to aluminum, which will allow us to sell more cans to fillers in some of the other European countries, as well as to German brewers for their export products. Operating margins also improved in Europe due to a combination of higher sales volumes in the first quarter of 2004 and the fact that last year's first quarter results were reduced by purchase accounting adjustments of \$5.5 million which increased Ball Packaging Europe's cost of sales.

Ball will begin construction in the second quarter of 2004 on a new beverage can plant in Belgrade, Serbia, to serve the growing demand for beverage cans in southern and eastern Europe. We currently expect the new plant to be operational during the second quarter of 2005.

The German mandatory deposit situation is not expected to improve until the deposit is eliminated by meeting mandatory refill quotas or until it is resolved by various courts, intervention by the European Union or by the implementation of one or more return systems covering all relevant market segments. We have responded by reducing beverage can production at our German plants, implementing aggressive cost reduction measures and increasing exports from Germany to other European countries.

Earnings before taxes in the PRC continue to improve due largely to the effects of cost reduction initiatives from business consolidation actions taken in 2001.

Aerospace and Technologies Segment

Sales in the aerospace and technologies segment in the first quarter of 2004 were 22 percent higher than in the first quarter of 2003. The increase is due to a combination of newly awarded contracts and additions to previously awarded contracts. Operating margins decreased in the first three months compared to the first three months of 2003, which were abnormally high due to the inclusion of completion payments of \$4 million related to the completion of NASA's Ice, Cloud and Land Elevation Satellite (ICESat) program. During the first quarter of 2004, our defense operations business unit was part of a team that was awarded a contract to develop and initially operate the Space-Based Surveillance System (SBSS) for the U.S. Air Force. The system will detect and track space objects such as satellites and orbital debris.

Contracted backlog in the aerospace and technologies segment at April 4, 2004, was \$606 million compared to a backlog of \$644 million at December 31, 2003, and \$492 million at March 30, 2003. 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 unaudited condensed consolidated financial statements included within Item 1 of this report.

Selling and Administrative

Selling and administrative expenses were \$71.1 million in the first three months of 2004 compared to \$56.7 million for the same period in 2003. The increase in 2004 is primarily the result of higher employee costs, including pension expense and incentive costs, fees and other costs associated with Sarbanes-Oxley compliance and the effects of foreign exchange rates.

Interest and Taxes

Consolidated interest expense in the first quarter of 2004 was \$28.3 million compared to \$32 million in the first quarter of 2003. The lower expense in 2004 was associated primarily with lower average borrowings and rates.

The consolidated effective income tax rate for the first quarter of 2004 decreased to 32.7 percent from 35 percent for the same period in 2003. The lower rate was the result of a reduced consolidated European income tax rate due to lower profits in Germany, reflecting the impact of the mandatory deposit on non-refillable containers imposed on January 1, 2003, and a tax holiday in Poland.

NEW ACCOUNTING PRONOUNCEMENTS

For information regarding recent accounting pronouncements, see Note 2 to the unaudited condensed consolidated financial statements within Item 1 of this report.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash flow used in operations was \$69.4 million in the first quarter of 2004 compared to \$304.5 million in the first quarter of 2003. The higher amount used in the first three months of 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, which was funded by the seller at the time of closing by the inclusion of €131 million of additional cash. Improved earnings and higher accounts payable in the first quarter of 2004 helped to offset increases in accounts receivable and inventories. Capital spending of \$34.9 million in the first three months of 2004 was well below depreciation and amortization expense of \$53.8 million.

Based on information currently available, we estimate cash flows from operating activities for 2004 to be between \$475 million and \$500 million and capital spending to be between \$175 million and \$200 million. The majority of the increase in forecasted capital spending in 2004 compared to actual spending in 2003 is for the construction of a new beverage can manufacturing plant in Belgrade, Serbia. Contributions to the company's defined benefit plans, not including the unfunded German plans, are expected to be between

\$30 million and \$40 million in 2004. Actual contributions may vary upon revaluation of the plans' liabilities later in 2004. Payments to participants in the unfunded German plans are expected to be approximately €17 million for the full year (approximately \$21 million based on current foreign exchange rates).

Interest-bearing debt increased to \$1,841.2 million at April 4, 2004, compared to \$1,686.9 million at December 31, 2003. This increase includes \$190.1 million for working capital needs and the acquisition of Ball Western Can, partially offset by improved net earnings and foreign exchange rates. At April 4, 2004, approximately \$296 million was available under the multi-currency revolving credit facilities. In addition, the company had short-term uncommitted credit facilities of approximately \$222 million at the end of the first quarter, of which \$139.5 million was outstanding.

During the first quarter of 2004, Ball repaid €31 million (\$38 million) of the euro denominated Term Loan B. Corresponding amounts were borrowed at lower interest rates under available short-term uncommitted lines of credit. At the time of the early repayment, the interest rate on the remaining euro portion of the Term Loan B was reduced by 50 basis points. Interest expense during the first quarter of 2004 included \$0.5 million for the write off of the unamortized deferred financing costs associated with the repaid portion of the Term B loans.

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 totaled \$148.6 million at April 4, 2004, and \$175 million at December 31, 2003.

The company was not in default of any loan agreement at April 4, 2004, and has met all debt payment obligations. Additional details about the company's debt and receivables sales agreement are available in Notes 11 and 6, respectively, accompanying the unaudited condensed consolidated financial statements included within Item 1 of this report.

CONTINGENCIES, INDEMNIFICATIONS AND GUARANTEES

Details about the company's contingencies, indemnifications and guarantees are available in Notes 15 and 16 accompanying the unaudited condensed consolidated financial statements included within Item 1 of this report.

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 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. Outstanding derivative contracts at the end of the first quarter 2004 expire within one year. Included in shareholders' equity at April 4, 2004, within accumulated other comprehensive loss, is approximately \$18 million of net gain associated with these contracts, of which \$8.6 million of income is expected to be recognized in the consolidated statement of earnings during the next 12 months. All gains on these derivative contracts will be offset by lower revenue, respectively, from fixed price sales contracts.

North American 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 cost of plastic resin. Most North American food can sales contracts incorporate annually negotiated steel costs. We continue to have discussions with the steel producers regarding potential surcharges and are attempting to reduce their amount. If surcharges do materialize, we anticipate the ability to pass along these surcharges to our customers.

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 exposures for those sales contracts where there is not a pass through arrangement to minimize the company's exposure to significant price changes. Included in shareholders' equity at April 4, 2004, within accumulated other comprehensive loss, is approximately \$4.6 million of net gain associated with these contracts, which is expected to be recognized in the consolidated statement of earnings during the next 12 months. All gains on these derivative contracts will be offset by lower revenue from fixed price sales contracts.

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, collars and options to manage our mix of floating and fixed-rate debt. Interest rate instruments held by the company at April 4, 2004, 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. Approximately \$2.8 million of net gain associated with these contracts is included in accumulated other comprehensive loss at April 4, 2004, of which approximately \$1 million of net income is expected to be recognized in the consolidated statement of earnings during the next 12 months.

Foreign Currency Exchange Rate Risk

Our objective in managing exposure to foreign currency fluctuations is to protect foreign cash flow 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 the end of the first quarter 2004 expire within one year and their fair value was a net loss of \$3.9 million. Approximately \$3.1 million of net loss, which is included in accumulated other comprehensive loss, is expected to be recognized over the next 12 months related to these contracts.

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. There were no put option contracts outstanding at April 4, 2004.

Sensitivity Analysis

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 April 4, 2004, did not differ materially from the amounts reported as of December 31, 2003. Actual changes in market prices or rates may differ from hypothetical changes.

Item 4. 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 quarterly report is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. During the first quarter of 2004, there were no changes in our internal controls over financial reporting that materially affected, or reasonably likely could materially affect, our internal controls over financial reporting.

FORWARD-LOOKING STATEMENTS

The company has made or implied certain forward-looking statements in this quarterly 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 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There were no significant updates to the company's legal proceedings under Item 1 for the quarter ended April 4, 2004.

Item 2. Changes in Securities

The following table summarizes the company's repurchases of its common stock during the quarter ended April 4, 2004.

	Purchases of Securities			
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(c)
(\$ in millions)				
January 1 to February 8, 2004	50,000(a)	\$ 59.087	50,000	
February 9 to March 7, 2004	--	--	--	
March 8 to April 4, 2004	292,800(b)	\$ 65.679	292,800	
Total	342,800	\$ 64.718	342,800	2,258,000(d)

(a) Includes 20,000 shares repurchased in connection with an option exercise and open market purchases of 30,000 shares.

(b) Open market purchases.

(c) The company has an ongoing informal repurchase program for which shares are authorized by Ball's Board of Directors as needed. The most recent authorization occurred in January 2002 for 5 million shares.

(d) As of April 4, 2004.

Item 3. Defaults Upon Senior Securities

There were no events required to be reported under Item 3 for the quarter ended April 4, 2004.

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 April 4, 2004.

Item 5. Other Information

There were no events required to be reported under Item 5 for the quarter ended April 4, 2004.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 10.1 Third Amendment to Credit Agreement dated March 19, 2004, among Ball Corporation and certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent for the lenders
- 20.1 Subsidiary Guarantees of Debt
- 31 Certifications pursuant to Rule 13a-14(a) or Rule 15d-14(a), 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
- 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
- 99.1 Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995, as amended

(b) Reports on Form 8-K

A Current Report on Form 8-K was furnished on January 29, 2004, which furnished Ball's quarterly earnings release under Item 9, pursuant to Item 12.

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 12, 2004

Ball Corporation and Subsidiaries
QUARTERLY REPORT ON FORM 10-Q
April 4, 2004

EXHIBIT INDEX

<u>Description</u>	<u>Exhibit</u>
Third Amendment to Credit Agreement dated March 19, 2004, among Ball Corporation and certain subsidiaries of Ball Corporation, with Deutsche Bank AG, New York Branch, as Administrative Agent for the lenders. (Filed herewith.)	EX 10.1
Subsidiary Guarantees of Debt (Filed herewith.)	EX-20.1
Certifications pursuant to Rule 13a-14(a) or Rule 15d-14(a), 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.)	EX-31
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.)	EX 32
Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995, as amended (Filed herewith.)	EX-99.1

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of March 19, 2004, 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 desire to create a new class of Term B1 Euro Loans under the Credit Agreement having the same rights and obligations as the Term B Euro 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 Euro Lender who executes and delivers this Amendment shall be deemed, upon effectiveness of this Amendment, to have exchanged its Term B Euro Loan for a Term B1 Euro Commitment and Term B1 Euro Loan in the principal amount of such Lender's Term B Euro Loan immediately prior to the effectiveness of this Amendment and such Lender shall thereafter become a Term B1 Euro Lender rather than a Term B Euro Lender; and

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

WHEREAS, Borrowers shall pay to each Term B Euro Lender all accrued and unpaid interest on its Term B Euro 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 Third 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:

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

"Additional Term B1 Euro Lender" means a Person with an Additional Term B1 Euro Commitment to make Additional Term B1 Euro Loans to European Holdco on the Third Amendment Effective Date.

"Additional Term B1 Euro Loan" means a Loan in Euros made pursuant to Section 2.1(a)(iv)(B) on the Third Amendment Effective Date.

"Consenting Term B Euro Lender" means each Term B Euro Lender who has executed and delivered the Third Amendment on or prior to the Third Amendment Effective Date but shall not include any Term B Euro 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 Euro Loans for Term B1 Euro Loans.

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

<u>Date</u>	<u>Scheduled Term B1 Euro Repayment</u>
June 30, 2004	€587,500
September 30, 2004	€587,500
December 31, 2004	€587,500
March 31, 2005	€587,500
June 30, 2005	€587,500
September 30, 2005	€587,500
December 31, 2005	€587,500
March 31, 2006	€587,500
June 30, 2006	€587,500
September 30, 2006	€587,500
December 31, 2006	€587,500
March 31, 2007	€587,500
June 30, 2007	€587,500
September 30, 2007	€587,500
December 31, 2007	€587,500
March 31, 2008	€587,500
June 30, 2008	€587,500
September 30, 2008	€587,500
December 31, 2008	€587,500

March 31, 2009	€587,500
June 30, 2009	€587,500
September 30, 2009	€587,500
Term B1 Euro Loan Maturity Date	€222,075,000

“Third Amendment” means the Third Amendment to Credit Agreement dated as of March 19, 2004 by and among Company, European Holdco, the Lenders signatory thereto and Administrative Agent.

“Third Amendment Effective Date” has the meaning set forth in the Third Amendment.

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

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

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

“Term B1 Euro Loan Maturity Date” means December 19, 2009.

“Term B1 Euro Note” and “Term B1 Euro 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 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 B1 Euro Loans, the applicable percentage set forth in the following table under the column Applicable Eurocurrency Margin for Term B1 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:

<u>Most Recent Leverage Ratio</u>	<u>Applicable Eurocurrency Margin for Multicurrency Revolving Loans and Term A Loans</u>	<u>Applicable Eurocurrency Margin For Term B1 Euro Loans</u>	<u>Applicable Eurocurrency Margin For Term B1 Dollar Loans</u>
Less than 2.0 to 1	1.25 %	2.00 %	1.75 %
Equal to or greater than 2.0 to 1 but less than 2.5 to 1	1.50 %	2.00 %	1.75 %
Equal to or greater than 2.5 to 1 but less than 3.0 to 1	1.75 %	2.00 %	1.75 %
Equal to or greater than 3.0 to 1	2.00 %	2.00 %	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.

(c) 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 Third Amendment or Section 12.8.

(d) A new Section 2.1(a)(v) is hereby added to the Credit Agreement to read as follows:

(v) Term B1 Euro Loans.

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

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

(C) European Holdco 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 Euro Loans of the Term B Euro Lenders who are not Consenting Term B Euro Lenders on the Third Amendment Effective Date.

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

(e) 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 (8):

“and (8) if Term B1 Euro Loans, by a promissory note (each, a “Term B1 Euro Note” and, collectively, the “Term B1 Euro Notes”) duly executed and delivered by European Holdco substantially in the form of Exhibit 2.2(a)(8) hereto, with blanks appropriately completed in conformity herewith.”

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

(g) Section 4.3(d) is hereby amended by adding the following clause to the end of the proviso at the conclusion of such section:

“and Term B Euro Lenders who are not Consenting Term B Euro Lenders may be prepaid pursuant to Section 2.1(a)(v)(B),”

(h) Section 4.4(d) 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:

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

(i) 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 Third Amendment.

(j) The Credit Agreement is hereby amended by adding a new Exhibit 2.2(a)(8) in the form of Exhibit 2.2(a)(8) attached to this Third 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 Third Amendment Effective Date as though made on and as of the Third 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 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 one (1) Business Day following the date (the “Third 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 Euro Lender, or in lieu of one or more Term B Euro Lenders, one or more Additional Term B1 Euro Lenders providing Additional Term B1 Euro Commitments in an amount sufficient to repay all of the principal of the Term B Euro Loans owed to Lenders who are not Consenting Term B Euro 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. Company and European Holdco shall have provided Administrative Agent with a Notice of Borrowing two (2) Business Days prior to the Third Amendment Effective Date with respect to the borrowing of Term B1 Euro Loans on the Third Amendment Effective Date.

(e) Interest. European Holdco shall have paid to all Term B Euro Lenders simultaneously with the making of the Term B1 Euro Loans hereunder all accrued and unpaid interest on the Term B Euro Loans to the Third 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 Third 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.

(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 Third 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 April 30, 2004, 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 Euro 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 Third 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]

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: _____

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]

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 4(b) of that certain Third Amendment to Credit Agreement dated as of March 19, 2004 (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 19th day of March, 2004.

BALL CORPORATION

BALL EUROPEAN HOLDINGS, SARL

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT B

REAFFIRMATION OF GUARANTY

Each of the undersigned acknowledges receipt of a copy of the Third 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 March 19, 2004, 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 Euro Loans.

Dated as of March 19, 2004.

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:

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

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: _____

Name:
Title:

BALL NORTH AMERICA, INC.

By: _____

Name:
Title:

Exhibit 2.2(a)(8)

FORM OF
TERM B1 EURO NOTE

€ _____

New York, New York

FOR VALUE RECEIVED, the undersigned, Ball European Holdings, Sarl, a corporation organized under the laws of Luxembourg (“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 Euros and in immediately available funds on the Term B1 Euro Loan Maturity Date (as defined in the Credit Agreement referred to below) the principal sum of _____ (_____) or, if less, the then unpaid principal amount of all Term B1 Euro Loans (as defined in the Credit Agreement) made by the Lender to Borrower pursuant to Section 2.1(a)(iii) 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 Euro 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 Corporation, an Indiana corporation, 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 Euro 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.

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 EUROPEAN HOLDINGS, SARL

By: _____

Name: _____

Title: _____

Schedule 1.1(a)

On File With Agent.

Subsidiary Guarantees of Debt

The company's Senior Notes, Senior Subordinated 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. The following is condensed, consolidating financial information for the company, segregating the guarantor subsidiaries and non-guarantor subsidiaries, as of April 4, 2004, and December 31, 2003 (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					
April 4, 2004					
	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 11.4	\$ 2.4	\$ 27.4	\$ --	\$ 41.2
Receivables, net	0.9	101.9	270.0	--	372.8
Inventories, net	--	439.2	206.3	--	645.5
Deferred taxes and prepaid expenses	250.4	181.6	16.7	(359.3)	89.4
Total current assets	262.7	725.1	520.4	(359.3)	1,148.9
Property, plant and equipment, at cost	34.1	1,866.7	863.9	--	2,764.7
Accumulated depreciation	(13.7)	(1,067.9)	(216.2)	--	(1,297.8)
	20.4	798.8	647.7	--	1,466.9
Investments in subsidiaries	1,865.5	516.8	9.8	(2,392.1)	--
Investments in affiliates	4.2	28.9	57.9	--	91.0
Goodwill, net	--	338.0	962.9	--	1,300.9
Intangibles and other assets, net	51.8	96.2	97.4	--	245.4
Total Assets	\$ 2,204.6	\$ 2,503.8	\$ 2,296.1	\$ (2,751.4)	\$ 4,253.1
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Short-term debt and current portion of long-term debt	\$ 51.9	\$ 6.4	\$ 150.5	\$ --	\$ 208.8
Accounts payable	(31.9)	246.3	186.4	--	400.8
Accrued employee costs	17.1	80.5	24.6	--	122.2
Income taxes payable	--	397.5	45.6	(359.3)	83.8
Other current liabilities	44.5	38.2	73.8	--	156.5
Total current liabilities	81.6	768.9	480.9	(359.3)	972.1
Long-term debt	1,164.4	22.7	445.3	--	1,632.4
Intercompany borrowings	42.7	483.8	172.4	(698.9)	--
Employee benefit obligations	116.5	167.4	416.9	--	700.8
Deferred taxes and other liabilities	(23.5)	31.8	110.3	--	118.6
Total liabilities	1,381.7	1,474.6	1,625.8	(1,058.2)	3,423.9
Contingencies	--	--	--	--	--
Minority interests	--	--	6.3	--	6.3
Shareholders' equity:					
Convertible preferred stock	--	--	179.6	(179.6)	--
Preferred shareholders' equity	--	--	179.6	(179.6)	--
Common stock	576.7	726.0	681.1	(1,407.1)	576.7
Retained earnings (deficit)	787.3	415.0	(241.9)	(173.1)	787.3
Accumulated other comprehensive loss	(16.5)	(111.8)	45.2	66.6	(16.5)
Treasury stock, at cost	(524.6)	--	--	--	(524.6)
Common shareholders' equity	822.9	1,029.2	484.4	(1,513.6)	822.9
Total shareholders' equity	822.9	1,029.2	664.0	(1,693.2)	822.9
Total Liabilities and Shareholders' Equity	\$ 2,204.6	\$ 2,503.8	\$ 2,296.1	\$ (2,751.4)	\$ 4,253.1

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 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 (deficit)	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 STATEMENT OF EARNINGS

For the Three Months Ended April 4, 2004

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	\$ --	\$ 947.7	\$ 338.6	\$ (54.8)	\$ 1,231.5
Costs and expenses					
Cost of sales (excluding depreciation and amortization)	--	805.9	261.4	(54.8)	1,012.5
Depreciation and amortization	0.5	33.2	20.1	--	53.8
Selling and administrative	10.2	34.4	26.5	--	71.1

Interest expense	3.4	13.2	11.7	--	28.3
Equity in results of subsidiaries	(46.3)	--	--	46.3	--
Corporate allocations	(15.7)	14.0	1.7	--	--
	(47.9)	900.7	321.4	(8.5)	1,165.7
Earnings (loss) before taxes	47.9	47.0	17.2	(46.3)	65.8
Tax provision	(1.1)	(16.9)	(3.5)	--	(21.5)
Minority interests	--	--	(0.3)	--	(0.3)
Equity in results of affiliates	--	0.7	2.1	--	2.8
Net earnings (loss)	\$ 46.8	\$ 30.8	\$ 15.5	\$ (46.3)	\$ 46.8

CONSOLIDATED STATEMENT OF EARNINGS

For the Three Months Ended March 30, 2003

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Net sales	\$ --	\$ 842.3	\$ 274.8	\$ (46.2)	\$ 1,070.9
Costs and expenses					
Cost of sales (excluding depreciation and amortization)	--	710.7	221.5	(46.2)	886.0
Depreciation and amortization	0.6	31.8	17.5	--	49.9
Business consolidation costs	--	1.9	(0.5)	--	1.4
Selling and administrative	9.4	30.0	17.3	--	56.7
Interest expense	13.7	6.3	12.0	--	32.0
Equity in results of subsidiaries	(37.6)	--	--	37.6	--
Corporate allocations	(14.4)	12.9	1.5	--	--
	(28.3)	793.6	269.3	(8.6)	1,026.0
Earnings (loss) before taxes	28.3	48.7	5.5	(37.6)	44.9
Tax provision	3.2	(17.7)	(1.2)	--	(15.7)
Minority interests	--	--	(0.3)	--	(0.3)
Equity in results of affiliates	--	0.3	2.3	--	2.6
Net earnings (loss)	\$ 31.5	\$ 31.3	\$ 6.3	\$ (37.6)	\$ 31.5

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three Months Ended April 4, 2004

	Ball Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Cash flows from operating activities					
Net earnings (loss)	\$ 46.8	\$ 30.8	\$ 15.5	\$(46.3)	\$ 46.8
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:					
Depreciation and amortization	0.5	33.2	20.1	--	53.8
Deferred taxes	6.1	0.6	1.6	--	8.3
Equity in results of subsidiaries	(46.3)	--	--	46.3	--
Other	8.0	0.8	3.0	--	11.1
Changes in working capital components, excluding effects of acquisitions	(52.9)	6.1	(143.3)	--	(189.4)
Net cash provided by (used in) operating activities	(37.8)	71.5	(103.1)	--	(69.4)
Cash flows from investing activities					
Additions to property, plant and equipment	(1.0)	(20.1)	(13.8)	--	(34.9)
Business acquisition, net of cash acquired	--	(30.0)	--	--	(30.0)
Investments in and advances to affiliates, net of dividends	(85.3)	(35.2)	120.5	--	--
Other	(8.7)	3.1	(0.2)	--	(5.8)
Net cash provided by (used in) investing activities	(95.0)	(82.2)	106.5	--	(70.7)
Cash flows from financing activities					
Long-term borrowings	108.4	13.0	--	--	121.4

Repayments of long-term borrowings	--	(0.8)	(54.4)	--	(55.2)
Change in short-term borrowings	50.0	--	52.1	--	102.1
Proceeds from issuance of common stock under various employee and shareholder plans	7.7	--	--	--	7.7
Acquisitions of treasury stock	(22.3)	--	--	--	(22.3)
Common dividends	(8.4)	--	--	--	(8.4)
Other	--	--	(0.4)	--	(0.4)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) financing activities	135.4	12.2	(2.7)	--	144.9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Effect of exchange rate changes on cash	--	--	(0.1)	--	(0.1)
Net Change in Cash and Cash Equivalents	2.6	1.5	0.6	--	4.7
Cash and Cash Equivalents - Beginning of Period	8.8	0.9	26.8	--	36.5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents - End of Period	\$ 11.4	\$ 2.4	\$ 27.4	\$ --	\$ 41.2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Three Months Ended March 30, 2003

	Ball Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminating Adjustments	Consolidated Total
Cash flows from operating activities					
Net earnings (loss)	\$ 31.5	\$ 31.3	\$ 6.3	\$ (37.6)	\$ 31.5
Adjustments to reconcile net earnings to net cash used in operating activities:					
Depreciation and amortization	0.6	31.8	17.5	--	49.9
Deferred taxes	5.4	1.7	(1.3)	--	5.8
Equity in results of subsidiaries	(37.6)	--	--	37.6	--
Other	1.9	(3.0)	(1.3)	--	(2.4)
Withholding tax payment related to European acquisition	--	--	(138.3)	--	(138.3)
Other changes in working capital components, excluding effects of acquisitions	(9.3)	(175.4)	(66.3)	--	(251.0)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash used in operating activities	(7.5)	(113.6)	(183.4)	--	(304.5)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash flows from investing activities					
Additions to property, plant and equipment	(0.4)	(26.5)	(3.4)	--	(30.3)
Business acquisition, net of cash acquired	--	(28.0)	--	--	(28.0)
Investments in and advances to affiliates, net of dividends	(73.3)	168.4	(95.1)	--	--
Other	(7.7)	0.8	1.3	--	(5.6)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	(81.4)	114.7	(97.2)	--	(63.9)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash flows from financing activities					
Long-term borrowings	44.7	--	116.0	--	160.7
Repayments of long-term borrowings	--	--	(16.3)	--	(16.3)
Change in short-term borrowings	6.0	--	11.7	--	17.7
Proceeds from issuance of common stock under various employee and shareholder plans	13.5	--	--	--	13.5
Acquisitions of treasury stock	(7.3)	--	--	--	(7.3)
Common dividends	(4.9)	--	--	--	(4.9)
Other	(2.8)	--	1.6	--	(1.2)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by financing activities	49.2	--	113.0	--	162.2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Effect of exchange rate changes on cash	--	--	1.1	--	1.1
Net Change in Cash and Cash Equivalents	(39.7)	1.1	(166.5)	--	(205.1)
Cash and Cash Equivalents - Beginning of Period	47.6	0.3	211.3	--	259.2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents - End of Period	\$ 7.9	\$ 1.4	\$ 44.8	\$ --	\$ 54.1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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Certification

I, R. David Hoover, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: May 12, 2004

/s/ R. David Hoover
 R. David Hoover
 Chairman, President & Chief Executive Officer

Exhibit 31 (continued)

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: May 12, 2004

/s/ Raymond J. Seabrook
Raymond J. Seabrook
Senior Vice President & Chief Financial Officer

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) Quarterly Report on Form 10-Q for the quarter ended April 4, 2004, filed with the U.S. Securities and Exchange Commission on May 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: May 12, 2004

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) Quarterly Report on Form 10-Q for the quarter ended April 4, 2004, filed with the U.S. Securities and Exchange Commission on May 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/ Raymond J. Seabrook

Raymond J. Seabrook
Senior Vice President and Chief Financial Officer
Ball Corporation

Date: May 12, 2004

**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:

- o 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, terrorism or catastrophic events.
- o 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.
- o The timing and extent of regulation or deregulation; competition in each line of business; product development and introductions; and technology changes.
- o Ball's ability or inability to have available sufficient production capacity in a timely manner.
- o Overcapacity in foreign and domestic metal and plastic container industry production facilities and its impact on pricing and financial results.
- o 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.
- o 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.
- o 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.
- o 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.
- o The ability or inability to pass on to customers changes in raw material cost, particularly resin, steel and aluminum.
- o 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.
- o 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.
- o 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.
- o The number and timing of the purchases of the company's common shares or the ability to obtain adequate credit resources for foreseeable financing requirements of the company's businesses.
- o 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.
- o The ability or inability to achieve technological and product extensions or new technological and product advances in the company's businesses.
- o 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.
- o The ability to invoice and collect accounts receivable related to aerospace contracts in the ordinary course of business.

- o 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 contracts for the U.S. government, other customers or other government contractors.
- o Actual vs. estimated business consolidation and investment exit costs and the estimated net realizable values of assets associated with such activities; and goodwill impairment.
- o Fluctuation in the fiscal and monetary policy established by the U.S. government.